



*a California joint powers agency*

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

**NOTICE**  
**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**LIVE RACING COMMITTEE MEETING**  
**JOHN ALKIRE, CHAIR**  
**11:00 A.M., TUESDAY, APRIL 6, 2010**  
**VIA TELECONFERENCE**

Notice is hereby given that a teleconference meeting of the Live Racing Committee will commence at 11:00 A.M., Tuesday, April 6, 2010. The meeting will be held at Alameda County Fair, 4501 Pleasanton Avenue, Pleasanton, CA 94566.

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

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

Alameda County Fair  
4501 Pleasanton Ave.  
Pleasanton, CA 94566

Humboldt County Fair  
1250 5<sup>th</sup> Street  
Ferndale, CA 95536

Solano County Fair  
900 Fairgrounds Drive  
Vallejo, CA 94589

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

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

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

California State Fair  
1600 Exposition Blvd.  
Sacramento, CA 95815

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



*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  
JOHN ALKIRE, CHAIR  
11:00 A.M., TUESDAY, APRIL 6, 2010  
VIA TELECONFERENCE**

Notice is hereby given that a teleconference meeting of the Live Racing Committee will commence at 11:00 A.M., Tuesday, April 6, 2010. The meeting will be held at Alameda County Fair, 4501 Pleasanton Avenue, Pleasanton, CA 94566.

**AGENDA**

- I. Date, time and location of next meeting.
- II. Approval of minutes.
- III. Report, discussion and action, if any, on legislative matters.
- IV. Report, discussion and action, if any, on funding allocations from CDFA Division of Fairs and Expositions.
- V. Report, discussion and action, if any, on agreements for Replacement Revenues paid to Fairs which reduce or discontinue conduct of live horse racing.
- VI. Report, discussion and action, if any, on implementation of Mini Satellite Wagering Facilities as joint ventures with Fairs.
- VII. Report, discussion and action, if any, on Horsemen's Agreements, including consolidation of purses and point system for payment of purses to Emerging Breeds.
- VIII. Report, discussion and action, if any, on reduction in parimutuel staffing, pursuant to a recently amended contract with Local 280 Parimutuel Clerks.
- IX. Report, discussion and action, if any, on logistical planning and personnel assignments for the 2010 Fair racing circuit.
- X. Executive Director's Report.

**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**Live Racing Committee**  
**Tuesday, March 2, 2010**

**MINUTES**

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, March 2, 2010. The meeting was conducted at the Sacramento offices of the California Authority of Racing Fairs located at 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

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

Staff and Guests attending: Chris Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Amelia White, Raechelle Gibbons, Mike Treacy, Dave Elliott, Dan Jacobs, Cindy Olsen, Jay Hight and Richard Lewis. Joining by conference call: Kate Pharris.

**Agenda Item 1 – Date and Time of Next Meeting.** The next CARF Board & Live Racing Committee meetings will be held Tuesday, April 6, 2010 and a meeting of the Northern Satellite Committee will be held Monday, April 5, 2010, both at the Alameda County Fair.

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

**Agenda Item 3 – Discussion and Action, if any, on Legislative Matters.** Mr. Brown reported that 1,300 bills were introduced before the Feb. 19, 2010 deadline. Bill language must be in print for 30 days before significant action can be taken. This gives counsel time to review the bills, develop a position and begin negotiations. There were several bills introduced regarding the state furlough issue. These bills will be tracked along with racing legislation since they ultimately impact district agriculture associations. Racing legislation includes:

- AB 1857 (Cook) – This is a CARF sponsored bill to increase the cap on imported races. There are currently four active bills regarding this topic. It is unclear if the TOC supports increasing the cap. The racing industry will need to come together and identify a vehicle and position.
- AB 1922 (Portantino) – As written, this bill would establish safety and maintenance standards for all race track surfaces, dirt and synthetic. The exact intent and purpose

of this bill is unclear. Mr. Brown will review the bill in detail and come back with a recommended position.

- AB 2215 (Fuentes) – Bill would create the opportunity for advanced deposit wagering day accounts at facilities throughout the state.
- SB 1072 (Calderon) – CARF sponsored bill to extend the sunset on the California Marketing Committee. This bill could be used to extend the CMC program, or as a spot bill for other issues as needed.
- SB 1439 (Price) – Bill sponsored by Hollywood Park to eliminate the 20-mile protection around any facility that does not have a minimum of seven weeks of live racing in a calendar year.

Mr. Brown recommended the CARF Board of Directors take an oppose position to SB 1439 (Price) because it creates winners and losers within our own membership. Mr. Brown feels that if the legislature is going to address the 20-mile radius, they should either amend it for all or eliminate it for all.

Mr. Pickering moved to adopt an oppose position on SB 1439 (Price). Mr. Jacobs seconded, unanimously approved.

**Agenda Item 4 – Report, Update and Action, if any, on Matters Related to Consolidation of Racing Dates and Payment of Replacement Revenues to Fairs that Reduce or Discontinue Their Involvement in Live Racing.** Mr. Korby reported that the CARF Live Racing Sub-Committee, consisting of Mr. Bartosik, Ms. Tesconi, Mr. Paluszak and recently joined by Ms. Cook, have been working on a memorandum of understanding that will ultimately serve as the basis of a contract for the consolidation of Fair race dates, the payment of replacement revenues, formulas for calculating replacement revenues and methods for indentifying and applying funding sources.

The meeting packet includes a list of items that the sub-committee is currently working to discuss, resolve and develop recommendations to provide to the full Live Racing Committee. The packet also contains a spreadsheet showing a hypothetical payment schedule to the Solano County Fair that would front-load the initial first two years of payments and then taper off for the duration of the contract. The sub-committee has also agreed to work towards a solution for the consolidation and compensation of race dates at the San Joaquin Fair.

Mr. Korby provided an update regarding concerns that have been raised at the sub-committee level. The group has been discussing whether to include or exclude language regarding a “combined Fair meeting” to the agreement for revenue replacement, due to the issue that not all Fairs are comfortable entering into a combined fair meet because of questions regarding potential shared liability. The San Joaquin County Fair’s request to enter into a revenue replacement agreement has tasked the sub-committee with determining criteria for inclusion into that program.

The sub-committee is also working to provide a recommendation for determining responsibility for covering the payment of replacement revenues not covered by the pool of license fee monies that F&E has committed. Mr. Treacy reported that according to the last budget status report at F&E, the organization anticipates that \$700,000 to \$800,000 will be available in the 1% fund for fiscal year 2008-2009, for the purpose of funding replacement revenues. Mr. Paluszak reported to Mr. Treacy that the sub-committee has decided to use net commissions as an equitable benchmark for establishing formulas. In the event that there is overage in 2010 from the money provided from F&E, those extra funds will roll into subsequent years.

Mr. Korby also reported that the sub-committee has noted a policy issue regarding voting status for a racing Fair that discontinues live racing.

**Agenda Item 5 – Report, Discussion and Action, if any, on Planning for 2010 Fair Racing Circuit.** Mr. Korby reported that the changes in the 2010 Circuit schedule and sequence of Fairs will effect planning, especially stabling dates and purse projections. CARF staff has been working on early planning efforts to ensure a smooth transition.

Mr. Swartzlander reported that he is in the process of completing the CHRB license application for the San Joaquin Fair with Ms. Cook. Mr. Swartzlander also reported that two key positions that were affected by the Humboldt County Fair overlap, state veterinarian and paymaster, have been secured for the meet and staff is in the process of establishing that there is sufficient equipment in the jockey's room to cover both operations.

Mr. Doutrich reported that the Golden Gate Fields is will be racing 4 days a week in the Spring in conjunction with Hollywood Park.

**Agenda Item 6 – Update on Recruitment Program in 2010.** Mr. Swartzlander reported that a reception is scheduled in both Arizona and Oregon for 2010 and that the out-of-state horse population available to run on the Fair looks positive.

**Agenda Item 7 – Discussion and Action, if any, on Management of Emerging Breed Purses.** Mr. Swartzlander reported that a purse structure based on a points system will be applied to Emerging Breed races in 2010. The new system will allocate points based on the condition of a race, with better caliber races awarded a great number of points, and the eventual placement of the starter. The actual handle generated by emerging breed races will determine the value of a point. This system ensures that there will not be a purse overpayment/underpayment and encourages emerging breed horsemen to fill and run races in a manner that will maximize handle.

Mr. Swartzlander reported that to eliminate the existing \$160,000 overpayment, Fairs can reduce emerging breed stakes races from \$9,000 to \$5,000 (and let the horsemen's groups

supplement the stakes races at their discretion) and/or use of portion of supplemental purse money to cover the deficiency.

**Agenda Item 8 – Presentation of Ten-Year Report on CARF Management Services, Contract Administration, Pari-Mutuel Distributions and Project Funding.** Mr. Korby presented a report, developed by staff, titled “Ten-Year Report 2000-2009 Racing Fairs,” that details a summary of services CARF provides to racing Fairs and overall monies that have flowed from CARF to member Fairs. Mr. Korby noted that over the last ten years, approximately \$90 million was distributed through CARF to its member Fairs which conduct live racing. In addition, another \$316 million in parimutuel distributions were paid through CARF to purses, license fees, satellite commissions and other statutory beneficiaries.

Mr. Bartosik thanked Mr. Korby for preparing the document and asked that it be reviewed and discussed at future meetings.

**Agenda Item 9 – Executive Director’s Report.** Mr. Korby reported that Frank Stronach, owner of MAGNA Entertainment Corp., has announced that Santa Anita Park will retain the Pro-Ride synthetic surface that was installed in 2007. Mr. Stronach has also expressed a desire to deregulation horse racing in California.

Respectfully submitted,  
Heather Haviland

---

**Introduced by Senator Price**

February 19, 2010

---

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

LEGISLATIVE COUNSEL'S DIGEST

SB 1439, as introduced, Price. Horse racing: minisatellite wagering facilities.

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

This bill would provide that the requirement that the approval of a racetrack, satellite wagering facility, tribal casino that has a satellite wagering facility, or fair be obtained if the proposed minisatellite wagering facility is within 20 miles shall only apply to those facilities that are operated by racetracks or fairs that actually conduct 7 weeks or more of live racing in the preceding year. The bill would authorize the board, if a satellite wagering facility or tribal casino does not consent to a minisatellite wagering facility being situated within 20 miles, to conduct a one-year test at the proposed site in order to determine its impact on total parimutuel revenues and on attendance and wagering

at existing satellite wagering facilities. The bill would authorize a certain impact fee, as provided.

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

This bill would make clarifying and other technical changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 19605.25 of the Business and Professions  
 2 Code is amended to read:  
 3 19605.25. (a) ~~The California Horse Racing Board board~~ may  
 4 approve an additional 15 minisatellite wagering sites in each zone,  
 5 if all of the following conditions are met:  
 6 (1) No site is within 20 miles of a racetrack, a satellite wagering  
 7 facility, or a tribal casino that has a satellite wagering facility. If  
 8 the proposed *minisatellite wagering* facility is within 20 miles of  
 9 one of the above-referenced ~~satellite~~ facilities, then the consent of  
 10 each *such* facility ~~within a 20-mile radius~~ 20 miles must be given  
 11 before the proposed *minisatellite wagering* facility may be  
 12 approved by the board.  
 13 (2) An agreement in accordance with subdivision (a) of Section  
 14 19605.3 has been executed and approved by the board. In addition  
 15 to the requirements set forth in that provision, the agreement shall  
 16 specify which components of its racing program, including live,  
 17 out-of-zone, out-of-state, and out-of-country races, an association  
 18 or fair will make available to the site. The terms ~~and condition~~  
 19 *conditions* of the agreement, including all fees payable pursuant  
 20 to paragraph (3) of that provision, a portion of which may be paid  
 21 to horsemen in the form of purses, shall be subject to the approval  
 22 of the horsemen's organization responsible for negotiating purse  
 23 agreements with the association or fair.  
 24 (3) The site is approved by the board.  
 25 (4) The wagers are accepted in an area that is accessible only  
 26 to those who are at least 21 years of age.  
 27 (5) The board has approved the accommodation, equipment  
 28 used in conducting wagering at the site, communications system,  
 29 technology, and method used by the site to accept wagers and  
 30 transmit odds, results, and other data related to wagering.

1 (b) Parimutuel clerks shall be available to service the self-service  
2 tote machines at these locations, and to cash wagering vouchers  
3 on a regularly scheduled basis.

4 (c) Until January 1, 2013, if the proposed minisatellite wagering  
5 site is in the northern zone in a fair district where the fair has  
6 operated a satellite wagering facility for the previous five years,  
7 the approval of the fair must be obtained even if the proposed  
8 location is more than 20 miles from the existing satellite wagering  
9 facility operated by the fair.

10 (d) For purposes of commissions, deductions, and distribution  
11 of handle, wagers placed at minisatellite sites shall be treated as  
12 if they were placed at satellite wagering facilities authorized under  
13 Section 19605, 19605.1, or 19605.2. Section 19608.4 shall apply  
14 to minisatellite wagering facilities.

15 (e) The written consent of the San Mateo County Fair shall be  
16 obtained prior to the approval of any minisatellite wagering site  
17 located within ~~a 20-mile radius~~ 20 miles of its fairground.

18 (f) Minisatellite wagering facilities created pursuant to this  
19 section are not eligible for satellite wagering commission  
20 distributions pursuant to Section 19604.

21 (g) The board shall adopt emergency regulations to implement  
22 these new facilities on or before April 1, 2008. The board, in  
23 adopting these regulations, shall minimize the expense to both the  
24 operator of the minisatellite facility and the host racetrack.

25 (h) If there are more than 15 applications for minisatellite  
26 wagering facilities in any zone, the board shall determine which  
27 facilities will generate the largest handle, and give priority to the  
28 approval of those facilities. The board shall license a minisatellite  
29 facility for two years, and then review the operation and the size  
30 of the handle, and determine if it is in the best interest of horse  
31 racing to relicense the facility or, in the alternative, license another  
32 minisatellite facility that might generate a greater handle.

33 (i) Except as may be provided in the agreement required  
34 pursuant to paragraph (2) of subdivision (a), no association or fair  
35 shall be required to make all or part of its racing program available  
36 to a minisatellite wagering facility. Notwithstanding subdivision  
37 (e) of Section 19608.2, all costs incurred by the organization  
38 executing that agreement in excess of the amounts distributable  
39 to the organization from wagers placed at the site on that racing  
40 program, shall be borne by the minisatellite wagering facility.

1     *(j) Notwithstanding subdivisions (a) and (e), the requirement*  
2 *that the approval of a racetrack, satellite wagering facility, tribal*  
3 *casino that has a satellite wagering facility, or fair be obtained if*  
4 *the proposed minisatellite wagering facility is within 20 miles shall*  
5 *only apply to those facilities that are operated by racetracks or*  
6 *fairs that actually conduct seven weeks or more of live racing in*  
7 *the preceding year. If a satellite wagering facility, or tribal casino*  
8 *that has a satellite wagering facility, does not consent to a*  
9 *minisatellite wagering facility being situated within 20 miles, the*  
10 *board may conduct a one-year test at the proposed site in order*  
11 *to determine the impact of the proposed minisatellite wagering*  
12 *facility on total parimutuel revenues, and on the attendance and*  
13 *wagering at existing satellite wagering facilities. During the*  
14 *one-year study, the operator of the minisatellite wagering facility*  
15 *and the satellite wagering facility operated by a fair or a tribal*  
16 *casino may enter into an agreement providing for the payment of*  
17 *an impact fee. If there is no agreement within that year, the board*  
18 *may hear testimony from both parties and impose an impact fee*  
19 *based on the results of the one-year test study. A decision of the*  
20 *board regarding a proposed site may cover the period of time*  
21 *during which the test is to be conducted, as well as apply to the*  
22 *operation of the minisatellite wagering facility if it continues to*  
23 *operate beyond one year.*

24     *(k) For purposes of this section, mileages shall be measured*  
25 *property line to property line by the shortest publicly accessible*  
26 *driving route.*

## CA Authority of Racing Fairs Legislative Report –

Last 10 Days

3/12/2010

**AB 1152** (Anderson) Horse racing: advance deposit wagering: jockey retirement plan. (A-03/08/2010 [html](#) [pdf](#))  
 Status: 03/09/2010-Re-referred to Com. on RLS.  
 Current Location: 03/09/2010-S RLS.

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

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

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

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

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

~~Existing law regulating professional corporations provides that certain healing arts practitioners may be shareholders, officers, directors, or professional employees of a medical corporation, podiatric medical corporation, or chiropractic corporation, subject to certain limitations.~~

~~This bill would add licensed physical therapists to the list of healing arts practitioners who may be shareholders, officers, directors, or professional employees of those corporations. The bill would also make conforming changes to a related provision. The bill would state that its provisions are declaratory of existing law.~~

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

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

**History:**

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

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

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

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

June 11 Referred to Com. on B., P. & E.D.  
May 27 In Senate. Read first time. To Com. on RLS. for assignment.  
May 26 Read third time, passed, and to Senate. (Ayes 75. Noes 0. Page 1678.)  
May 19 Read second time. To third reading.  
May 18 Read second time and amended. Ordered returned to second reading.  
May 14 From committee: Amend, and do pass as amended. (Ayes 11. Noes 0.) (May 12).  
May 5 In committee: Hearing postponed by committee.  
Mar. 26 Referred to Com. on B. & P.  
Mar. 2 Read first time.  
Mar. 1 From printer. May be heard in committee March 30.  
Feb. 27 Introduced. To print.

*Organization*  
*CARF*

**AB 1764** (Portantino) **State employment: salary freeze.** (A-03/10/2010 [html](#) [pdf](#))

**Status:** 03/11/2010-Re-referred to Com. on P.E.,R. & S.S.

**Current Location:** 03/11/2010-A P.E.,R. & S.S.

**Calendar Events:** 04/07/10 9 a.m. - Room 444 ASM PUBLIC EMPLOYEES,  
RETIREMENT AND SOCIAL SECURITY

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

This bill would, until January 1, 2013, prohibit a person employed by the state whose base salary on or after the effective date of the bill is greater than \$150,000 per year from receiving a salary increase while employed in the same position or classification. The bill would exempt from this prohibition a person whose compensation is governed by an operative memorandum of understanding, as described above, a person who has been exempted by Executive order of the Governor, as specified, and a person whose salary is set pursuant to the California Constitution. *The bill would also authorize the Controller to reject a request for disbursement of funds that violates these provisions.* The bill would make related legislative findings and declarations regarding the state budget deficit.

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

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

**History:**

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

Mar. 10 From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E.,R. & S.S. Read second time and amended.  
Feb. 18 Referred to Com. on P.E.,R. & S.S.  
Feb. 10 From printer. May be heard in committee March 12.  
Feb. 9 Read first time. To print.

*Organization*  
*CARF*

**AB 1765 (Solorio) Public employment: furloughs. (A-03/11/2010 [html](#) [pdf](#))**

**Status:** 03/11/2010-From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E.,R. & S.S. Read second time and amended.  
**Current Location:** 03/11/2010-A P.E.,R. & S.S.  
**Calendar Events:** 04/07/10 9 a.m. - Room 444 ASM PUBLIC EMPLOYEES, RETIREMENT AND SOCIAL SECURITY

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

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

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

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

**History:**

Mar. 11 From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E.,R. & S.S. Read second time and amended.  
Feb. 18 Referred to Com. on P.E.,R. & S.S.  
Feb. 10 From printer. May be heard in committee March 12.  
Feb. 9 Read first time. To print.

*Organization*  
*CARF*

**AB 1992 (Arambula) Horse racing: safety standards: racing surface. (I-02/17/2010 [html](#) [pdf](#))**

**Status:** 03/04/2010-Referred to Com. on G.O.  
**Current Location:** 03/04/2010-A G.O.

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

Existing law requires the board to establish safety standards governing the uniformity and content of the racing surface.

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

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

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

**History:**

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

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

Feb. 17 Read first time. To print.

*Organization*  
*CARF*

**AB 2197** (Coto) **Problem and pathological gambling.** (I-02/18/2010 [html](#) [pdf](#))

**Status:** 03/04/2010-Referred to Com. on G.O.

**Current Location:** 03/04/2010-A G.O.

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

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

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

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

**History:**

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

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

Feb. 18 Read first time. To print.

*Organization*  
*CARF*

**AB 2215** (Fuentes) Horse racing: advance deposit wagering: wagering account facilities. (I-02/18/2010 [html](#) [pdf](#))  
**Status:** 03/11/2010-Referred to Com. on G.O.  
**Current Location:** 03/11/2010-A G.O.

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

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

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

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

**History:**

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

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

Feb. 18 Read first time. To print.

*Organization*  
*CARF*

**AB 2241** (Coto) Gambling Control Act: administration. (I-02/18/2010 [html](#) [pdf](#))  
**Status:** 03/11/2010-Referred to Com. on G.O.  
**Current Location:** 03/11/2010-A G.O.

**Digest:** The Gambling Control Act provides for the California Gambling Control Commission, consisting of 5 members appointed by the Governor, subject to confirmation by the Senate. Under existing law a majority of the commission members is a quorum and the concurring vote of 3 members of the commission is required for any official action. This bill would instead require a majority of the appointed members of the commission to

constitute a quorum and the concurring vote of a majority of those members present at a meeting of the commission shall be required for any official action of the commission.  
Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

**Laws:** An act to amend Section 19819 of the Business and Professions Code, relating to gaming.

**History:**

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

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

Feb. 18 Read first time. To print.

**Organization**

*CARF*

**AB 2414 (John A. Perez) Horse racing: thoroughbred racing: Breeders' Cup: wagering deduction. (I-02/19/2010 [html](#) [pdf](#))**

**Status:** 03/11/2010-Referred to Com. on G.O.

**Current Location:** 03/11/2010-A G.O.

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

This bill would authorize a thoroughbred association hosting Breeders' Cup races, upon filing a written notice with the board, to deduct from the parimutuel pool for any type of wager made during the days on which Breeders' Cup races are held, a specified percentage. The bill would require the written notice to include the written agreement of the thoroughbred association and the horsemen's organization. The bill would require the amount deducted to be distributed as prescribed in the Horse Racing Law.

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

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

**History:**

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

Feb. 22 Read first time.

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

Feb. 19 Introduced. To print.

**Organization**

*CARF*

**SB 830** (Wright) Recording crimes. (A-03/08/2010 [html](#) [pdf](#))

Status: 09/03/2009-From committee with author's amendments. Read second time.

Amended. Re-referred to Com. on RULES.

Current Location: 03/08/2010-A RLS.

**Digest:** *Existing law provides that a person is guilty of failure to disclose the origin of a recording or audiovisual work if, for commercial advantage or private financial gain, he or she advertises, sells, rents, manufactures, or possesses for those purposes, a recording or audiovisual work that does not disclose the name of the manufacturer, author, artist, performer, or producer, as specified. Failure to disclose the origin of a recording or audiovisual work is punishable by imprisonment in a county jail, imprisonment in the state prison, or a fine, or by both imprisonment and fine, as specified, depending on the number of articles of audio recordings or audiovisual works involved, and whether the offense is a first offense, or 2nd subsequent offense. Existing law defines "recording" for the purpose of these provisions to mean any tangible medium upon which information or sounds are recorded or otherwise stored, including any phonograph record, disc, tape, audio cassette, wire, film, or other medium on which information or sounds are recorded or stored, but does not include sounds accompanying a motion picture or other visual work.*

*This bill would expand the definition of "recording" for the purposes of the above provisions to expressly include, but not be limited to, a memory card, flash drive, hard-drive, or data storage device. By expanding the scope of an existing crime, this bill would mandate a state-mandated local program.*

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

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

~~Existing law expresses the intent of the Legislature to authorize parimutuel wagering on horse races while, among other things, supporting the network of California fairs.~~

~~This bill would delete from that expression of legislative intent supporting the network of California fairs.~~

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

**Laws:** An act to amend Section 653w of the Penal Code, relating to intellectual property.

**History:**

Mar. 8 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on RULES.

Sept. 3 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on RULES.

Aug. 20 Re-referred to Com. on RULES.

July 24 From committee with author's amendments. Read second time. Amended. Re-

referred to Com. on APPR.

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

June 18 To Com. on G.O.

May 18 Read third time. Passed. (Ayes 36. Noes 0. Page 931.) To Assembly.

May 18 In Assembly. Read first time. Held at Desk.

May 14 To Special Consent Calendar.

May 13 Read second time. To third reading.

May 12 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.

May 1 Set for hearing May 11.

Apr. 28 From committee: Do pass, but first be re-referred to Com. on APPR with recommendation: To Consent Calendar. (Ayes 12. Noes 0. Page 682.) Re-referred to Com. on APPR.

Mar. 27 Set for hearing April 28.

Mar. 26 To Com. on G.O.

Mar. 20 From print. May be acted upon on or after April 19.

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

### *Organization*

*CARF*

**SB 899** **(Denham) Horse racing: satellite wagering: out-of-country thoroughbred races.** (I-01/26/2010 [html](#) [pdf](#))

**Status:** 03/10/2010-Set for hearing April 27.

**Current Location:** 02/11/2010-S G.O.

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

**Digest:** Existing law authorizes a thoroughbred racing association or fair to distribute the audiovisual signal and accept wagers on the results of out-of-country thoroughbred races during the calendar period the association or fair is conducting a race meeting, without the consent of the participating horsemen's organization. These imported races are subject to specified conditions, including the condition that the total number of out-of-country thoroughbred races on which wagers are allowed to be accepted statewide in any given year does not exceed the total number of out-of-country thoroughbred races on which wagers were accepted in 1998.

This bill would delete that condition that limits the total number of out-of-country thoroughbred races on which wagers are allowed to be accepted statewide in any given year.

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

**Laws:** An act to amend Section 19596.3 of the Business and Professions Code, relating to horse racing.

**History:**

Mar. 10 Set for hearing April 27.

Feb. 11 To Com. on G.O.

Jan. 27 From print. May be acted upon on or after February 26.

Jan. 26 Introduced. Read first time. To Com. on RLS. for assignment. To print.

**Organization**

*CARF*

**SB 1072** (Calderon) Horse racing: statewide marketing organization. (I-02/17/2010 [html](#) [pdf](#))

Status: 03/10/2010-Set for hearing April 27.

Current Location: 02/25/2010-S G.O.

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

**Digest:** Existing law permits racing associations, fairs, and the organization responsible for contracting with racing associations and fairs with respect to the conduct of racing meetings, to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, and to obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. Existing law requires the marketing organization to annually submit to the California Horse Racing Board a statewide marketing and promotion plan and a thoroughbred trainers' workers' compensation defrayal plan for thoroughbred and fair horse racing. A specified percentage of the amount handled by each satellite wagering facility is required to be distributed to the marketing organization for the promotion of thoroughbred and fair horse racing, and for workers' compensation defrayal, as specified. Existing law repeals these provisions on January 1, 2011.

This bill would extend the operation of these provisions until January 1, 2014, when they would be repealed.

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

**Laws:** An act to amend Section 19605.73 of the Business and Professions Code, relating to horse racing.

**History:**

Mar. 10 Set for hearing April 27.

Feb. 25 To Com. on G.O.

Feb. 18 From print. May be acted upon on or after March 20.

Feb. 17 Introduced. Read first time. To Com. on RLS. for assignment. To print.

**Organization**

*CARF*

**SB 1439 (Price) Horse racing: minisatellite wagering facilities. (I-02/19/2010 [html](#) [pdf](#))**

**Status:** 03/11/2010-To Com. on G.O.

**Current Location:** 03/11/2010-S G.O.

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

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

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

This bill would make clarifying and other technical changes.

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

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

**History:**

Mar. 11 To Com. on G.O.

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

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

***Organization***

*CARF*

**SB 1483 (Committee on Governmental Organization) Indian gaming. (I-03/08/2010 [html](#) [pdf](#))**

**Status:** 03/11/2010-To Com. on G.O.

**Current Location:** 03/11/2010-S G.O.

**Digest:** Existing law creates in the State Treasury the Indian Gaming Revenue Sharing Trust Fund and the Indian Gaming Special Distribution Fund for the receipt and deposit of moneys received by the state from Indian tribes pursuant to the terms of gaming compacts entered into with the state, and authorizes moneys in those funds to be used for certain purposes. Existing law defines "eligible recipient Indian tribe" by reference to certain tribal-state gaming compacts for purposes of calculating the amount of money needed to be transferred from the Indian Gaming Special Distribution Fund to the Indian Gaming Revenue Sharing Trust Fund for distribution to noncompact tribes.

This bill would modify that definition to specify that "eligible recipient Indian tribe" means a federally recognized Indian tribe that operates fewer than 350 gaming devices.

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

**Laws:** An act to amend Section 12012.90 of the Government Code, relating to gaming.

**History:**

Mar. 11 To Com. on G.O.

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

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

**Organization**

*CARF*

**SB 1484** (Committee on Governmental Organization) Remote caller bingo. (I-03/08/2010 [html](#) [pdf](#))

**Status:** 03/11/2010-To Com. on G.O.

**Current Location:** 03/11/2010-S G.O.

**Digest:** The California Constitution allows the Legislature, by statute, to authorize cities and counties to provide for bingo games for charitable purposes. The California Remote Caller Bingo Act permits cities and counties to allow bingo games and remote caller bingo games, as defined, to be conducted by specified organizations for charitable purposes pursuant to an ordinance that allows those games to be conducted only in accordance with specified requirements, and sets forth a model ordinance to authorize remote caller bingo. This bill would make a technical, conforming change to the model ordinance.

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

**Laws:** An act to amend Section 326.3 of the Penal Code, relating to gambling.

**History:**

Mar. 11 To Com. on G.O.

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

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

*Organization*  
*CARF*

**SB 1485** (Committee on Governmental Organization) Gambling Control Act: licenses. (I-03/08/2010 [html](#) [pdf](#))  
**Status:** 03/11/2010-To Com. on G.O.  
**Current Location:** 03/11/2010-S G.O.

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

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

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

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

**History:**

Mar. 11 To Com. on G.O.

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

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

*Organization*  
*CARF*

**SB 1486** (Committee on Governmental Organization) Horse racing law intent: backstretch personnel housing; jockey riding fees. (I-03/08/2010 [html](#) [pdf](#))  
**Status:** 03/11/2010-To Com. on G.O.  
**Current Location:** 03/11/2010-S G.O.

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

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

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

be in compliance with the standards established by the board.

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

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

This bill would delete obsolete language from those provisions.

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

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

**History:**

Mar. 11 To Com. on G.O.

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

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

**Organization**

*CARF*

**SJR 22** (Florez) Horses. (1-02/10/2010 [html](#) [pdf](#))

**Status:** 03/05/2010-Set for hearing March 16.

**Current Location:** 02/18/2010-S F. & A.

**Calendar Events:** 03/16/10 10 a.m. - Room 113 SEN FOOD AND AGRICULTURE

**Digest:** This measure would memorialize the Congress to support federal legislation to protect American horses from slaughter for human consumption.

Fiscal committee: no.

**Laws:** Relative to horses.

**History:**

Mar. 5 Set for hearing March 16.

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

Feb. 10 Introduced. To Com. on RLS.

**Organization**

*CARF*

**Total Position Forms: 17**

**Carly A. Stockman**  
**Legislative Assistant**  
**KAHN, SOARES & CONWAY, LLP**  
1415 L Street, Suite 400  
Sacramento, CA 95814  
(916) 448-3826  
(916) 448-3850 Fax  
[cstockman@kscsacramento.com](mailto:cstockman@kscsacramento.com)  
[www.ksclawyers.com](http://www.ksclawyers.com)

**CONFIDENTIALITY NOTICE: This transmission including any attachments is confidential and may be legally privileged. If you are not the intended recipient, or their agent, you are hereby notified that reading, disclosing, copying, distributing or using any information contained in this transmission is strictly prohibited. If you have received this transmission in error, please immediately notify us by e-mail or by telephone at (916) 448-3826 and destroy the transmission. Thank you for your assistance.**

CALIFORNIA AUTHORITY OF RACING FAIRS  
LIVE RACING SUBCOMMITTEE  
*Consolidation of Racing Dates and Calculation of Replacement Revenues*  
DRAFT AGREEMENT

---

*Matters for Sub-Committee to discuss, resolve and recommend to full Racing Committee*

1. Include or exclude language regarding “combined Fair meeting” in agreement regarding revenue replacement.
2. Determine Fairs are to be included as recipients of replacement revenues and criteria for inclusion.
3. Confirm agreement on Replacement Revenue formula, amounts and payment schedule for Solano County Fair.
4. Negotiate Revenue Replacement formula, amount and payment schedule for reduced live racing at San Joaquin County Fair.
5. Determine recommendation for percentage of Replacement Revenues that will come from Fairs who benefit from changes or additions to racing dates conducted at their Fair. (See *DRAFT Agreement Section IV: 2*)
6. Determine CARF policy regarding voting status for a Racing Fair which discontinues live racing at its Fair. Here are the options discussed previously by the Sub-committee:
  - a. Voting rights continue so long as Fair receives replacement revenue from other Racing Fairs since it continues to have a stake in matters related to live racing
  - b. Voting rights end when a Racing Fair discontinues live racing at its Fair.
7. Agreement on details of “true-up” language.
8. Other matters that Sub-Committee members may wish to bring forward.

**AGREEMENT**  
**CONSOLIDATION OF RACING DATES**  
**PAYMENT OF REPLACEMENT REVENUES**  
**DRAFT as of March 23, 2010**

**I. BACKGROUND & RECITALS**

1. Maintaining safe and attractive Fair racing facilities at Northern California Fairgrounds, some of which are over sixty years old, is increasingly difficult given the declining revenues from two weeks of racing at any individual Fair.
2. Consolidation of Fair racing dates into fewer venues could serve to strengthen the Fair racing circuit and the racing industry generally in Northern California.
3. The racing industry in Northern California has expressed its desire to consolidate racing dates conducted at certain Fairs into racing meetings run at other venues.
4. Certain Northern California Fairs which conduct live horse racing may elect to reduce or discontinue live racing. If a Fair elects to do so, the Fair may require replacement revenues for those revenues lost due to changes to its racing schedule.
5. CARF and the Division of Fairs and Expositions (F&E) agree that Replacement revenues may be made available to a CARF member Racing Fair which elects to reduce or discontinue live racing ("Recipient Racing Fair") under the terms and conditions described in this agreement. Eligibility for receipt of replacement revenues will be determined by joint approval of the CARF Racing Committee, the CARF Board of Directors and the Division of Fairs and Expositions.

**II. AGREEMENTS**

1. Fairs conducting racing in Northern California may agree to operate as a combined meeting. The combined meeting may include the dates traditionally conducted at other Fairs which have elected to reduce or discontinue their conduct of live horse racing.

**AGREEMENT**  
**CONSOLIDATION OF RACING DATES**  
**PAYMENT OF REPLACEMENT REVENUES**  
**DRAFT as of March 23, 2010**

2. Fair racing dates may be consolidated into a combined Fair horse racing meeting conducted at other Northern California Fair venues.
3. Fair racing dates conducted at non-Fair venues will be conducted as a combined Fair meeting managed by CARF.
4. CARF member Fairs which conduct racing in Northern California acknowledge that Fairs which conduct live horse racing are reliant on revenues that horse racing produces. Therefore, CARF member Fairs that conduct live horse racing in Northern California, along with the CDFFA Division of Fairs and Expositions (F&E) agree to provide a package of Replacement Revenues which will be available for a period of up to seven years to Fairs which reduce or discontinue live racing. These Replacement revenues will be available on tiered percentages over a period of seven years as follows: 50% of commissions for two years, then 40% for two years, then 30% for two years and 20% in the final year, adjusted by the percentage of year-over-year parimutuel handle increases or declines as noted below. The 2010 Initial Replacement Payment to Solano County Fair may be supplemented by advance payment of \$40,000 from Year 7 ( 2016) Replacement Payment.
5. Fairs which receive Replacement revenues will continue to have a stake in the conduct of horse racing at Fairs and will continue to receive revenues generated from live horse racing at Fairs; therefore, they will remain a voting member of the CARF Racing Committee until the payment of replacement revenues ends.
6. A Recipient Racing Fair which receives replacement revenues under the terms of this Agreement agrees that the necessity for replacement revenues will diminish or end if it finds new continuous revenue sources (examples: real estate development, motor racing, etc.) from the use of its property heretofore used for horse racing. In the event that the Fair property is used for new or alternate continuous revenue-generating activities, the replacement revenues will be reduced by the amount of the new or alternate continuous revenues.

**AGREEMENT**  
**CONSOLIDATION OF RACING DATES**  
**PAYMENT OF REPLACEMENT REVENUES**  
**DRAFT as of March 23, 2010**

7. Replacement revenues will be adjusted by a percentage amount each year based on year-over-year percentage increases or declines in commissions generated from parimutuel wagering on horse races at Northern California Fairs.
8. The Agreement may be modified by mutual written agreement of the parties. [CONSULT LEGAL COUNSEL ON PRECISE WORDING.]

**III. PROVISION OF REPLACEMENT REVENUES**

1. CARF Member Fairs which continue to conduct live horse racing in Northern California and the CDFA Division of Fairs and Expositions agree to provide a package of replacement revenues which will be available to Fairs which, under the terms of this agreement, reduce or discontinue conduct of live horse racing. The parties agree that replacement revenues will be calculated and paid as described in Section II of this Agreement and in the Addenda and Attachments to this Agreement.
2. Annual True-up: annual replacement revenues payable to any Recipient Racing Fair in any given year will be reconciled after that year's trend (increasing or decreasing over the prior year) is known. Subsequent payment adjustments may be applied in the year(s) following so as to "true-up" any payment differentials.

**IV. FUNDING SOURCES FOR REPLACEMENT REVENUES**

1. **FIRST TIER FUNDING SOURCE.** The California Department of Food and Agriculture Division of Fairs and Expositions (F&E) has indicated its approval to allocate license fees paid by racing Fairs to F&E for use in the payment of replacement revenues. In 2010 the License Fees available from this source are estimated at \$700,000. CARF projects \$300,000 in revenue from these license fees in 2010 which could be allocated for use in 2011, if

**AGREEMENT**  
**CONSOLIDATION OF RACING DATES**  
**PAYMENT OF REPLACEMENT REVENUES**  
**DRAFT as of March 23, 2010**

approved by F&E. F&E agrees to allocate funds from License Fees for the purposes described herein until 2016, contingent on the continued availability of such funds. Funds from F&E will constitute the first tier source for payment of replacement revenues.

2. **SECOND TIER FUNDING SOURCE.** Commissions from Fair dates conducted at non-Fair venues, managed by CARF, will be included in any assessment for payment of Replacement revenues paid to Fairs covered under this program. Commissions from Fair dates conducted at non-Fair venues will constitute the second tier source for payment of replacement revenues.
3. **THIRD TIER FUNDING SOURCE.** In the event that funding from F&E and funding from Fair dates conducted at non-Fair venues is not sufficient to cover the cost of replacement revenues, Fairs which continue to conduct live racing agree that the balance of replacement revenue funding will be paid from commissions generated at Fair meetings conducted at Fair venues during non-traditional Fair racing dates, using 2008 as a reference year to define traditional Fair racing dates. (A 2008 CHRB calendar of racing dates is attached.) The responsibility payment of any shortfall will be assessed according to the following formula:
  - a. Eighty percent (80%) of the shortfall will be paid by that set of Fairs which expand the number of days on which they conduct racing due to incorporation of dates from a Fair that reduces or discontinues conduct of live racing. Responsibility for the 80% payment will be divided proportionally according the increase in days for any given Fair in any given year.
  - b. Ten percent (10%) of the shortfall will be paid by that set of Fairs which move their racing dates from one calendar period to another after been supported in that effort by CARF.
  - c. Ten percent (10%) of the shortfall will be paid by that set of Fairs which conducted overlapped racing dates in 2008 and were allocated non-overlapped dates in 2010 or

**AGREEMENT**  
**CONSOLIDATION OF RACING DATES**  
**PAYMENT OF REPLACEMENT REVENUES**  
**DRAFT as of March 23, 2010**

beyond. Responsibility for payment of Replacement revenues will expire if a Fair returns to a schedule of overlapped racing dates.

Commissions generated at Fair meetings conducted at Fair venues during non-traditional Fair racing dates, using 2008 as a reference year will constitute the third tier source for payment of replacement revenues.

4. CARF staff will annually prepare projections showing 1) F&E funds available pursuant to Section IV Paragraph 1 (above); 2) funding required for Replacement revenues; 3) a projection showing commissions that might be realized in any given year from commissions on Fair dates conducted at non-Fair venues; and 4) any shortfall that must be made up by Fairs which continue to conduct live racing. These projections will be reviewed and approved by the CARF Racing Committee, the CARF Board of Directors and F&E and, after approval, will serve as the basis for replacement revenue funding allocations.

**AGREEMENT  
CONSOLIDATION OF RACING DATES  
PAYMENT OF REPLACEMENT REVENUES  
DRAFT as of March 23, 2010**

**ADDENDA**

**Addendum A**

Formula for calculation of initial Solano County Fair Replacement Revenue in Year 1 of Agreement:

*In 2009, Solano County Fair conducted one-week of racing; therefore, the parties agree to multiply one week of 2009 commissions of \$559,881 by two (2) to determine the value of two weeks' commissions.  $\$559,881 \times 2 = \$1,119,762$ . Adjust \$1,119,762 for industry trends in 2010; the parties agree that a reduction of -20% in 2010 is appropriate and will apply. A 20% reduction to \$1,119,762 = \$895,810. Applying the 50% Replacement Revenue formula for Year 1 to \$895,810 yields an Initial Replacement Payment of \$447,905 to Solano County Fair.*

**[FORMULA BELOW FOR SAN JOAQUIN IS PROPOSED FOR SUB-COMMITTEE REVIEW; IT REFLECTS THE FORMULA FOR SOLANO, ABOVE. THIS FORMULA HAS NOT BEEN AGREED TO BY SUB-COMMITTEE.]**

**Addendum B**

Formula for calculation of initial San Joaquin County Fair Replacement Revenue in Year 1 of Agreement:

*San Joaquin County Fair generated \$923,111 in commissions in 2009. Since San Joaquin County Fair will be racing for one week in 2009, the basis for replacement revenues will reflect one discontinued week of racing, calculated for basis reference as 50% of 2009. Fifty percent (50%) of \$923,111 yields \$461,555. The parties agree to adjust 2009 commissions to reflect industry trends for 2010 and that a reduction of -20% in 2010 is appropriate and will apply. A 20% reduction to \$461,500 = \$369,244. Applying the 50% Replacement Revenue formula for Year 1 to \$369,244 yields an Initial Replacement Payment of \$184,622 to San Joaquin County Fair.*

**LETTER OF UNDERSTANDING**  
**BETWEEN THE DIVISION OF FAIRS AND EXPOSITIONS (F&E)**  
**AND**  
**THE CALIFORNIA AUTHORITY OF RACING FAIRS (CARF)**  
**DRAFT**

This Letter of Understanding (LOU) between the CDFA Division of Fairs and Expositions (F&E) and the California Authority of Racing Fairs (CARF) authorizes CARF to administer funds for payment to Fairs which elect to reduce or discontinue the conduct of live horse racing. The payment of said funds will be made in accordance with agreements approved by the CARF Board of Directors and agreed to by F&E, attached. F&E agrees to allocate funding from License Fees generated from parimutuel distributions at Fairs which conduct live horse racing. In 2010, the first year of this LOU, F&E agrees to allocate up to \$700,000 in funding for this purpose.

The Division of Fairs and Expositions and California Authority of Racing Fairs agree as follows.

1. Maintaining safe and attractive Fair racing facilities at Northern California Fairgrounds, some of which are over sixty years old, is increasingly difficult given the declining revenues from two weeks of racing at any individual Fair.
2. Consolidation of Fair racing dates into fewer venues could strengthen the Fair racing circuit and the racing industry generally in Northern California, thereby benefiting California Fairs and the equine sector of California's agricultural economy.
3. Certain NorCal Fairs which conduct live horse racing may elect to reduce or discontinue live racing. If a Fair does so, it may require replacement revenues for those revenues lost due to changes to its racing schedule.
4. CARF member Fairs which conduct racing in Northern California acknowledge that certain Fairs are traditionally reliant on revenues from the conduct of horse racing. Therefore, CARF member Fairs that conduct live horse racing in Northern California and the CDFA Division of Fairs and Expos agree to provide a package of replacement revenues which will be available to certain agreed-upon Fairs for a period of up to seven years as described in the attached Agreement.
5. The terms and conditions for payment of replacement revenues, described in this agreement, may be available to a CARF member Racing Fair which elects to reduce or discontinue live racing.

**LETTER OF UNDERSTANDING**  
**BETWEEN THE DIVISION OF FAIRS AND EXPOSITIONS (F&E)**  
**AND**  
**THE CALIFORNIA AUTHORITY OF RACING FAIRS (CARF)**  
**DRAFT**

6. A Fair which receives funding allocations under the terms of this Agreement agrees that the necessity for replacement revenues will diminish or end if the recipient Fair finds new continuous revenue sources (e.g. real estate development, motor racing, etc.) from the use of its property heretofore used for horse racing. In the event that the Fair property is used for new or alternate continuous revenue-generating activities, the replacement revenues will be reduced by the amount of the new or alternate continuous revenues.
7. Replacement revenues will be adjusted by a percentage amount each year based on year-over-year percentage increases or declines in commissions at Northern California Fairs.
8. In 2011 and thereafter, the CARF Board of Directors will annually provide a recommendation to F&E for the amount of funding to be allocated for Replacement Revenues. F&E will make the final determination of amounts to be allocated, if any.

**Reporting.** CARF shall provide F&E a quarterly status report for all project activity stated in this Letter of Understanding including an accounting of funds expended.

**Modifications and Amendments.** Any changes to the terms and conditions of this Letter of Understanding must be approved by a written amendment by F&E and CARF prior to the performance of said changes.

**Administrative Expenses.** The administrative expenses directly related to this Letter of Understanding shall be determined by mutual agreement between CARF and F&E and specified in Addendum "A".

**Deposit of Funds.** Funds appropriated to CARF for the purpose of carrying out the terms of this Letter of Understanding shall be retained in a restricted fund account. The disposition of unexpended funds, project savings and interest earnings on these funds shall be utilized by agreement of the Director of F&E and CARF.

The provisions outlined by the Memorandum of Understanding between F&E and CARF remain in effect until the attached Agreement expires or until changed by written agreement of the parties. This Agreement is effective as of March \_\_\_\_, 2010.

**LETTER OF UNDERSTANDING**  
**BETWEEN THE DIVISION OF FAIRS AND EXPOSITIONS (F&E)**  
**AND**  
**THE CALIFORNIA AUTHORITY OF RACING FAIRS (CARF)**  
**DRAFT**

This Letter of Understanding (LOU) between the CDFA Division of Fairs and Expositions (F&E) and the California Authority of Racing Fairs (CARF) authorizes CARF to administer funds for payment to Fairs which elect to reduce or discontinue the conduct of live horse racing.

\_\_\_\_\_  
Michael Treacy  
Director  
Division of Fairs and Expositions

\_\_\_\_\_  
Date

Accepted by:

\_\_\_\_\_  
Christopher Korby  
Executive Director  
California Authority of Racing Fairs

\_\_\_\_\_  
Date

\_\_\_\_\_  
John Alkire  
Chairman  
Board of Directors  
California Authority of Racing Fairs

\_\_\_\_\_  
Date

**Replacement revenue proposal between  
Solano County Fair & CARF 12/18/09**

Year	%	Base	Proposed Payment	Hypothetical Decline In Racing	Comments
2010 base number adjusted for a 20% hypothetical decline (\$1,119,763 x 80%)					
2010	50%	\$ 895,810	\$ 447,905	15%	<p>As an example, when we true up racing numbers for 2010 and find the actual totals owed are based on only a 15% decline then Solano would be owed 5% back or \$27,994 for a total proposed payment of \$475,899</p> <p>or if when we true up racing numbers for 2010 and find the actual totals owed are based on a 25% decline then Solano would only be owed \$419,911</p>
2011	50%	\$ 761,439	\$ 380,719	10%	
2012	40%	\$ 685,295	\$ 274,118	5%	
2013	40%	\$ 616,765	\$ 246,706	5%	
2014	30%	\$ 616,765	\$ 185,030	0%	
2015	30%	\$ 585,927	\$ 175,778	5%	
2016	20%	\$ 556,631	\$ 111,326	5%	

DRAFT

Prepared by Tawny Tesconi for CARF Sub-Committee Dec 18, 2009

**San Joaquin County Fair 2009 Race Meet Handle & Commissions**

**Out Of State Track Week 1**

<b>Date</b>	<b>Handle</b>	<b>Commissions</b>
6/18/2009	469,808.02	7,980.98
6/19/2009	713,751.86	11,381.55
6/20/2009	677,949.82	10,980.26
6/21/2009	550,487.16	9,025.29
<b>Week 1</b>	<b>2,411,996.86</b>	<b>39,368.08</b>
<b>Average Daily Week 1</b>	<b>602,999.22</b>	<b>9,842.02</b>

**Out Of State Week 2**

<b>Date</b>	<b>Handle</b>	<b>Commissions</b>
6/24/2009	511,389.96	8,413.05
6/25/2009	621,611.88	10,390.20
6/26/2009	615,354.36	9,731.87
6/27/2009	507,898.54	8,164.77
6/28/2009	528,613.16	8,707.19
<b>Week 2</b>	<b>2,784,867.90</b>	<b>45,407.08</b>
<b>Average Daily Week 2</b>	<b>556,973.58</b>	<b>9,081.42</b>
<b>Total Weeks 1 &amp; 2</b>	<b>5,196,864.76</b>	<b>84,775.16</b>
<b>Average Weekly - 1 &amp; 2</b>	<b>2,598,432.38</b>	<b>42,387.58</b>
<b>Average Daily - 1 &amp; 2</b>	<b>577,429.42</b>	<b>9,419.46</b>

**San Joaquin County Fair 2009 Race Meet Handle & Commissions**

**All Traditional Sources (On + Off + OOS) Week 1**

<b>Date</b>	<b>Handle</b>	<b>Commissions</b>
9/3/2008	1,584,085.72	53,851.52
9/5/2008	2,034,690.36	63,837.94
9/6/2008	2,341,275.02	77,822.98
9/7/2008	2,090,690.16	73,214.55
9/8/2008	0.00	0.00
<b>Week 1</b>	<b>8,050,741.26</b>	<b>268,726.99</b>
<b>Average Daily Week 1</b>	<b>2,012,685.32</b>	<b>67,181.75</b>

**All Traditional Sources (On + Off + OOS) Week 2**

<b>Date</b>	<b>Handle</b>	<b>Commissions</b>
9/10/2008	1,135,011.76	35,941.33
9/11/2008	1,624,239.98	52,391.29
9/12/2008	1,795,526.26	55,123.39
9/13/2008	2,257,996.44	76,989.42
9/14/2008	2,028,100.76	69,657.78
9/15/2008	0.00	0.00
<b>Week 2</b>	<b>8,840,875.20</b>	<b>290,103.21</b>
<b>Average Daily Week 2</b>	<b>1,768,175.04</b>	<b>58,020.64</b>
<b>Total Weeks 1 &amp; 2</b>	<b>16,891,616.46</b>	<b>558,830.20</b>
<b>Average Weekly - 1 &amp; 2</b>	<b>8,445,808.23</b>	<b>279,415.10</b>
<b>Average Daily - 1 &amp; 2</b>	<b>1,876,846.27</b>	<b>62,092.24</b>

**San Joaquin County Fair 2009 Race Meet Handle & Commissions**

**ADW (Cal + Export) Week 1**

<b>Date</b>	<b>Handle</b>	<b>Commissions</b>
6/17/2009	112,387.05	5,733.95
6/18/2009	333,152.85	16,942.62
6/19/2009	471,617.05	23,016.56
6/20/2009	425,130.00	19,879.57
6/21/2009	453,318.95	22,868.46
6/22/2009	74,734.10	4,025.41
6/23/2009	95,136.60	3,848.74
<b>Week 1</b>	<b>1,965,476.60</b>	<b>96,315.31</b>
<b>Average Daily Week 1</b>	<b>491,369.15</b>	<b>24,078.83</b>

**ADW (Cal + Export) Week 2**

<b>Date</b>	<b>Handle</b>	<b>Commissions</b>
6/24/2009	328,468.15	14,666.39
6/25/2009	272,944.00	13,156.41
6/26/2009	389,426.00	18,501.84
6/27/2009	502,340.15	25,072.45
6/28/2009	426,565.75	21,129.75
6/29/2009	81,027.15	4,331.02
6/30/2009	84,527.75	4,547.84
<b>Week 2</b>	<b>2,085,298.95</b>	<b>101,405.70</b>
<b>Average Daily Week 2</b>	<b>417,059.79</b>	<b>20,281.14</b>
<b>Total Weeks 1 &amp; 2</b>	<b>4,050,775.55</b>	<b>197,721.01</b>
<b>Average Weekly - 1 &amp; 2</b>	<b>2,025,387.78</b>	<b>98,860.51</b>
<b>Average Daily - 1 &amp; 2</b>	<b>450,086.17</b>	<b>21,969.00</b>

**San Joaquin County Fair 2009 Race Meet Handle & Commissions**

<b>Commission Type</b>	<b>2009 Commissions</b>
<b>On Track</b>	<b>113,096.53</b>
<b>Off Track</b>	<b>360,958.51</b>
<b>Out Of State</b>	<b>84,775.16</b>
<b>ADW</b>	<b>197,721.01</b>
<b>Excess Expense Funds*</b>	<b>130,146.64</b>
<b>Non-Merged*</b>	<b>12,302.83</b>
<b>Outstanding Tickets</b>	<b>13,784.48</b>
<b>Decoder / Misc Revenue*</b>	<b>10,325.57</b>
<b>2009 Total Commissions*</b>	<b>923,110.73</b>

**\*2009 Expense Funds, Non-Merged, Decoder / Misc.  
Revenue estimated using 2008 actual numbers.  
All other stats are actual for 2009.**

VI.

SATELLITE WAGERING FACILITY LEASE (SUBLEASE)

BETWEEN

\_\_\_\_\_

AND

THE \_\_\_\_\_

## TABLE OF CONTENTS

Section 1. [Sub]Lease of Premises.....	2
Section 2. Use .....	2
Section 3. Term .....	2
Section 4. Rent .....	3
Section 5. Real Property Taxes .....	4
Section 6. Personal Property Taxes; Other Taxes, Fees and Assessments .....	4
Section 7. Parking and Common Areas .....	4
Section 8. Admission to [Sub]Leased Premises .....	5
Section 9. Alterations .....	5
Section 10. Maintenance and Repair; Janitorial Services.....	5
Section 11. Compliance with Law .....	6
Section 12. [Sub]Landlord’s Insurance; Waiver of Subrogation.....	7
Section 13. Indemnification .....	7
Section 14. Free From Liens .....	8
Section 15. Abandonment .....	8
Section 16. Advertising and Signs .....	8
Section 17. Utilities.....	9
Section 18. Entry by [Sub]Landlord .....	9
Section 19. Damage and Destruction.....	10
Section 20. Intentionally Omitted .....	11
Section 21. Default.....	11

Section 22. Surrender of [Sub]Lease .....	13
Section 23. Assignment and Subletting; Transfer of Interests; Amendment of Master Lease.....	13
Section 24. Operations .....	13
Section 25. Intentionally Omitted .....	14
Section 26. Licenses.....	14
Section 27. Holding Over .....	15
Section 28. Notices .....	15
Section 29. Successors in Interest.....	16
Section 30. Food and Beverage Service .....	16
Section 31. Force Majeure .....	18
Section 32. Captions .....	18
Section 33. Time .....	18
Section 34. Intentionally Omitted.....	18
Section 35. Condemnation.....	18
Section 36. No Oral Agreements .....	19
Section 37. Security Services.....	19
Section 38. Compliance with Building Codes .....	19
Section 39. Extension Option .....	19
Section 40. Governing Law .....	20
Section 41. Consents and Approvals .....	20
Section 42. Master Lease; Recognition Agreement.....	20
Section 43. Definitions.....	21

Section 44. Memorandum of [Sub]Lease ..... 23

Section 45. Corporate Resolutions..... 23

## **List of Exhibits**

Exhibit "A" – Master Lease

Exhibit "B" – [Sub]Leased Premises

Exhibit "C" – Furnishings and Fixtures Provided by [Sub]Landlord

Exhibit "D" – Department of Food and Agriculture Insurance Requirements

Exhibit "E" – Common Areas

Exhibit "F" – Restricted Areas

Exhibit "G" – List of Plans and Specifications

## SATELLITE WAGERING FACILITY LEASE (OR SUBLEASE)

This Satellite Wagering Facility [Sub]Lease (the "[Sub]Lease") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between the TWENTY-FIRST DISTRICT AGRICULTURAL ASSOCIATION, a public agency organized under Part 3 of Division 3 of the California Food and Agricultural Code ("[Sub]Tenant"), and \_\_\_\_\_, a California [corporation/partnership/limited liability corporation] ("[Sub]Landlord").

### Recitals

A. [To be used if Landlord is Tenant under Master Lease.] \_\_\_\_\_, a \_\_\_\_\_ (the "**Master Landlord**"), leased approximately \_\_\_\_\_ square feet of certain real property located at \_\_\_\_\_, \_\_\_\_\_, California, and the improvements located thereon (collectively, "**Property**") to [Sub]Landlord by that certain lease dated \_\_\_\_\_, and is the operator of a \_\_\_\_\_ located on the Property. All references to the Property in this [Sub]Lease shall be deemed to include, without limitation, the [Sub]Leased Premises (as defined below); provided, however, that references to [Sub]Landlord's \_\_\_\_\_ business on the Property shall not be construed to permit \_\_\_\_\_ operations in the [Sub]Leased Premises. [Sub]Landlord represents and warrants that a true and correct copy of the Master Lease (consisting of \_\_ pages) is attached hereto as Exhibit "A."

B. [Sub]Tenant is licensed by the California Horse Racing Board as the operator of a satellite wagering facility (used for off-track parimutuel wagering on horse racing) located on the [Sub]Tenant's \_\_\_\_\_ County fairgrounds.

C. [Sub]Tenant is authorized under Business and Professions Code Section 19605.51 to operate a satellite wagering facility on leased premises in \_\_\_\_\_ County outside of its \_\_\_\_\_ County fairgrounds.

D. [Sub]Tenant desires to [sub]lease from [Sub]Landlord and [Sub]Landlord desires to [sub]lease to [Sub]Tenant that enclosed portion of the Property located at \_\_\_\_\_, \_\_\_\_\_, California (consisting of approximately \_\_\_\_\_ square feet) shown as the shaded area on the plan of the Property attached hereto as Exhibit "B" and incorporated herein, including all furnishings, equipment and fixtures listed on Exhibit "C" attached hereto and incorporated herein for the purpose of operating a satellite wagering facility. The enclosed portion of the Property shown on Exhibit "B" and the furnishings, equipment and fixtures shown on Exhibit "C" are hereinafter collectively referred to as the "**[Sub]Leased Premises.**"

E. (*Optional*) In entering this [Sub]Lease, [Sub]Tenant is relying on the identity of [Sub]Landlord's principals (\_\_\_\_\_) and their reputation for operating first-class \_\_\_\_\_ facilities in a manner favorable to the operation of a satellite wagering facility in the [Sub]Leased Premises. [Sub]Tenant would not have entered this [Sub]Lease but for the operation of the \_\_\_\_\_ by \_\_\_\_\_.

Therefore, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

## Section 1. [Sub]Lease of Premises.

[Sub]Landlord [sub]leases to [Sub]Tenant and [Sub]Tenant hereby agrees to accept and [sub]lease from [Sub]Landlord the [Sub]Leased Premises on the terms and conditions set forth in this [Sub]Lease. [Sub]Tenant shall also have access to the roof and other exterior parts of the building in which the [Sub]Leased Premises are located (including, without limitation, access through any interior part of said building) and an irrevocable license to install, maintain and repair satellite dishes and other communications equipment as reasonably necessary for the operation of a satellite wagering facility in the [Sub]Leased Premises. [Sub]Tenant's right to install any satellite dishes and other communications equipment on or upon the roof or other exterior parts of the building is subject to the condition that [Sub]Tenant obtain the (Master) Landlord's written approval of the plans, location and method of installation of the improvements in accordance with Section 5(b) and Exhibit "C" of the (Master) Lease. [Sub]Tenant acknowledges that [Sub]Tenant has inspected the [Sub]Leased Premises, including all items of furniture, fixtures and equipment required to be provided by [Sub]Landlord, and agrees that they are in acceptable condition, fully complying with the requirements of this [Sub]Lease, except as to the possibility of latent defects that are not susceptible to detection by a careful walk-through of the [Sub]Leased Premises.

## Section 2. Use.

[Sub]Tenant agrees to use the [Sub]Leased Premises for the purpose of operating a satellite wagering facility in accordance with California Business and Professions Code Section 19605.51 and incidental, related or similar uses. [Sub]Tenant shall not use, nor permit the use of, the [Sub]Leased Premises, nor any part thereof, for any purpose other than the foregoing without obtaining [Sub]Landlord's prior written consent. [Sub]Tenant shall, at [Sub]Tenant's sole cost, comply with all reasonable requirements pertaining to the use of the [Sub]Leased Premises of any insurance organization or company necessary for the maintenance of reasonable fire and public liability insurance, covering the Property. [Sub]Tenant shall not allow any activity to be conducted on the [Sub]Leased Premises or store any material on the [Sub]Leased Premises that will increase premiums for, or violate any of the terms of, any policy of insurance maintained by or for the benefit of [Sub]Landlord or Master Landlord.

## Section 3. Term.

(a) The term of this [Sub]Lease shall commence on the Commencement Date, and, unless terminated sooner in accordance with this [Sub]Lease, end on \_\_\_\_\_ ("**Term**").

(b) The Commencement Date is the date on which both of the following conditions have been satisfied:

(1) [Sub]Tenant shall have obtained all approvals and authorizations from the following governmental agencies as necessary for [Sub]Tenant to enter into this [Sub]Lease and to operate the satellite wagering facility on the [Sub]Leased Premises: the Department of Food and Agriculture, the California Horse Racing Board, and the Department of General Services; and

(2) [Sub]Landord shall have obtained from the gaming registration unit of the Office of the California Attorney General a release of any condition that prohibits the operation of the satellite wagering facility within the [Sub]Leased Premises in relation to [Sub]Landord's \_\_\_\_\_ operations.

(c) This [Sub]Lease shall automatically terminate in the event the foregoing conditions precedent to the Commencement Date have not occurred within ninety (90) days following the date of execution of this [Sub]Lease by both parties.

#### Section 4. Rent.

(a) Rental Obligation. [Sub]Tenant shall pay to [Sub]Landord, as rental hereunder (the "**Rent**"), within sixty (60) days following the end of each calendar quarter, an amount equal to fifty percent (50%) of the sum of the following:

(1) Gross Commissions and Gross Admissions less the employment costs (including, without limitation, wages, overtime wages and benefits) actually paid by [Sub]Tenant attributable to the Admissions Employees' services at the [Sub]Leased Premises when the satellite wagering facility is open to the public and for a reasonable time before the opening and closing of business, as necessary to properly conduct the business; and

(2) Net Revenue from the Sale of Forms; and

(3) Net Revenue from the Sale of Merchandise.

(b) Tenant Improvement Fee. [Sub]Landord has completed certain tenant improvements to the [Sub]Leased Premises (which tenant improvements are included together with other improvements in the plans and specifications listed on Exhibit "G" attached hereto and incorporated herein (the "**Plans and Specifications**")) prior to the date first above written. Within ten (10) business days following the Commencement Date, [Sub]Tenant shall deliver to [Sub]Landord a list of items for [Sub]Landord's completion or correction that [Sub]Tenant deems necessary for said tenant improvements to be acceptable. If [Sub]Tenant fails to deliver said list to [Sub]Landord within said ten (10) business day period, [Sub]Tenant shall be deemed to have accepted said tenant improvements. Upon receipt of said list of items from [Sub]Tenant, [Sub]Landord shall immediately commence to complete or correct said items. [Sub]Tenant shall inspect said tenant improvements within ten (10) business days after the completion or correction of said items and, if acceptable to [Sub]Tenant, shall notify [Sub]Landord in writing of [Sub]Tenant's acceptance of said tenant improvements. Upon acceptance of said tenant improvements, [Sub]Tenant shall pay to [Sub]Landord the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "**Tenant Improvement Fee**") as consideration for the construction of said tenant improvements and the use thereof during the Term of this [Sub]Lease and any extensions thereof. In the event this [Sub]Lease is terminated prior to \_\_\_\_\_, for any reason other than [Sub]Tenant's default, [Sub]Landord shall, within ten (10) days thereafter, refund to [Sub]Tenant a pro rata portion of such \$\_\_\_\_\_ Tenant Improvement Fee on a "straight-line" basis using a 30-day month. The [Sub]Landord's obligation to make any such refund is guaranteed by the [Sub]Landord's principals under a written guaranty of even date with this [Sub]Lease.

Example. By way of example, suppose the Commencement Date of this Lease is February 1, 1997, and that this Lease is terminated effective February 20, 1999, for any reason other than Tenant's default. The Term of the Lease is 59 months. The actual time elapsed prior to termination is 24 and 2/3 months (using a 30-day month).

The amount of the Tenant Improvement Fee to be refunded by Landord is:

$$\text{\$_____} - (\text{\$_____} * 24.67 \text{ months}/59 \text{ months}) = \text{\$_____}.$$

(c) Place For Payment. Rent shall be paid in lawful money of the United States of America at the address designated in Section 28.

### **Section 5. Real Property Taxes.**

[Sub]Landord shall pay all real property taxes and assessments levied on the Property.

### **Section 6. Personal Property Taxes; Other Taxes, Fees and Assessments.**

[Sub]Tenant is a public agency and is exempt from the payment of personal property taxes for its personal property. In the event personal property taxes are payable for personal property owned by [Sub]Landord and used by [Sub]Tenant, [Sub]Landord shall pay such personal property taxes.

### **Section 7. Parking and Common Areas.**

(a) [Sub]Landord covenants that the Common Areas of the Property shall be available for the nonexclusive use of [Sub]Tenant during the Term of this [Sub]Lease, provided that the condemnation or other taking by any public authority, or sale in lieu of condemnation, of any of the Common Areas shall not constitute a violation of this covenant.

(b) [Sub]Landord shall, at its sole cost, be responsible for the security and maintenance of the Common Areas and shall keep or cause to be kept the Common Areas in a neat, clean, and orderly condition, properly lighted and landscaped, and shall repair any damage to the Common Areas.

(c) [Sub]Tenant and [Sub]Tenant's agents, employees, contractors, customers, licensees, and [Sub]Tenants shall have the nonexclusive right in common with [Sub]Landord, and other present and future owners, tenants, and their agents, employees, customers, licensees, and subtenants, to use the Common Areas during the Term of this [Sub]Lease for ingress and egress. [Sub]Landord shall have the right to set aside and bar access to private areas within the building of which the [Sub]Leased Premises are a part, including, but not limited to, [Sub]Landord's cashier's cages, [Sub]Landord's countroom and [Sub]Landord's offices.

(d) [Sub]Tenant, in the use of the Common Areas, shall comply with [Sub]Landlord's reasonable rules and regulations for the orderly and proper operation of the Common Areas.

(e) [Sub]Landlord shall provide trash collection as a part of the Common Area maintenance.

(f) The parking for the [Sub]Leased Premises and the Property is provided through publicly-owned parking in public parking garages and on-street parking. [Sub]Landlord shall from time to time arrange for such parking preferences, preferred rates, parking validation rights, valet parking services or other parking arrangements that [Sub]Landlord determines to be necessary and proper to attract and provide convenience to its customers. [Sub]Tenant and [Sub]Tenant's agents, employees, contractors, customers, licensees, and [Sub]Tenants shall have the nonexclusive right in common with [Sub]Landlord's agents, employees, contractors, customers, and subtenants to utilize and benefit from the parking arrangements. [Sub]Landlord may impose special restrictions on the use of parking by its employees and, if it does so, the same restrictions shall apply to [Sub]Tenant's employees. Nothing in this Agreement shall be construed to prohibit [Sub]Tenant from making separate parking arrangements for [Sub]Tenant's own customers.

#### **Section 8. Admission to [Sub]Leased Premises.**

[Sub]Tenant shall control the admission of patrons to the [Sub]Leased Premises and be responsible for the collection of admission fees, which fees shall be charged at all times when the [Sub]Leased Premises are open for satellite wagering. [Sub]Tenant shall have the right, in [Sub]Tenant's sole discretion, to refuse admission to, and/or to expel, any patron. [Sub]Tenant shall determine the initial amount of the admission fees and shall give written notice to [Sub]Landlord of the amount thereof not later than ten (10) days after the Commencement Date. Thereafter, any modification of such admission fee by [Sub]Tenant shall be subject to [Sub]Landlord's prior written approval; provided, that [Sub]Tenant may lower such admission fee without [Sub]Landlord's approval if directed to do so by the California Horse Racing Board.

#### **Section 9. Alterations.**

[Sub]Tenant shall not make, or suffer to be made, any alterations of the [Sub]Leased Premises, or any part of the [Sub]Leased Premises, without the prior written consent of [Sub]Landlord. Any additions to, or alterations of, the [Sub]Leased Premises, except movable furniture and trade fixtures (including, without limitation, any equipment and other trade fixtures relating to the transmission or reception of horseracing audio/visual signals or facilitating wagers by [Sub]Tenant's customers), shall become at once a part of the realty and belong to [Sub]Landlord. Any alterations shall be in conformance with the requirements of all applicable state and federal authorities.

#### **Section 10. Maintenance and Repair; Janitorial Services.**

(a) [Sub]Tenant shall at all times during the Term, and at [Sub]Tenant's sole cost and expense, maintain its own furnishings, equipment and fixtures (i.e., any furnishings,

equipment and fixtures present on the [Sub]Leased Premises and not listed on Exhibit "C") as necessary for the operation of the satellite wagering facility on the [Sub]Leased Premises. By occupying the [Sub]Leased Premises, [Sub]Tenant shall be deemed to have accepted the [Sub]Leased Premises as being in good and sanitary order, condition, and repair, and [Sub]Tenant agrees on the last day of the Term or on sooner termination of this [Sub]Lease to surrender the [Sub]Leased Premises in the same condition as when received, reasonable use and wear and damage by [Sub]Landlord, fire, act of God, or by the elements excepted. Notwithstanding the foregoing, and except for extraordinary damage caused by [Sub]Tenant's negligence, [Sub]Tenant shall not be required to perform any restoration of the [Sub]Leased Premises which may be necessary as a result of the removal of [Sub]Tenant's furniture or trade fixtures upon the expiration or sooner termination of this [Sub]Lease.

(b) [Sub]Landlord shall maintain, repair and replace, if necessary, the [Sub]Leased Premises (including, without limitation, the furnishings, equipment and fixtures listed on Exhibit "C") and all other portions of the Property, including, without limitation, the roof, exterior and interior walls, doors, windows, glazing, plumbing, pipes, electrical wiring, conduits, heating and air conditioning units, landscaping and sidewalks, as necessary to maintain the [Sub]Leased Premises and the Property in good and sanitary order, condition, and repair. [Sub]Landlord shall also provide janitorial services to the [Sub]Leased Premises, which services shall include, without limitation, cleaning the floors and walls of the [Sub]Leased Premises. In the event [Sub]Landlord fails to perform its maintenance, repair or janitorial obligations under this subsection, after written notice from [Sub]Tenant as provided in Section 21, [Sub]Tenant may perform the necessary maintenance or repairs or provide its own janitorial service and deduct the reasonable cost thereof from the Rent.

(c) [Sub]Tenant shall promptly notify [Sub]Landlord in writing of the need for any of the foregoing maintenance and repair for which [Sub]Landlord is responsible.

#### **Section 11. Compliance with Law.**

(a) [Sub]Tenant shall, at [Sub]Tenant's sole cost, comply with all of the requirements of all state and federal authorities (including, without limitation, the California Horse Racing Board) now in force or that may later be in force pertaining to [Sub]Tenant's use of the [Sub]Leased Premises and the operation of [Sub]Tenant's satellite wagering facility within the [Sub]Leased Premises and shall faithfully observe in said use and operation all state and federal statutes now in force or that shall later be in force. [Sub]Tenant shall not commit, or suffer to be committed, any waste upon the [Sub]Leased Premises, or any nuisance or other act or thing that disturbs [Sub]Landlord's quiet enjoyment of the Property.

(b) [Sub]Landlord shall, at [Sub]Landlord's sole cost, comply with all of the requirements of all municipal, state and federal authorities (including, without limitation, the gaming registration unit of the California Attorney General's Office) now in force or that may later be in force pertaining to the use of the Property, the operation of [Sub]Landlord's \_\_\_\_\_ on the Property and the provision of food and beverage services and security services to the [Sub]Leased Premises, and shall faithfully observe in said use and operation all municipal ordinances and state and federal statutes now in force or that shall later be in force. [Sub]Landlord shall not commit, or suffer to be committed, any waste upon the Property or any nuisance or other act or thing that disturbs [Sub]Tenant's quiet enjoyment of the [Sub]Leased

Premises.

**[NOTE: THE FOREGOING SUBSECTION (c) WAS MOVED TO SECTION 42.]**

**Section 12. [Sub]Landlord's Insurance; Waiver of Subrogation.**

(a) **(Optional)** Sublandlord shall, at Sublandlord's sole cost, cause the Master Landlord to provide the insurance required to be provided at the Landlord's expense under Section 11(B) of the Master Lease. If Landlord fails or refuses to provide that insurance, Sublandlord shall provide that insurance at Sublandlord's sole cost.

(b) [Sub]Landlord shall, at [Sub]Landlord's sole cost, maintain general public liability insurance (including, without limitation, product liability coverage) against claims for personal injury, death, or property damage occurring in or about the [Sub]Leased Premises or Property. The limitation of liability of this insurance shall be not less than Five Million Dollars (\$5,000,000) in respect to injury or death of one person and to the limit of not less than Five Million Dollars (\$5,000,000) in respect to any one accident and to the limit of not less than Five Million Dollars (\$5,000,000) with respect to property damage.

(c) [Sub]Landlord shall, at [Sub]Landlord's sole cost, maintain worker's compensation insurance for [Sub]Landlord's employees as required by law and employer's liability insurance with limits of not less than One Million Dollars (\$1,000,000).

(d) All policies of insurance shall be issued in the name of [Sub]Landlord, and, except for the worker's compensation insurance and employer's liability insurance, shall list as additional insureds [Sub]Tenant, the State of California and their respective agents, officers, servants and employees. [Sub]Landlord shall also comply with the California Department of Food and Agriculture's insurance requirements (including, without limitation, requirements concerning the naming of additional insureds under any policy), which requirements are attached hereto as Exhibit "D" and incorporated herein. In the event of any conflict between said insurance requirements and this subsection, the terms of this subsection shall control. Certificates evidencing the foregoing insurance and copies of policies shall be delivered to [Sub]Tenant within ten (10) days prior to the Commencement Date. All insurance policies shall be issued by a carrier admitted in the State of California and shall contain a provision, that a thirty (30) day prior written notice of any cancellation shall be given to [Sub]Tenant before the effective date of cancellation.

(e) [Sub]Tenant and [Sub]Landlord agree that all insurance policies shall contain a clause waiving the insurance carriers right of subrogation against the other party arising out of the occurrence of any casualty insured against. [Sub]Tenant and [Sub]Landlord hereby waive any such right of subrogation against the other party for insured casualties.

(f) Each policy of public liability insurance required to be carried by [Sub]Landlord shall provide that it will be deemed primary and non-contributing with any policy or self-insurance that may be carried by [Sub]Tenant.

**Section 13. Indemnification.**

(a) [Sub]Landlord shall, to the extent permitted by law, defend, indemnify and save harmless [Sub]Tenant, the California Authority of Racing Fairs, Northern California Off-Track Wagering, Inc., Southern California Off-Track Wagering, Inc., the State of California and their respective directors, officers, agents, employees and representatives, from and against any and all claims, costs, damages, expenses, injuries, liabilities and losses, including, without limitation, attorney's fees and litigation costs, proximately caused by [Sub]Landlord's, or [Sub]Landlord's directors', officers', agents', employees' or representatives', willful wrongdoing or [Sub]Landlord's, or [Sub]Landlord's employees', performance under this [Sub]Lease (including, without limitation, acts or omissions in connection with [Sub]Landlord's \_\_\_\_\_, food and beverage service or security service operations) or in any way relating to the condition of the [Sub]Leased Premises or Property.

(b) [Sub]Tenant shall, to the extent permitted by law, defend and indemnify [Sub]Landlord, and its directors, officers, agents, employees and representatives from and against any and all claims, costs, damages, expenses, injuries, liabilities and losses, including, without limitation, attorneys fees and litigation costs proximately caused by [Sub]Tenant's willful wrongdoing or [Sub]Tenant's sole active negligent acts or omissions in the conduct of [Sub]Tenant's satellite wagering facility operations in the [Sub]Leased Premises.

#### **Section 14. Free From Liens.**

(a) [Sub]Tenant shall keep the [Sub]Leased Premises and the Property free from any liens arising out of any work performed, material furnished, or obligation incurred by [Sub]Tenant. Notwithstanding the foregoing, [Sub]Tenant shall have the right to, in good faith, contest the validity of any lien; provided, that [Sub]Tenant shall, at [Sub]Tenant's sole expense, indemnify, defend and hold [Sub]Landlord harmless from and against any such contested lien.

(b) [Sub]Landlord shall keep the [Sub]Leased Premises and the Property free from any liens arising out of any work performed, material furnished, or obligation incurred by [Sub]Landlord. Notwithstanding the foregoing, [Sub]Landlord shall have the right to, in good faith, contest the validity of any lien; provided, that [Sub]Landlord shall, at [Sub]Landlord's sole expense, indemnify, defend and hold [Sub]Tenant harmless from and against any such contested lien.

#### **Section 15. Abandonment.**

[Sub]Tenant shall not vacate or abandon the [Sub]Leased Premises at any time during the Term; and if [Sub]Tenant shall abandon, vacate, or surrender the [Sub]Leased Premises or be dispossessed by process of law, or otherwise, any personal property belonging to [Sub]Tenant and left on the [Sub]Leased Premises longer than thirty (30) days following such abandonment, vacation or surrender shall, at the option of [Sub]Landlord, be deemed abandoned.

#### **Section 16. Advertising and Signs.**

(a) **Advertising.** [Sub]Tenant shall have the sole right to advertise [Sub]Tenant's satellite wagering facility located in the [Sub]Leased Premises; provided that [Sub]Landlord shall advertise said satellite wagering facility in conjunction with advertisements

for [Sub]Landlord's \_\_\_\_\_ operations only if such advertisements have been approved by [Sub]Tenant in writing in advance of publication. As used in this subsection, the term "advertisement" includes, without limitation, radio, television and newspaper advertisements as well as any other business promotions, whether oral or written.

(b) **On-Site Signage.** Subject to the approval of the [Sub]Landlord concerning size, color, location and style, and subject to the approval of the (Master) Landlord, as required by the (Master) Lease, [Sub]Tenant shall have the right to place on the exterior walls of the Property signs advertising [Sub]Tenant's satellite wagering operations within the [Sub]Leased Premises. Any new monument signs placed on the Property shall be subject to [Sub]Tenant's prior written approval. The name of [Sub]Tenant's satellite wagering facility shall have appropriate prominence on any such monument sign for the Property.

### **Section 17. Utilities.**

(a) Except as expressly provided below, [Sub]Landlord shall, at its sole cost, provide all utilities to the [Sub]Leased Premises at no cost to [Sub]Tenant, including, without limitation, water, sewer, gas, heat, electricity, and all other utilities used in, upon or about the [Sub]Leased Premises by [Sub]Tenant or any of [Sub]Tenant's [Sub]Tenants, contractors, licensees or concessionaires.

(b) [Sub]Tenant shall be responsible only for the following utility costs associated with [Sub]Tenant's satellite wagering operations in the [Sub]Leased Premises: telephone bills and other data transmission expenses incurred by [Sub]Tenant or [Sub]Tenant's subtenants, contractors, licensees or concessionaires.

**[NOTE: PROVISIONS REGARDING PARIMUTUEL MANAGEMENT, EMPLOYEE LABOR AND ARMORED TRANSPORT COSTS HAVE BEEN MOVED TO SECTION 24(a).]**

### **Section 18. Entry by [Sub]Landlord.**

(a) Subject to reasonable prior notice to [Sub]Tenant and any restrictions imposed by the California Horse Racing Board, [Sub]Tenant shall permit [Sub]Landlord and [Sub]Landlord's agents to enter into and upon the [Sub]Leased Premises at all reasonable times to inspect them or to maintain the building in which the [Sub]Leased Premises are situated, or to make repairs, alterations, or additions to any other portion of the building, or for posting notices of non-liability for alterations, additions, or repairs; provided, that [Sub]Landlord may enter the Restricted Area of the [Sub]Leased Premises only after business hours for the satellite wagering facility and only in the presence of a representative of [Sub]Tenant, which [Sub]Tenant shall make available as reasonably required by [Sub]Landlord. [Sub]Tenant shall permit [Sub]Landlord, at any time within thirty (30) days prior to the expiration of this [Sub]Lease, to place upon the [Sub]Leased Premises any usual or ordinary For Lease signs, and, during normal business hours, enter upon the [Sub]Leased Premises and exhibit them to prospective tenants. Any such entry by [Sub]Landlord or [Sub]Landlord's agents shall be conducted so as to minimize any adverse effect on [Sub]Tenant's satellite wagering facility operations within the [Sub]Leased Premises.

(b) [Sub]Tenant hereby grants to [Sub]Landlord a revocable nonexclusive license to use the Wagering Area of the [Sub]Leased Premises during After Business Hours only for the purpose of providing food and beverage service to [Sub]Landlord's \_\_\_\_\_ patrons. Said use of tile Wagering Area does not include the use of [Sub]Tenant's audio-visual equipment or any other equipment owned or operated by [Sub]Tenant and shall not interfere with any maintenance or other activities conducted by [Sub]Tenant during After Business Hours.

### **Section 19. Damage and Destruction.**

(a) [Sub]Landlord shall promptly make necessary repairs at [Sub]Landlord's expense upon the occurrence of a declaration by an authorized public authority that the Property or any portion thereof is unsafe or unfit for occupancy, which declaration requires repairs to the Property or any portion thereof.

No such declaration by an authorized public authority, shall in any way void this [Sub]Lease except that (i) [Sub]Tenant shall be entitled to a proportionate reduction of Rent while such repairs are being made, said proportionate reduction to be based upon the extent to which the making of such repairs shall interfere with the business carried on by [Sub]Tenant in the [Sub]Leased Premises and (ii) in the event [Sub]Landlord fails to commence such repairs promptly or to pursue such repairs diligently to completion, or fails to complete such repairs within sixty (60) days after the issuance of such declaration, [Sub]Tenant shall have the option to terminate this [Sub]Lease upon at least thirty (30) days written notice to [Sub]Landlord.

(b) In the event the Property or any portion thereof shall be partially or totally damaged or destroyed by fire or any other casualty so as to become partially or totally untenantable, which damage is insured against under any policy of insurance then covering the Property, then this [Sub]Lease shall remain in full force and effect and [Sub]Landlord shall promptly repair, or cause the (Master) Landlord to repair promptly, such damage or destruction with due diligence at [Sub]Landlord's, or (Master) Landlord's expense. In the event [Sub]Landlord or (Master) Landlord fails to commence such repairs promptly or to pursue such repairs diligently to completion, or fails to complete such repairs within sixty (60) days after the occurrence of such damage or destruction, [Sub]Tenant shall have the option to terminate this [Sub]Lease upon at least thirty (30) days written notice to [Sub]Landlord. [Sub]Tenant shall be entitled to a proportionate reduction in Rent while such repairs are being made, such proportionate reduction to be based upon the extent to which the making of such repairs interferes with the business being conducted by [Sub]Tenant in the [Sub]Leased Premises. The provisions of this subsection are subject to the provisions of subsection 19(c), below.

(c) In the event the Property or any portion thereof is damaged as a result of fire or any other casualty that is not insured against, or if the Property or any portion thereof is damaged by fire or any other casualty, whether or not insured, and the damages are in excess of twenty-five percent (25%) of its then replacement cost (including foundations), [Sub]Landlord may within thirty (30) days following the date the damage occurs elect not to repair the damage and terminate this [Sub]Lease by written notice to [Sub]Tenant. If [Sub]Landlord elects to make the repairs at [Sub]Landlord's expense, and provided [Sub]Landlord uses due diligence in making the repairs, this [Sub]Lease shall continue in full force, and the Rent shall be proportionately reduced as provided in subsections 19(a) and (b), above. In the event

[Sub]Landlord fails to commence such repairs promptly or to pursue such repairs diligently to completion, or fails to complete such repairs within sixty (60) days after such damage or destruction, [Sub]Tenant shall have the option to terminate this [Sub]Lease upon at least thirty (30) days written notice to [Sub]Landlord. If either [Sub]Landlord or [Sub]Tenant elect to terminate this [Sub]Lease, all Rent shall be prorated between [Sub]Landlord and [Sub]Tenant as of the date of damage or destruction.

### **Section 20. Intentionally Omitted.**

**[NOTE: THE FOREGOING SECTION 20 WAS MODIFIED AND MOVED TO SECTION 23(a).]**

### **Section 21. Default.**

(a) Each of the following shall constitute an event of [Sub]Tenant's default ("**Event of Default**" or "**Default**") under this [Sub]Lease:

(1) [Sub]Tenant's failure to make any payment required under this [Sub]Lease within ten (10) business days after written notice of non-payment from [Sub]Landlord to [Sub]Tenant;

(2) [Sub]Tenant's failure to perform any of the covenants, conditions or provisions of this [Sub]Lease to be performed by [Sub]Tenant, other than those requiring any payment to [Sub]Landlord, when such failure continues for a period of thirty (30) days after written notice from [Sub]Landlord to [Sub]Tenant. However, if the nature of [Sub]Tenant's failure reasonably requires more than thirty (30) days for cure, [Sub]Tenant shall not be deemed to be in Default if [Sub]Tenant commences to cure within said thirty (30) day period and thereafter diligently continues said cure to completion;

(3) The vacation or abandonment of all or substantially all of the [Sub]Leased Premises by [Sub]Tenant;

(4) Any attachment or levy of execution or similar seizure of [Sub]Tenant's interest in the [Sub]Leased Premises or [Sub]Tenant's merchandise, fixtures or other property at the [Sub]Leased Premises, which attachment, levy of execution or similar seizure materially and adversely affects [Sub]Tenant's business conducted on the [Sub]Leased Premises; or

(5) The adjudication of [Sub]Tenant as a bankrupt or insolvent, or the appointment of a receiver or trustee to take possession of all or substantially all of [Sub]Tenant's assets, or any other action taken or suffered by [Sub]Tenant under any state or federal insolvency or bankruptcy act and continuation thereof for more than thirty (30) days; provided, however, that no action by the California Department of Food & Agriculture, or any subdivision or designee thereof, to assume management responsibilities for [Sub]Tenant, or to appoint new management therefor, shall constitute a Default under this [Sub]Lease.

(b) Upon the occurrence of [Sub]Tenant's Default, [Sub]Landlord shall have all rights and remedies available to [Sub]Landlord at law or in equity, including, without

limitation, the rights and remedies set forth in Sections 1951.2 and 1951.4 of the Civil Code.

(c) None of the following remedial actions, singly or in combination, shall be construed as an election by [Sub]Landlord to terminate this [Sub]Lease unless [Sub]Landlord has in fact given [Sub]Tenant written notice that this [Sub]Lease is terminated or unless a court of competent jurisdiction decrees termination of this [Sub]Lease: any act by [Sub]Landlord to maintain or preserve the [Sub]Leased Premises; any efforts by [Sub]Landlord to relet the [Sub]Leased Premises; or any re-entry, repossession, or reletting of the [Sub]Leased Premises by [Sub]Landlord. If [Sub]Landlord takes any of the previous remedial actions without terminating this [Sub]Lease, [Sub]Landlord may nevertheless at any time after taking any remedial action terminate this [Sub]Lease by thirty (30) days written notice to [Sub]Tenant.

(d) If [Sub]Landlord relets the [Sub]Leased Premises, [Sub]Landlord shall apply the revenue as follows: first, to the payment of any cost of reletting, including without limitation finder's fees and leasing commissions; and second, to the payment of Rent and other amounts due and unpaid under this [Sub]Lease. [Sub]Landlord shall hold and apply the residue, if any, to payment of future amounts payable as they become due. [Sub]Landlord's receipt of revenue from reletting during any month shall not relieve [Sub]Tenant of its obligations under this [Sub]Lease.

(e) No officer, board member, agent or employee of [Sub]Tenant or the State of California shall be personally liable to [Sub]Landlord in the event of any Default by [Sub]Tenant. In such event, [Sub]Landlord agrees not to bring suit against any such officer, board member, agent or employee.

(f) [Sub]Landlord shall not be in Default unless [Sub]Landlord fails to perform obligations required of [Sub]Landlord within thirty (30) days after written notice by [Sub]Tenant to [Sub]Landlord specifying in what respect [Sub]Landlord has failed to perform the obligation. However, if [Sub]Landlord's obligation requires more than thirty (30) days for performance, [Sub]Landlord shall not be in Default if [Sub]Landlord commences to perform within said thirty (30) day period and afterwards diligently completes it. Notwithstanding the foregoing, in the event of a Default by [Sub]Landlord which materially and adversely affects [Sub]Tenant's occupancy or use of the [Sub]Leased Premises or operation of a satellite wagering facility therein, and in addition to any other rights or remedies available to [Sub]Tenant at law or in equity, [Sub]Tenant shall be entitled to terminate this [Sub]Lease upon thirty (30) days written notice and to recover damages resulting from such Default and termination, including, without limitation, damages for [Sub]Tenant's loss of satellite wagering admissions and commissions and expenses incurred in relocating to another facility.

(g) After the occurrence of an Event of Default by either party, the non-defaulting party, in addition to, or in lieu of, exercising other remedies, may, but without any obligation to do so, cure the breach underlying the Event of Default for the account and at the expense of the party in Default; provided, that the non-defaulting party by prior notice shall first allow the party in Default a reasonable opportunity to cure, except in cases of emergency, where the non-defaulting party may proceed without prior notice to the party in Default. The party in Default shall, upon demand (by way of presentation of invoices or other written instruments evidencing payment), immediately reimburse the non-defaulting party for all costs, including costs of settlements, defense and court costs that the non-defaulting party may incur in the

course of any cure.

(h) No right or remedy conferred upon or reserved to either party in this [Sub]Lease is intended to be exclusive of any other right or remedy given now or later or existing at law or in equity or by statute. Except to the extent that either party may have otherwise agreed in writing, no waiver by that party of any violation or nonperformance by the other party of any obligations, agreements, or covenants shall be deemed to be a waiver of any subsequent violation or nonperformance of the same or any other covenant, agreement, or obligation, nor shall any forbearance by either party to exercise a remedy for any violation or nonperformance by the other party be deemed a waiver by that party of rights or remedies with respect to that violation or nonperformance.

## **Section 22. Surrender of [Sub]Lease.**

The voluntary or other surrender of this [Sub]Lease by [Sub]Tenant, or a mutual cancellation of the [Sub]Lease, shall not work a merger, and may, at the option of [Sub]Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of [Sub]Landlord, operate as an assignment to [Sub]Landlord of any of the subleases or subtenancies.

## **Section 23. Assignment and Subletting; Transfer of Interests: Amendment of (Master) Lease.**

(a) [Sub]Tenant shall not, without the prior written consent of [Sub]Landlord, assign this [Sub]Lease, or any interest in this [Sub]Lease, and shall not sublet the [Sub]Leased Premises or any part thereof, or any right or privilege appurtenant thereto, or permit any person other than the agents, employees, contractors, customers and subtenants of [Sub]Tenant to occupy or use the [Sub]Leased Premises. This Section shall not apply to any assignment by operation of law or to any action by the California Department of Food & Agriculture, or any subdivision or designee thereof, to assume management responsibilities for [Sub]Tenant or to appoint new management therefor.

(b) [Sub]Landlord shall not (a) sell, assign or sublet its interest in the Property or its \_\_\_\_\_ business conducted therein, or (b) permit the sale or other assignment of any controlling interest in the stock of [Sub]Landlord, or (c) amend the Master Lease (collectively or individually, a "**Transaction**") if the Transaction will invalidate any permit under which [Sub]Tenant conducts its business. [Sub]Landlord shall promptly give [Sub]Tenant written notice of each Transaction (whether or not such Transaction may invalidate any permit under which [Sub]Tenant conducts its business) not less than thirty (30) days before the effectiveness of such Transaction. If the Transaction is a sale, assignment or subletting, such notice shall specifically identify the proposed purchaser, assignee or sublessee and provide all pertinent data requested by [Sub]Tenant as reasonably necessary for [Sub]Tenant to determine the credit, character, quality of business operation, merchandising reputation, experience and business standing of the proposed purchaser, assignee or sublessee. If the Transaction is an amendment to the Master Lease, such notice shall set forth the terms of such proposed amendment. Notwithstanding the foregoing or Section 41 of this [Sub]Lease, in the event [Sub]Tenant determines in its sole discretion, within sixty (60) days after receipt of written notice of any such Transaction that the Transaction is likely to have a material and

adverse affect on [Sub]Tenant's business in the [Sub]Leased Premises, [Sub]Tenant may terminate this [Sub]Lease upon giving thirty (30) days written notice of such termination to [Sub]Landlord and shall be entitled to pro rated reimbursement of the Tenant Improvement Fee as provided in Section 4(b).

#### **Section 24. Operations.**

(a) Subject to the provisions of Sections 19 and 31, [Sub]Tenant shall continuously during the entire [Sub]Lease Term conduct [Sub]Tenant's satellite wagering operations in the [Sub]Leased Premises and shall keep the [Sub]Leased Premises open for business and cause [Sub]Tenant's satellite wagering operations to be conducted during customary business hours for similar businesses; provided, however, that this provision shall not apply if the [Sub]Leased Premises should be closed and the satellite wagering operations of [Sub]Tenant temporarily discontinued on account of strikes, lockouts, or similar causes beyond the reasonable control of [Sub]Tenant. [Sub]Tenant shall keep the [Sub]Leased Premises adequately staffed with sufficient personnel to care for the patronage and to conduct the satellite wagering operations in accordance with sound business practices. Except as otherwise expressly provided in this [Sub]Lease, [Sub]Tenant shall be responsible for the costs of [Sub]Tenant's satellite wagering operations in the [Sub]Leased Premises, including [Sub]Tenant's parimutuel management, employee labor and armored transport costs.

(b) Subject to the provisions of Sections 19 and 31, [Sub]Landlord shall continuously during the entire [Sub]Lease Term conduct [Sub]Landlord's \_\_\_\_\_ business in portions of the Property other than the [Sub]Leased Premises and shall keep the \_\_\_\_\_ open for business and cause [Sub]Landlord's \_\_\_\_\_ business to be conducted during customary business hours for similar businesses; provided, however, that this provision shall not apply if the Property should be closed or the \_\_\_\_\_ business of [Sub]Landlord temporarily discontinued for thirty (30) days or less on account of strikes, lockouts, or similar causes beyond the reasonable control of [Sub]Landlord. In the event the Property is so closed or [Sub]Landlord's \_\_\_\_\_ business is so discontinued temporarily, [Sub]Landlord shall provide such personnel as necessary to ensure (i) [Sub]Tenant's continued access to the [Sub]Leased Premises, and (ii) the performance of [Sub]Landlord's other obligations under this [Sub]Lease. [Sub]Landlord shall keep the \_\_\_\_\_ adequately staffed with sufficient personnel to care for the patronage and to conduct the \_\_\_\_\_ business in accordance with sound business practices. [Sub]Landlord shall be responsible for the costs of [Sub]Landlord's \_\_\_\_\_ operations.

(c) [Sub]Tenant's satellite wagering facility operations on the [Sub]Leased Premises and [Sub]Landlord's \_\_\_\_\_ operations on the Property shall be conducted separately. Further, neither the [Sub]Tenant nor [Sub]Landlord will allow any person, individual, employee or agent to facilitate or place bets on behalf of other individuals from the satellite wagering facility on gaming operations in the card club nor from the card club on satellite wagering within the satellite wagering facility. No "runners" shall be employed or allowed for the purpose of taking wagers from customers in the [Sub]Landlord's \_\_\_\_\_ facility and placing such wagers on races broadcasted in [Sub]Tenant's satellite wagering facility. No "runners" shall be employed or allowed for the purpose of taking wagers from customers in the [Sub]Tenant's satellite wagering facility and placing such wagers or bets in or on games being conducted in [Sub]Landlord's \_\_\_\_\_ facility. Further, notice of this rule

shall be posted in the [Sub]Landlord's Property used for the \_\_\_\_\_ facility and in the [Sub]Tenant's [Sub]Leased Premises, and all employees shall be given notice of this provision. Violation of this provision may subject the [Sub]Landlord and [Sub]Tenant to loss of their licenses to conduct business.

### **Section 25. Intentionally Omitted.**

### **Section 26. Licenses.**

(a) [Sub]Tenant represents and warrants as of the date of this [Sub]Lease that [Sub]Tenant holds a license issued by the California Horse Racing Board for the conduct of satellite wagering on horse racing in the [Sub]Leased Premises. [Sub]Tenant shall maintain said license in full force and effect during the Term of this [Sub]Lease. In the event said license is terminated or not renewed for any reason other than [Sub]Tenant's willful violation of the regulations of the California Horse Racing Board or [Sub]Tenant's failure to apply for renewal as needed, [Sub]Tenant may, at [Sub]Tenant's option, terminate this [Sub]Lease upon thirty (30) days' written notice to [Sub]Landlord. [Sub]Tenant currently operates a satellite wagering facility on its \_\_\_\_\_ County fairgrounds. [Sub]Tenant shall not open any additional off-fairgrounds satellite wagering facilities in \_\_\_\_\_ County prior to the earlier of \_\_\_\_\_, 20\_\_, or the termination of this [Sub]Lease. After \_\_\_\_\_, 20\_\_, or the earlier termination of this [Sub]Lease, [Sub]Tenant may, at its option, open other off-fairgrounds satellite wagering facilities in \_\_\_\_\_ County.

(b) [Sub]Landlord represents and warrants that it has obtained all necessary permits and licenses, and that all of its employees and contractors have obtained all necessary permits and licenses, to operate the Property and the \_\_\_\_\_ and food and beverage businesses located on the Property and to provide security services to the Property. [Sub]Landlord shall maintain, or cause to be maintained, all such permits and licenses in full force and effect during the Term of this [Sub]Lease.

### **Section 27. Holding Over.**

Any holding over after the expiration of the Term shall be construed to be a tenancy from month-to-month, cancelable upon thirty (30) days' written notice, and upon terms and conditions as existing during the fast year of the Term.

### **Section 28. Notices.**

All notices and other communications under this [Sub]Lease shall be in writing. Notices shall be delivered using one of the methods set forth in (a) or (b), below. Notices shall be deemed to have been duly given (a) on the date of delivery, if delivered personally to the party to whom notice is given, or if made by telecopy (with verification sheet attached) directed to the party to whom notice is to be given at the telecopy number listed below, or (b) on receipt, if mailed to the party to whom notice is to be given by registered or certified mail, return receipt requested, postage prepaid and properly addressed as follows:

If intended for [Sub]Landlord:

By Personal Delivery:

\_\_\_\_\_  
(Title)  
-or-

\_\_\_\_\_  
(Title)  
(Landlord)  
(Address)  
\_\_\_\_\_, California \_\_\_\_\_

By Mail:

\_\_\_\_\_  
(Address)  
\_\_\_\_\_, California \_\_\_\_\_

By Telecopy:

\_\_\_\_\_  
Attention: \_\_\_\_\_  
( ) \_\_\_\_-\_\_\_\_

If intended for [Sub]Tenant:

By Personal Delivery  
Or Mail:

General Manager  
\_\_\_\_\_  
(Address)  
\_\_\_\_\_, California \_\_\_\_\_

By Telecopy:

General Manager  
\_\_\_\_\_  
( ) \_\_\_\_-\_\_\_\_

A party may change its person designated to receive notice, its telecopy number, or its address from time to time by giving notice to the other party in accordance with the procedures set forth in this Section.

**Section 29. Successors in Interest.**

The covenants in this [Sub]Lease shall apply to and bind the heirs, successors, executors, administrators, and assigns of all the parties to this [Sub]Lease. Nothing in this Section shall be deemed to permit any assignment or subletting in violation of Section 23.

**Section 30. Food and Beverage Service.**

(a) [Sub]Landlord shall provide food and beverage service to [Sub]Tenant's patrons on the [Sub]Leased Premises.

(b) The food service to be provided by [Sub]Landlord shall comply with all applicable municipal, state and federal laws, ordinances, rules and regulations.

(c) [Sub]Landlord shall provide food and beverage service and products of a quality at least equal to the quality available at any similar locations in \_\_\_\_\_ County, recognizing and acknowledging that [Sub]Tenant intends to operate a public facility with the highest possible standards and reputation.

(d) [Sub]Landlord has provided [Sub]Tenant with a copy of [Sub]Landlord's existing food and beverage menu and price list, which is deemed approved. [Sub]Tenant has familiarized itself with tile quality, quantity, nature and brands of the food and beverages now being served by [Sub]Landlord, which are deemed approved. Proposed changes in the nature, quality, quantity, price and brands of all food and beverages to be provided by [Sub]Landlord shall be subject to the prior written approval of [Sub]Tenant and the California Horse Racing Board. Approval of prices may not be withheld in any event if the prices proposed by [Sub]Landlord are no higher than prices generally charged at comparable facilities in \_\_\_\_\_ County for comparable products.

(e) [Sub]Landlord shall operate and conduct its food and beverage service operations in a manner that will permit all patrons of [Sub]Tenant's satellite wagering facility to be promptly and satisfactorily served. All products sold by [Sub]Landlord shall be of high quality and shall conform to the requirements of all applicable municipal, state and federal laws, statutes, ordinances and regulations. No adulterated or misbranded products shall be stored, displayed or sold by [Sub]Landlord. All foods and beverages acquired by [Sub]Landlord shall be stored and handled at all times consistent with the highest standards of sanitation, preservation and purity.

(f) [Sub]Landlord shall procure and maintain, at [Sub]Landlord's sole cost, all licenses and permits required for the provision of food and beverage services to the [Sub]Leased Premises.

(g) All persons engaged in operating [Sub]Landlord's food and beverage service shall be the sole and exclusive employees of [Sub]Landlord or [Sub]Landlord's contractor, as applicable, and shall be paid by [Sub]Landlord or [Sub]Landlord's contractor. [Sub]Landlord shall pay or cause to be paid all applicable social security, unemployment, worker's compensation or other employment taxes or contributions or insurance and shall comply or cause its contractor to comply with all municipal, state and federal laws and regulations relating to employment generally, minimum wages, social security, unemployment insurance and worker's compensation.

(h) All persons engaged in operating [Sub]Landlord's food and beverage service shall have reasonable unimpeded access to the Wagering Area of the [Sub]Leased Premises in connection with such food and beverage service operations; provided, that said food and beverage service operations shall not materially interfere with [Sub]Tenant's operation of its satellite wagering facility in the [Sub]Leased Premises.

(h) All persons engaged in operating [Sub]Landlord's food and beverage service shall have reasonable unimpeded access to the Wagering Area of the [Sub]Leased Premises in connection with such food and beverage service operations; provided, that said food and beverage service operations shall not materially interfere with [Sub]Tenant's operation of its satellite wagering facility in the [Sub]Leased Premises.

(i) [Sub]Landlord shall cause all persons engaged in food and beverage service operations to comply with the rules and regulations promulgated by [Sub]Tenant, the California Horse Racing Board, the City of Fresno, the California Alcoholic Beverage Control and other applicable governmental authorities in connection with such food and beverage service.

(j) [Sub]Tenant may, at its option, enter into sponsorship agreements with respect to food or beverages to be served by [Sub]Landlord on the [Sub]Leased Premises. Any fees paid by any such sponsor shall belong exclusively to [Sub]Tenant.

(k) The relationship between [Sub]Landlord and [Sub]Tenant under this [Sub]Lease is strictly a [Sub]Landlord-[Sub]Tenant relationship. Nothing in this [Sub]Lease shall create a partnership, joint venture, trust or other fiduciary relationship between [Sub]Landlord and [Sub]Tenant.

(l) [Sub]Tenant currently operates a satellite wagering facility on its \_\_\_\_\_ County fairgrounds and is under contract with a concessionaire to provide food and beverage service to that facility. The parties hereto acknowledge the possibility that said concessionaire may attempt to claim that it is entitled, under the terms of its contract, to provide food and beverage service to the [Sub]Leased Premises. In the event such a claim is made by said concessionaire, [Sub]Tenant may, at [Sub]Tenant's option, terminate this [Sub]Lease upon giving thirty (30) days written notice to [Sub]Landlord within ninety (90) days after [Sub]Tenant's receipt of such claim, and [Sub]Tenant shall be entitled to pro-rated reimbursement of the Tenant Improvement Fee as provided in Section 4(b). This Subsection 30(1) constitutes only an acknowledgement of a claim that may be asserted by said concessionaire and does not constitute an admission by [Sub]Tenant that such claim, if asserted, would be a valid claim. The provisions of this Subsection 30(1) shall expire on \_\_\_\_\_.

### **Section 31. Force Majeure.**

If either party shall be delayed or prevented from the performance of any act required under this [Sub]Lease by reason of any cause without fault or beyond the control of such party, including, without limitation, acts of God or governmental agencies (excluding actions taken to enforce regulations governing [Sub]Landlord's \_\_\_\_\_, food and beverage service or security operations), strikes, lockouts, labor troubles or inability to procure materials, performance of such act shall be excused for the period of the delay and the period for the performance of such act shall be extended for a period equivalent to the period of the delay. The party asserting such delay shall give notice of such delay to the other party hereto within thirty (30) days after the date such delay commences. The extension of the period for performance of any such act shall commence to run from the time of the commencement of the cause of such delay; provided, however, that if the notifying party fails to give written notice to the other party of such delay exceeds ninety (90) days, the party which was to receive the benefit of the delayed performance shall be entitled to terminate this [Sub]Lease upon giving ten (10) days written notice of such termination.

### **Section 32. Captions.**

The various headings and section numbers in this [Sub]Lease and the grouping of the provisions of this [Sub]Lease into separate sections and paragraphs are for the purpose of convenience only and shall not be considered a part of this [Sub]Lease.

### **Section 33. Time.**

Time is of the essence in this [Sub]Lease.

### **Section 34. Intentionally Omitted.**

### **Section 35. Condemnation.**

If any part of the Property is condemned or otherwise taken under the power of eminent domain or conveyed in lieu of condemnation, and the condemnation or taking materially and adversely affects [Sub]Tenant's occupancy or use of the [Sub]Leased Premises or [Sub]Tenant's business conducted therein, each party shall, at such party's option, have the right to terminate this [Sub]Lease by giving thirty (30) days written notice of termination to the other party within six (6) months following the date of such condemnation or taking. Any award that may be paid in connection with any condemnation or taking shall be divided between [Sub]Landlord and [Sub]Tenant according to their respective interests under this [Sub]Lease.

### **Section 36. No Oral Agreements.**

This [Sub]Lease includes in full each agreement of every kind between the parties concerning the [Sub]Leased Premises, and all preliminary negotiations and agreements of any kind or nature are merged in this [Sub]Lease, and there are no oral agreements or implied covenants made in connection with this [Sub]Lease.

### **Section 37. Security Services.**

[Sub]Landlord shall, at its sole cost, provide for the security of the [Sub]Leased Premises (including, without limitation, the admissions area) and all monies located within the [Sub]Leased Premises. [Sub]Landlord shall use its own employees or contract with a reputable security company reasonably acceptable to [Sub]Tenant to provide twenty-four (24) hour security services to the [Sub]Leased Premises. Said security services shall be provided in accordance with the guidelines and regulations of the California Horse Racing Board and the reasonable requirements of [Sub]Tenant. All security personnel, as well as [Sub]Landlord's security plan for the [Sub]Leased Premises, are subject to [Sub]Tenant's prior written approval. Except for embezzlement or gross negligence by [Sub]Tenant's employees, [Sub]Landlord shall be solely responsible for the theft of any monies stolen from the [Sub]Leased Premises and shall reimburse [Sub]Tenant for any monies so stolen. In the event [Sub]Tenant reasonably determines that the security services provided by [Sub]Landlord are not in compliance with the guidelines or regulations of the California Horse Racing Board or are otherwise inadequate, [Sub]Tenant may provide its own security services for the [Sub]Leased Premises and deduct from the Rent the reasonable cost of such security service; provided, that [Sub]Tenant shall first give [Sub]Landlord written notice of such determination. [Sub]Landlord shall have thirty (30) days following receipt of such written notice to cure any such inadequacies unless [Sub]Tenant

reasonably determines that the circumstances require the immediate provision of security services by [Sub]Tenant.

### **Section 38. Compliance with Building Codes.**

[Sub]Landlord warrants that, upon possession of the [Sub]Leased Premises by [Sub]Tenant, the Property shall be in compliance with all applicable fire and safety codes and all other applicable laws and regulations, including, without limitation, the Americans with Disabilities Act. [Sub]Landlord shall provide certified copies of occupancy and fire inspection certificates for the Property upon request therefor by [Sub]Tenant or the California Horse Racing Board.

### **Section 39. Extension Option.**

(a) Section 39 of the (Master) Lease gives [Sub]Landlord the right to extend the (Master) Lease for up to three (3) additional terms of five (5) years each. If [Sub]Landlord exercises any right to extend the term of the (Master) Lease and this [Sub]Lease has not previously been terminated, then [Sub]Tenant shall have the option to extend the term of this [Sub]Lease for the same period as the extended term of the (Master) Lease and all terms and conditions of this [Sub]Lease shall remain in full force and effect during any extended term (except that rent shall be subject to negotiation as set forth below). The [Sub]Landlord shall give written notice to the [Sub]Tenant of [Sub]Landlord's election to extend the term of the (Master) Lease concurrently with the delivery of the [Sub]Landlord's extension notice to the (Master) Landlord under Section 39 of the (Master) Lease. [Sub]Tenant's option is to extend the term on all the provisions contained in this [Sub]Lease (except that rent shall be subject to negotiation as set forth below) for a time corresponding to the extension of the (Master) Lease ("Extended Term") following expiration of the initial term. To exercise the option the [Sub]Tenant must give written notice of exercise of the option ("Option Notice") to [Sub]Landlord at least one hundred eighty (180) days but not more than one year before the expiration of the term. The parties shall have ninety (90) days after the [Sub]Landlord receives the Option Notice in which to agree on the rent during the Extended Term. If the parties agree on the rent for the Extended Term during that period, they shall immediately execute an amendment to this [Sub]Lease stating the monthly rent.

(b) If the parties are unable to agree on the monthly rent for the Extended Term within said ninety (90) day period, [Sub]Tenant shall have the option of extending the term of this [Sub]Lease on all of the provisions contained in this [Sub]Lease (including Rent) for the Extended Term by giving written notice ("Second Option Notice") of such election to [Sub]Landlord not later than ten (10) days after the expiration of said ninety (90) day period. In the event [Sub]Tenant does not give the Second Option Notice, the Option Notice shall be of no effect and this [Sub]Lease shall expire at the end of the term.

(c) Neither party to this [Sub]Lease shall have the right to have a court or other third party set the monthly rent. If the [Sub]Tenant is in default on the date of giving the Option Notice, the Option Notice shall be totally ineffective, or if the [Sub]Tenant is in default on the date the Extended Term is to commence, the Extended Term shall not commence and this [Sub]Lease shall expire at the end of the initial term.

#### **Section 40. Governing Law.**

This lease shall be governed by and construed in accordance with the laws of the State of California.

#### **Section 41. Consents and Approvals.**

Unless otherwise expressly stated in this [Sub]Lease, any provision of this [Sub]Lease which requires the consent or approval of either party shall be deemed to contain the additional requirement that such consent or approval not be unreasonably withheld, conditioned or delayed.

#### **Section 42. (Master) Lease; Recognition Agreement. (To be used with Sublease)**

(a) [Sub]Landlord represents and warrants that it has delivered a true and correct copy of the (Master) Lease to [Sub]Tenant and [Sub]Tenant acknowledges that [Sub]Tenant has informed itself of the contents thereof. [Sub]Tenant acknowledges and agrees that its rights under this [Sub]Lease are subject to the (Master) Lease and [Sub]Tenant agrees that it will not use the [Sub]Leased Premises, or permit them to be used, in violation of the (Master) Lease, and will take no actions with respect to the [Sub]Leased Premises that require the consent of the (Master) [Sub]Landlord under the (Master) Lease without first obtaining that consent. [Sub]Landlord represents and warrants that this [Sub]Lease does not violate any provision of the (Master) Lease, and that no provisions of this [Sub]Lease are in conflict with any of the provisions of the (Master) Lease. [Sub]Landlord represents and warrants that [Sub]Landlord has delivered to [Sub]Tenant a recognition agreement validly signed by the (Master) Landlord, which agreement consents to (i) the execution and delivery of this [Sub]Lease, (ii) the improvements constructed by [Sub]Landlord pursuant to the Plans and Specifications, and (iii) the installation of satellite wagering fixtures and equipment proposed to be installed by [Sub]Tenant.

(b) If the (Master) Lease terminates and [Sub]Tenant elects to terminate this [Sub]Lease by reason of the discontinuance of a \_\_\_\_\_ business on the Property, the parties shall be released from all liabilities and obligations under this [Sub]Lease; except that, if the (Master) Lease terminates as a result of [Sub]Landlord's being in default of its obligations under thereunder, [Sub]Landlord shall be liable to [Sub]Tenant for all damages [Sub]Tenant has suffered as a result of the termination.

(c) If [Sub]Landlord is given the right under the (Master) Lease to terminate the (Master) Lease (e.g., in case of destruction), [Sub]Tenant shall have the right, in its sole discretion, to determine whether it wishes to have the (Master) Lease terminated. If [Sub]Tenant elects to have the (Master) Lease terminated, [Sub]Tenant shall terminate this [Sub]Lease and [Sub]Landlord shall in turn terminate the (Master) Lease.

(d) As long as [Sub]Tenant is not in default of any provision of this [Sub]Lease, [Sub]Landlord shall be obligated to perform all its obligations under the (Master) Lease, and during the Term of this [Sub]Lease [Sub]Tenant shall have quiet enjoyment of the

[Sub]Leased Premises.

### **Section 43. Definitions.**

**"Admissions Employee"** means the individual(s) employed by [Sub]Tenant to provide on-site administration of the [Sub]Leased Premises on [Sub]Tenant's behalf, including, without limitation, the greeting and seating of patrons, collection of admission fees, and sales of merchandise and forms. Except as approved by [Sub]Landlord or as necessary to fulfill [Sub]Tenant's obligations under Section 24(a), [Sub]Tenant shall not schedule more than one Admissions Employee to be on duty at the [Sub]Leased Premises at any given time. [Sub]Tenant shall be the sole employer of the Admissions Employee(s) and responsible for all employment matters relating to the Admissions Employee(s).

**"After Business Hours"** means the period beginning one (1) hour after the last post time for simulcast racing on any given day and extending to three (3) hours prior to the first post time on the next day on which simulcast racing is presented at [Sub]Tenant's satellite wagering facility on the [Sub]Leased Premises.

**"Common Areas"** means all areas and facilities outside the [Sub]Leased Premises and on the Property that are depicted as the shaded areas on Exhibit "E," attached hereto and incorporated herein. Common Areas include, without limitation, pedestrian walkways and patios, corridors to and from the exterior entrances for [Sub]Landlord's \_\_\_\_\_ facility and the entrance to the [Sub]Leased Premises, landscaped areas, sidewalks, service corridors, restrooms, stairways, decorative walls, throughways and loading areas.

**"Default"** is defined in Section 21.

**"Event of Default"** is defined in Section 21.

**"Extension"** is defined in Section 39.

**"Gross Admissions"** means the gross admission fees collected by [Sub]Tenant from patrons entering the [Sub]Leased Premises.

**"Gross Commissions"** means the gross commissions collected by [Sub]Tenant from satellite wagering on the [Sub]Leased Premises.

**"Gross Sales"** means the gross revenue collected by [Sub]Tenant from sales of forms and merchandise on the [Sub]Leased Premises.

**"Master Landlord"** is defined in Recital A.

**"Master Lease"** is defined in Recital A.

**"Net Revenues from the Sale of Forms"** means the gross sales receipts from forms sold on the [Sub]Leased Premises less the [Sub]Tenant's costs of goods sold.

**"Net Revenue from the Sale of Merchandise"** means the gross sales receipts

from goods sold on the [Sub]Leased Premises less the [Sub]Tenant's cost of goods sold.

"**Plans and Specifications**" is defined in Section 4(b).

"**Property**" is defined in Recital A.

"**Rent**" is defined in Section 4(a).

"**Restricted Area**" means the enclosed area of the [Sub]Leased Premises which is used, among other things, for the collection and storage of [Sub]Tenant's cash receipts, and which is depicted on Exhibit "F," attached hereto and incorporated herein.

"[Sub]Landlord" is defined in the preamble.

"[Sub]Lease" is defined in the preamble.

"[Sub]Leased Premises" is defined in Recital D.

"[Sub]Tenant" is defined in the preamble.

"**Tenant Improvement Fee**" is defined in Section 4(b).

"**Term**" is defined in Section 3.

"**Transaction**" is defined in Section 23(b).

"**Wagering Area**" means all areas of the [Sub]Leased Premises (other than the Restricted Area) where parimutuel wagering is conducted within the enclosure.

**Section 44. Memorandum of [Sub]Lease.**

Concurrently with the execution and delivery of this [Sub]Lease, [Sub]Landlord and [Sub]Tenant shall execute and record in the official records of \_\_\_\_\_ County a memorandum of this [Sub]Lease

**Section 45. Corporate Resolutions.**

Upon execution and delivery of this [Sub]Lease, [Sub]Landlord shall also deliver to [Sub]Tenant a certificate of the secretary of [Sub]Landlord attesting to the authority of [Sub]Landlord's officers to execute this [Sub]Lease on behalf of [Sub]Landlord.

The parties have executed this [Sub]Lease on the day and year first above written.

“[Sub]Landlord”

“[Sub]Tenant”

\_\_\_\_\_

\_\_\_\_\_ ,

a California (corporation)

a public agency

By: \_\_\_\_\_  
\_\_\_\_\_, (Title)

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
\_\_\_\_\_, (Title)

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**Corporation Seal:**

carf191

**EXHIBIT "A"**  
**(Master) Lease**

**EXHIBIT "B"**  
**[Sub]Leased Premises**

**EXHIBIT "C"**  
**Furnishings and Fixtures Provided by [Sub]Landlord**

**EXHIBIT "D"**  
**Insurance Requirements**

## DEPARTMENT OF FOOD AND AGRICULTURE

## INSURANCE STATEMENT



The contractor/renter shall provide an original evidence of authorized insurance for the term of the agreement protecting legal liability of the State of California, District Agricultural Associations, County Fairs, or Citrus Fairs, their officers, agents, servants, and employees, from occurrences as to commercial general liability insurance and other liability coverage as required. This may be provided by:

- I. Insurance Certificate - The contractor/renter providing the fair with a signed original certificate of insurance (the ACORD form is acceptable), lawfully transacted, which sets forth the following:
  - a. List as the Additional Insured: "That the State of California, the District Agricultural Association, County or Citrus Fair, their agents, officers, servants, and employees are made additional insureds, but only insofar as the operations under this contract are concerned."
  - b. Event Dates: The dates of inception and expiration of the insurance. For individual events, please list the specific dates on the insurance certificate. Be sure to include set-up and take down dates.
  - c. Coverage: Commercial general liability in not less than the following amounts per occurrence:
    - \$1,000,000 for contracts deemed hazardous by the State of California;
    - \$2,000,000 for amusement device contracts (including carnival, bungee cord jumping, Orbitrons and simulators);
    - \$500,000 for other contracts for which liability insurance is required by the State of California.
    - Other liability coverage as required (i.e., automobiles, aircraft, professional).
  - d. Cancellation Notice: A statement by the insurance company that it will not cancel said policy or policies without giving 30 days prior written notice to the named certificate holder.
  - e. Certificate Holder:
    - For Individual Events Only - List fair along with an address as the certificate holder.
    - For Master Insurance Certificates Only - List the Division of Fairs & Expositions, 1010 Hurley Way, Suite 200, Sacramento, CA 95825, Contracts Office.
  - f. Company: The company providing coverage must be acceptable to the California Department of Insurance.
- OR
- II. Special Events Liability Insurance - The contractor/renter purchasing special events liability insurance through the fairgrounds, when applicable.
- OR
- III. Master Certificates - A master certificate of insurance which the contractor/renter has submitted to the State of California, Division of Fairs and Expositions, and which has been approved and is on file at the Division.
- OR
- IV. Self-Insurance - In lieu of maintaining the insurance above, contractor/renter may be self-insured and will provide evidence of self-insurance upon request.

The contractor/renter agrees that the commercial general liability (and automobiles, aircraft and professional, if applicable) insurance herein provided for shall be in effect at all times during the term of this contract. In the event said insurance coverage expires at any time prior to or during the term of this contract, contractor/renter agrees to provide the fair, prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the contract, or for a period of not less than one (1) year. New certificates of insurance are subject to approval, and contractor agrees that no work or services shall be performed prior to the giving of such approval. In the event the contractor/renter fails to keep in effect at all times the required insurance coverage, the fair may, in addition to any other remedies it may have, terminate this contract upon the occurrence of such event.

Participant Waivers - For hazardous participant events, the contractor/renter agrees to obtain a properly executed Release and Waiver of Liability Agreement (CFSA Form "RELEASE/LIB") from each participant prior to his/her participation in the event(s) sponsored by contractor/renter. Hazardous participant events include but are not limited to all athletic team events; all equestrian related events; race car, motorcycle or disqualification derby type events; and stunt bike, skateboard or roller blade events. Contact California Fairs Service Authority at (916) 921-2215 for further information.

**EXHIBIT "E"**  
**Common Areas**

**EXHIBIT "F"**  
**Restricted Areas**

## EXHIBIT "G"

### List of Plans and Specifications

The "Plans and Specifications" (as that term is used in the [Sub]Lease between \_\_\_\_\_ and the \_\_\_\_\_ are the below-listed plans and specifications prepared by the following companies (as applicable):

- **(Acronym of (Name and Address of Contractor)  
Contractor)**

### Plans and Specifications

1. Sheet Title:  
Sheet Number:  
Prepared By:  
Date:  
Revisions:  
File Name:  
Job Number:

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN \_\_\_\_\_**  
**AND \_\_\_\_\_**

**VI.**

This MEMORANDUM OF UNDERSTANDING (hereinafter referred to as "MOU") is effective on the first day of \_\_\_\_\_, 20\_\_, by and between the \_\_\_\_\_, and the \_\_\_\_\_, collectively referred to hereafter as "Parties" or "\_\_\_\_\_."

**RECITALS**

WHEREAS, \_\_\_\_\_ and \_\_\_\_\_, as separate legal entities, carry on various activities throughout the year in accordance with the laws, bylaws, and procedures governing each.

WHEREAS, \_\_\_\_\_ and \_\_\_\_\_ desire to enter into a lease agreement (sub-lease agreement) for the operation of a satellite wagering facility.

WHEREAS, \_\_\_\_\_ and \_\_\_\_\_ intend to share revenues and expenses for the operation of the satellite wagering facility and for \_\_\_\_\_ compensation.

NOW THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Agreement for Services. \_\_\_\_\_ (Fair) agrees to provide a Fair employee to operate the Satellite Wagering Facility. Said employee's compensation is a shared expense as set forth in paragraph 2 below. Said employee shall be an employee of the Fair and shall receive payment directly from the Fair. The duties and obligations of this employee are outlined in **Attachment A**, which is attached hereto and incorporated herein by this reference and Fair agrees to provide such services pursuant to the terms and conditions set forth herein.

The Fair shall have the authority to hire, fire and manage the activities of the above employee as provided in paragraph 24 of the Lease agreement (or sublease agreement) attached hereto and incorporated herein as **Exhibit 1**. The Fair shall, at Fair's cost, maintain worker's compensation insurance for said employee as required by law and \*employer's liability insurance with limits of not less than One Million Dollars (\$1,000,000).

2. Fees and Expenses. Rent for the Satellite Wagering Facility premises is set forth in Section 4 of Exhibit 1. No other revenues of \_\_\_\_\_ other than those identified in Section 4 of the Lease agreement are subject to this agreement.

3. Separation of Entities. The \_\_\_\_\_ and the \_\_\_\_\_ acknowledge and agree that they are separate legal entities, each with their own statutory requirements, bylaws or operating agreements. The \_\_\_\_\_ and \_\_\_\_\_ further acknowledge and agree that there is a duty on the part of each party not to commingle funds between the two entities.

4. Term. This MOU shall be controlled by Exhibit 1, paragraph 3. This MOU shall commence on \_\_\_\_\_, and terminate on \_\_\_\_\_, unless terminated earlier by either party, pursuant to the provisions of paragraph 5 below.

5. Termination. Termination rights are controlled by the Parties' compliance with Exhibit 1, specifically section 21, but not to the exclusion of any other section of Exhibit 1.

Termination of this MOU by either party is only acceptable if it is made in the following manner: In writing, delivered to the notice addresses provided herein in paragraph 9, to be received on or before the termination dates noted above, unless such date falls on a weekend or holiday, in which case termination of the MOU shall be acceptable if written notice is received by the next business day.

6. Indemnification. Each party hereto agrees to indemnify, defend and hold the other harmless against any and all losses, costs, damages, attorney's fees and other expenses which either may sustain or incur as a consequence of the other's acts or omissions as stated in section 13 of Exhibit 1.

7. Insurance Coverage. a) \_\_\_\_\_ shall maintain, at Fair's sole expense, the appropriate insurance coverage for the purpose of defending and indemnifying \_\_\_\_\_ and its officers, directors, employees, contractors and representatives from liability which may arise from the acts or omissions of Fair. \_\_\_\_\_ shall be named as an additional insured on each such insurance policy and Fair shall provide \_\_\_\_\_ with proof, in a manner satisfactory to \_\_\_\_\_, that the obligations of this paragraph have been met.

b) \_\_\_\_\_ shall maintain, at \_\_\_\_\_ sole expense, the appropriate insurance coverage for the purpose of defending and indemnifying Fair and its officers, directors, employees, contractors and representatives from liability which may arise from the acts or omissions of \_\_\_\_\_. Fair shall be named as an additional insured on each such insurance policy and \_\_\_\_\_ shall provide Fair with proof, in a manner satisfactory to Fair, that the obligations of this paragraph have been met.

8. No Partnership/Liability. The parties hereto acknowledge and agree that the relationship between \_\_\_\_\_ and \_\_\_\_\_ is one of principal and independent contractor and tenant and landlord. Nothing contained in this MOU shall create or be construed as creating a partnership, joint venture, employment relationship or any other relationship except as set forth between the parties. The parties specifically acknowledge and agree that \_\_\_\_\_ is not a partner with \_\_\_\_\_, whether general or limited, and no activities of \_\_\_\_\_ or \_\_\_\_\_ or statements made by \_\_\_\_\_ or \_\_\_\_\_ shall be interpreted by any of the parties hereto as establishing any type of relationship other than that of principal and independent contractor.

9. Notices. All notices and other communications shall be rendered as set forth in section 28 of Exhibit 1.

10. Amendments. No change, amendment or modification of this MOU shall be valid unless in writing and signed by the parties hereto.

11. Assignment. This MOU may not be assigned or transferred by either party to any third party without the prior written consent of the other party.

12. Attorney's Fees and Venue. If an action at law or in equity is necessary to enforce or interpret the terms of this MOU, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs in addition to any other reasonable relief to which it may be entitled. With respect to any suit, action or proceeding arising out of or related to this MOU, or the documentation related hereto, the parties hereby submit to the jurisdiction and venue of the appropriate court in the County of Sacramento, State of California for any proceeding arising hereunder.

13. Severability. If any provision of this MOU is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

14. Binding on Successors. This MOU shall be binding on and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.

15. Governing Law. This MOU shall be construed and governed pursuant to the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this MOU effective on the day and in the year set forth above.

DATE: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

DATE: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

**ATTACHMENT A**

**EMPLOYEE DUTIES AND OBLIGATIONS**

The \_\_\_\_\_ shall .....

CARF - 2010 Consolidated Purse Projections				
Prepared by L. Swartzlander March 27, 2010		TB		
Generated Live	2,233,221.00			
Out of Zone	822,992.00			
Interstate	810,056.00			
International AB509	210,069.00			
Non-Merg Purse,	64,582.00			
AB1418 Outs	80,019.00			
Misc Revenue	27,670.00			
Decoder Revenue	53,932.00			
ADW (CA Residents)	1,093,735.00			
ADW (Exports)	94,870.00			
W/C Refund	8,821.61			
AB480 Distribution	16,752.00			
Budget Excess	720,537.00			
Expense Excess	23,896.00			
14% Purse Reduction In - State for 2010	(796,468.00)			
2% Out - of - state Reduction for 2010	(130,661.00)			
Over/Under Prior Yr	(141,723.00)			
Hmbldt - 5 days Unoverlapped purse generation	366,385.00			
Total Generated	6,060,932.00			
NTRA Mktg	12,756.00			
Purses Paid	6,111,805.00			
CARF Supercharge Clm 3200 - 12500	177,900.00			
7.5% Purse Reduction matching GGF Feb Reduction	(464,873.00)			
Assoc Fees	189,896.00			
Supplemental purse fund reserve	478,997.00			
Total Paid	6,027,484.00			
(Over) Under	133,398.00			

2010 Tb Purse Projections (Draft)

Stockton - 2010 Purse Projections (5 days)			
	TB		
Generated Live	133,199.00		
Out of Zone	61,693.00		
Interstate	59,819.00		
International AB509	17,548.00		
Non-Merg Purse,	5,781.00		
AB1418 Outs	6,712.00		
Misc Revenue	1,842.00		
Decoder Revenue	5,695.00		
ADW (CA Residents)	94,202.00		
ADW (Exports)	5,651.00		
W/C Refund	436.00		
AB480 Distribution	1,801.00		
Budget Excess	58,742.00		
Expense Excess	(6,206.00)		
14% Purse Reduction In - State for 2010	(51,346.00)		
2% Out - of - state Reduction for 2010	(1,309.00)		
Over/Under Prior Yr	82,350.00		
Total Generated	476,610.00		
NTRA Mktg	996.00		
SCOTW W/C program pyt	0.00		
Purses Paid	463,600.00		
CARF Supercharge Clm 3200 - 12500	22,200.00		
7.5% Purse Reduction matching GGF Feb Reduction	(34,770.00)		
Assoc Fees	15,720.00		
Total Paid	467,746.00		
(Over) Under	8,864.00		

2010 Tb Purse Projections (Draft)

Pleasanton - 2010 Purse Projections (15 days)			
	TB		
Generated Live	637,645.00		
Out of Zone	200,606.00		
Interstate	229,236.00		
International AB509	66,203.00		
Non-Merg Purse, R.F.	23,872.00		
AB1418 Outs	21,784.00		
Misc Revenue	4,998.00		
Decoder Revenue	18,443.00		
ADW (CA Residents)	278,689.00		
ADW (Exports)	28,189.00		
AB480 Distribution	1,356.00		
W/C Refund	4,932.00		
Budget Excess	155,780.00		
Expense Excess	29,354.00		
14% Purse Reduction In - State for 2010	(195,591.00)		
2% Purse Reduction Out - of - State for 2010	(5,148.00)		
Over/Under Prior Yr	(11,675.00)		
Total Generated	1,488,673.00		
NTRA Mktg	3,105.00		
SCOTW W/C program pyt	0.00		
Purses Paid	1,709,724.00		
7.50% Purse Reduction matching GGF Feb Reduction	(132,503)		
CARF supercharge Clm 3200 - 12500	58,200.00		
Assoc Fees	50,837.00		
Total Paid	1,689,363.00		
(Over) Under	(200,690.00)		

2010 Tb Purse Projections (Draft)

Sacramento - 2010 Purse Projections			
(10 days)	TB		
Generated Live	273,132.00		
Out of Zone	182,872.00		
Interstate	159,768.00		
International	33,119.00		
Non-Merg Purse,	5,160.00		
AB1418 Outs	18,751.00		
Misc Revenue	2,225.00		
Decoder Revenue	11,632.00		
ADW (CA Residents)	209,765.00		
ADW (Exports)	13,419.00		
AB480 Distribution	3,849.00		
W/C Distribution	989.00		
Budget Excess	155,129.00		
Expense Excess	(481.00)		
14% Purse Reduction In - State for 2010	(120,756.00)		
2% Purse Reduction Out - of - State for 2010	(3,463.00)		
Over/Under Prior Yr	147,068.00		
Total Generated	1,092,178.00		
NTRA Mktg	2,233.00		
SCOTW W/C program pyt	0.00		
Purses Paid	942,064.00		
CARF Supercharge for Clm 3200 - 12500	31,400.00		
7.5% Purse Reduction matching GGF Feb Reduction	(70,654.00)		
Assoc Fees	36,797.00		
Total Paid	941,840.00		
(Over) Under	150,338.00		

2010 Tb Purse Projections (Draft)

Santa Rosa Purses - 2010 Purse Projections				
	TB			
Generated	711,522.00			
Out of Zone	246,717.00			
Interstate	236,863.00			
International	53,203.00			
Non-Merg Purse, RF	20,491.00			
ABI1418 Outs	32,772.00			
Misc Revenue	4,254.00			
Decoder Revenue	18,162.00			
ADW (CA Residents)	303,021.00			
ADW (Exports)	35,908.00			
AB480 Distribution	5,488.00			
W/C Refund	2,731.00			
Budget Excess	242,760.00			
Expense Excess	11,025.00			
14% Purse Reduction In - State for 2010	(248,904.00)			
2% Purse Reduction Out - of - State for 2010	(5,455.00)			
Over/Under Prior Yr	(22,909.00)			
Total Generated	1,647,649.00			
NTRA Mktg	4,878.00			
Purses Paid	1,786,035.00			
7.5% Purse Reduction matching GGF Feb Reduction	-133952			
CARF Supercharge for Clm 3200 - 12500	60,700.00			
Assoc Fees	53,131.00			
Total Paid	1,770,792.00			
(Over) Under	(123,143.00)			

2010 Tb Purse Projections (Draft)

Humboldt 2010 Purse Projections (8 days)	TB		
Generated	94,873.00		
Out of Zone	0.00		
Interstate	9,727.00		
International	0.00		
Non-Merge Purse RF	0.00		
Misc Revenue	1,407.00		
ADW (CA Residents)	66,370.00		
ADW (Exports)	170.00		
AB480 Distribution	1,136.00		
W/C Refund	722.61		
Budget Excess	2,958.00		
Expense Excess	(6,193.00)		
Over/Under Prior Yr	0.00		
5 Days Unoverlapped additional generation	366,385.00	Overpaid Tb	165,344 in 2009
14% handle reduction in - state for 2010	(66,450.00)		
2% Handle reduction out - of - state for 2010	(1,865.00)		
Total Generated	480,000.00	(Prov. By B. Wayte)	
NTRA Mktg	395.00		
SCOTW W/C program pyt	0.00		
Purses Paid	332,850.00		
7.75% Purse Reduction matching GGF Feb Reduction	(24,963.00)		
Assoc Fees	5,305.00		
Total Paid	313,587.00		
(Over) Under	166,413.00		

2010 Tb Purse Projections (Draft)

Fresno Purses - 2010 Purse Projections			
	TB		
Generated Live	382,850.00		
Out of Zone	131,104.00		
Interstate	114,643.00		
International	39,996.00		
Non-Merg Purse,	9,278.00		
ABI418 Outs	0.00		
Misc Revenue	12,944.00		
Decoder Revenue			
ADW (CA Residents)	141,688.00		
ADW (Exports)	11,533.00		
AB480 Distribution	3,122.00		
W/C Distribution	553.00		
Budget Excess	105,168.00		
Expense Excess	(3,603.00)		
Over/Under Prior Yr	42,490.00		
14% Reduction in Handle In - State for 2010	(113,421.00)		
2% Reduction in Handle Out - of - State for 2010	(2,523.00)		
Total Generated	875,822.00		
NTRA Mktg	1,149.00		
SCOTW W/C program pyt	0.00		
7.5% Purse Reduction matching GGF Feb Reduction	(68,031.00)		
Purses Paid	877,532.00		
CARF Supercharge Maiden 8000	5,400.00		
Assoc Fees	28,106.00		
Total Paid	844,156.00		
(Over) Under	31,666.00		

2010 California Authority of Racing Fairs Purses-Supercharged Increase

Category	Conditions	Purse										
		GG Purses	Supercharge	Stockton	Pin	Sec	SR	Hmbldt	Fno	No Races	Cost to SC	
MC6250								\$ 6,000				
MC8000		\$ 7,500	\$ 300	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 7,700	\$ 8,000	80	\$ 24,000	
MC12500		\$ 9,500		\$ 9,500	\$ 9,500	\$ 9,500	\$ 9,500		\$ 9,500			
MC25000		\$ 14,000		\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000		\$ 14,000			
MC40000		\$ 16,000		\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000		\$ 16,000			
MSW	All Ages	\$ 25,000		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000		\$ 25,000			
SA4000		\$ 7,500		\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500			
SA6250		\$ 11,000		\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000		\$ 11,000			
SA8000(Spec Series)	Ran for 8000 Clm or less on CA Fairs								\$ 25,000			
SA40000		\$ 16,000		\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000		\$ 16,000			
CL2500		\$ 6,000		\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000			
CL3200	NW 2X-C	\$ 7,000	1000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 7,000	\$ 7,000	30	\$ 30,000	
CL3200	OPEN	\$ 7,500	500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 7,500	\$ 7,500	6	\$ 3,000	
CL4000	NW2L	\$ 7,800	200	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 7,800	\$ 7,800	27	\$ 5,400	
CL4000	NW 4L-DATE	\$ 7,800	700	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 7,800	\$ 7,800	9	\$ 6,300	
CL4000	OPEN	\$ 8,000	1000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 8,000	\$ 8,000	9	\$ 9,000	
CL5000	NW2X	\$ 8,200	800	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000		\$ 8,200	15	\$ 12,000	
CL5000	OPEN	\$ 8,400	1100	\$ 9,500	\$ 9,500	\$ 9,500	\$ 9,500		\$ 8,400	7	\$ 7,700	
CL6250	NW3L	\$ 8,000							\$ 8,000			
CL6250	OPEN	\$ 9,200	1300	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500		\$ 9,200	19	\$ 24,700	
CL8000	OPEN	\$ 10,000	1500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500		\$ 10,000	3	\$ 4,500	
CL8000	NW2X-C	\$ 9,500	1000	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500		\$ 9,500	9	\$ 9,000	
CL8000	NW2L	\$ 9,500	500	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000		\$ 9,500	13	\$ 6,500	
CL10000	OPEN	\$ 10,000	2500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500		\$ 10,000	7	\$ 17,500	
CL12500	NW2X-C	\$ 8,400	4100	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500		\$ 8,400	3	\$ 12,300	
CL12500	OPEN	\$ 12,500	1500	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000		\$ 12,500	6	\$ 9,000	
CL16000	OPEN	\$ 16,000		\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000		\$ 16,000			
CL16000	NW2L	\$ 12,000		\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000		\$ 12,000			
CL20000	OPEN	\$ 19,000		\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000		\$ 19,000			
CL25000	OPEN	\$ 21,500		\$ 21,500	\$ 21,500	\$ 21,500	\$ 21,500		\$ 21,500			
CL32000	OPEN	\$ 22,500		\$ 22,500	\$ 22,500	\$ 22,500	\$ 22,500		\$ 22,500			
CL40000	OPEN	\$ 25,000		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000		\$ 25,000			
ALW OPEN		\$ 33,000		\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000		\$ 33,000			
ALW	NW1X	\$ 26,000		\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000		\$ 26,000			
ALW/OPC25000	NW1X	\$ 26,000		\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000		\$ 26,000			
ALW/OPC50000	NW2X	\$ 28,000		\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000		\$ 28,000			
ALW/OPC80000	NW3X	\$ 30,000		\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000		\$ 30,000			
Special ALW	NW SS or 50k in 2010	\$ 40,000		\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000		\$ 40,000			
Overnight Stks		\$ 50,000		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000		\$ 50,000	Tot SupChg	\$ 180,800	

2009/2010 NORTHERN CALIFORNIA RACING FAIRS STAKES  
SCHEDULE COMPARISON  
DRAFT

---



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

**Revised: 03/18/2010**

---

❖ **SAN JOAQUIN FAIR**

None

❖ **ALAMEDA COUNTY FAIR**

Alameda County Fillies & Mares Handicap – 42 <sup>nd</sup> Running Fillies and Mares Three-year olds and Upward One and 1/16 Miles	\$50,000 Guaranteed	Sat., Jun 26
--	---------------------	--------------

Juan Gonzalez Memorial Stakes – 32 <sup>nd</sup> Running Fillies Two-years old – Five & ½ Furlongs	\$50,000 Added (Includes 10,000 to Cal-Breds)	Sat., Jul 3
---	--	-------------

Alamedan Handicap – 45 <sup>th</sup> Running Three-year olds and Upward – One and 1/16 Miles	\$50,000 Guaranteed (Plus up to \$15,000 to Cal-Breds)	Sun, Jul 4
---	---	------------

Everett Nevin Alameda County Stakes-49 <sup>th</sup> Running Two-year olds (Cal Bred) – Five & ½ Furlongs	\$50,000 Added (Includes 10,000 to Cal-Breds)	Sat., Jul 10
--	--	--------------

Sam J. Whiting Memorial Handicap – 48 <sup>th</sup> Running Three-year olds and Upward – Six Furlongs	\$50,000 Guaranteed (Plus up to \$15,000 to Cal-Breds)	Sun., Jul 11
--	---	--------------

❖ **CALIFORNIA STATE FAIR**

Name TBD Fillies & Mares, Three Year Olds & Upward – 6 Furlongs	\$50,000 Guaranteed (Plus up to \$15,000 to Cal-Breds)	Sat., Jul 17
--	---	--------------

❖ **SONOMA COUNTY FAIR**

Cavonnier Juvenile Stakes – 43 <sup>rd</sup> Running Two-year olds - Six Furlongs	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sat., Aug 14
--	--	--------------

Joseph T. Grace Handicap – 39 <sup>th</sup> Running Three-year olds and Upward - One and 1/16 Miles (Turf)	\$50,000 Guaranteed (Plus up to \$15,000 to Cal-Breds)	Sun., Aug 8
---	---	-------------

Luther Burbank Handicap – 40 <sup>th</sup> Running Fillies and Mares Three-year olds and Upward One and 1/16 Miles (Turf)	\$50,000 Guaranteed (Plus up to \$15,000 to Cal-Breds)	Sat., Sat Jul 31
---	---	------------------

**2009/2010 NORTHERN CALIFORNIA RACING FAIRS STAKES  
SCHEDULE COMPARISON  
DRAFT**

---

Wine Country Juvenile-3 <sup>rd</sup> Running Fillies Two Year-Olds 6 Furlongs	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sat., Aug 7
---	--	-------------

**❖ HUMBOLDT COUNTY FAIR**

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

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

**❖ THE BIG FRESNO FAIR**

The Harvest Stakes Three Year Olds & Upward Fillies&Mares , Six Furlongs	\$50,000 Guaranteed (Plus up to \$15,000 to Cal-Breds)	Fri, Oct 15
---	---	-------------

Bulldog Stakes, 17 <sup>th</sup> Running Three-Year Olds & Upward, 1 & 1/8 Miles	\$50,000 Guaranteed (Plus up to \$15,000 to Cal-Breds)	Sun., Oct 17
---	---	--------------

**\*All stakes races for two year olds are Overnight Stakes.**



March 16, 2010

Thoroughbred Owners of California

To Whom It May Concern:

The following documents are provided for your review and approval: 1) Proposed Purse Schedule for Stockton, Pleasanton, California State Fair, Santa Rosa, Ferndale, and Fresno; 2) Proposed 2010 Fairs Stakes Schedule; 3) Proposed 2010 Stakes Schedule compared to 2009 and 4) 2010 Purse Projections.

Stockton will conduct a 5 day meet. Pleasanton will conduct a 15 day meet followed by the California State Fair which will conduct a 10 meet. Santa Rosa will follow with a 15 day meet. Humboldt will conduct an 8 day meet, the last week which will be unoverlapped. Fresno will conclude the summer fair circuit with a 10 day meet.

The purse structure for all fairs including Humboldt will be exactly the same as the purse structure approved for Golden Gate's spring meet with the exceptions noted in this paragraph. CARF reserves the right to reduce purses based upon handle reductions throughout the course of the summer meets. Claiming purses from 3200 to 12500 will be supercharged at all fairs except Humboldt and Fresno. Fresno will raise the Mdn 8000 purse to 8000. Stockton will not have any stakes races and the California State Fair will run only one stakes race for 50,000. Five Conditional allowance races will be added with purses of 40,000 for NW of stakes or 50k on the fairs in 2010.

CARF will maintain the starter bonus for thoroughbreds at 100 and the out of state recruitment program which provides 450 for starting at both the fairs and Golden Gate. CARF has also added a 2500 claiming race for all fairs.

CARF is also planning to implement a program which rewards trainers for starting 5 or more separate horses. A bonus will be paid for starting 5 different horses, 10, 15 and 20. Current projection is allocate 25,000 for this program.

Per discussions with Golden Gate staff, CARF will use a 14% decline in California handle and a 2% for out of state handle in computing purse projections. Purse projections have been reduced 7.5% to comply with the Golden Gate spring meet purse reduction.

Respectfully Yours,

Larry A. Swartzlander  
Director of Operations

2009/2010 NORTHERN CALIFORNIA RACING FAIRS STAKES  
SCHEDULE COMPARISON  
DRAFT



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

Revised: 03/18/2010

❖ **SAN JOAQUIN FAIR**

2009

2010

**THOROUGHBRED OVERNIGHT STAKES:**

Sweepida Stakes

Three -year Old Fillies – Six Furlongs

\$50,000 Guaranteed

(Plus up to \$15,000 to Cal-Breds)

Pink Ribbon (Breast Cancer Awareness)

Three Year Olds – Six Furlongs

\$50,000 Guaranteed

(Plus up to \$15,000 to Cal-Breds)

❖ **ALAMEDA COUNTY FAIR**

**THOROUGHBRED OVERNIGHT STAKES**

Alamedan Handicap – 45<sup>th</sup> Running  
Three-year olds and Upward – One and 1/16 Miles

\$50,000 Guaranteed

(Plus up to \$15,000 to Cal-Breds)

\$50,000 Guaranteed

(Plus up to \$15,000 to Cal-Breds)

Sam J. Whiting Memorial Handicap – 48<sup>th</sup> Running  
Three-year olds and Upward – Six Furlongs

\$50,000 Guaranteed

(Plus up to \$15,000 to Cal-Breds)

\$50,000 Guaranteed

(Plus up to \$15,000 to Cal-Breds)

Alameda County Fillies & Mares Handicap – 42<sup>nd</sup> Running  
Fillies and Mares Three-year olds and Upward  
One and 1/16 Miles

\$50,000 Guaranteed

(Plus up to \$15,000 to Cal-Breds)

\$50,000 Guaranteed

(Plus up to \$15,000 to Cal-Breds)

Juan Gonzalez Memorial Stakes – 32<sup>nd</sup> Running  
Fillies Two-years old – Five & 1/2 Furlongs

\$50,000 Added

(Plus up to \$15,000 to Cal-Breds)

\$50,000 Added

(Plus up to \$15,000 to Cal-Breds)

Everett Nevin Alameda County Futurity-49<sup>th</sup> Running  
Two-year olds, (Cal Bred) – Five & 1/2 Furlongs

\$50,000 Added

(Inc. \$10,000 from Cal-Breds)

\$50,000 Added

(Inc \$10,000 from Cal-Breds)

# 2009/2010 NORTHERN CALIFORNIA RACING FAIRS STAKES

## SCHEDULE COMPARISON

### DRAFT

---

#### ❖ CALIFORNIA STATE FAIR

##### THOROUGHBRED OVERNIGHT STAKES:

Name TBD

Fillies & Mares, Three Year Olds & Upward – 1 1/8 Miles	\$75,000 Guaranteed	\$50,000 Guaranteed <small>(Includes \$10,000 from Cal-Breds)</small>
---	---------------------	--

California State Fair Sprint, 2 <sup>nd</sup> Running Three Year Olds & Upward (Bred in CA) – 6 Furlongs	\$75,000 Guaranteed <small>(Includes \$10,000 to Cal-Breds)</small>	
---	--	--

#### ❖ SONOMA COUNTY FAIR

##### THOROUGHBRED OVERNIGHT STAKES

Joseph T. Grace Handicap – 39 <sup>th</sup> Running Three-year olds and Upward - One and 1/16 Miles (Turf)	\$50,000 Guaranteed <small>(Plus up to \$15,000 to Cal-Breds)</small>	\$50,000 Guaranteed <small>(Plus up to \$15,000 to Cal-Breds)</small>
---	--	--

Luther Burbank Handicap – 40 <sup>th</sup> Running Fillies and Mares Three-year olds and Upward One and 1/16 Miles (Turf)	\$50,000 Guaranteed <small>(Plus up to \$15,000 to Cal-Breds)</small>	\$50,000 Guaranteed <small>(Plus up to \$15,000 to Cal-Breds)</small>
---	--	--

Cavonnier Juvenile Stakes – 43 <sup>rd</sup> Running Two-year olds - Six Furlongs	\$50,000 Added <small>(Plus up to \$15,000 to Cal-Breds)</small>	\$50,000 Added <small>(Includes \$10,000 from Cal-Breds)</small>
--	---	---

Wine Country Juvenile-3 <sup>rd</sup> Running Fillies Two Year-Olds 6 Furlongs	\$50,000 Added <small>(Includes \$10,000 from Cal-Breds)</small>	\$50,000 Added <small>(Includes \$10,000 from Cal-Breds)</small>
---	---	---

#### ❖ HUMBOLDT COUNTY FAIR

##### THOROUGHBRED OVERNIGHT STAKES

Charlie Palmer Starter Handicap Fillies & Mares, Three Year Old & Upward, 6 ½ Furlongs	\$6,500 Guaranteed	
---	--------------------	--

Land of Jazz Starter Stake Three Year Olds & Upward, Seven Furlongs	\$6,500 Guaranteed	
--	--------------------	--

Les Mademoiselle Stake Don Harmon Memorial Fillies & Mares, Three Year Olds & Upward, 1 1/16 Miles	\$12,500 Guaranteed	\$10,000 Guaranteed
--	---------------------	---------------------

C.J. Hindley Humboldt County Marathon Starter Stake Three Year Olds & Upwards, 1 Mile and 5 Furlongs	\$25,000 Guaranteed	\$15,000 Guaranteed
---	---------------------	---------------------

#### ❖ BIG FRESNO FAIR

##### THOROUGHBRED OVERNIGHT STAKES

Bulldog Stakes, 17 <sup>th</sup> Running Three-Year Olds & Upward, One & 1/8 Miles	\$50,000 Guaranteed <small>(Plus up to \$15,000 to Cal-Breds)</small>	\$50,000 Guaranteed <small>(Plus up to \$15,000 to Cal-Breds)</small>
---	--	--

The Harvest Stakes Three-Year Olds & Upward, F&M, Six Furlongs	\$50,000 Guaranteed <small>(Plus up to \$15,000 to Cal-Breds)</small>	\$50,000 Guaranteed <small>(Plus up to \$15,000 to Cal-Breds)</small>
---	--	--

2009/2010 NORTHERN CALIFORNIA RACING FAIRS STAKES  
SCHEDULE COMPARISON  
DRAFT

---

DRAFT

## Emerging Breeds Point System

2/23/10			
Emerging Breeds			
<b>Category</b>	<b>Conditions</b>	<b>Purse</b>	<b>Points</b>
		Sec 08	
Allowance	3 Yr Olds Mule		
Allowance	3&Up NW/Date (Mule)	\$4,000	40
Allowance	3&Up Mule	\$4,200	42
Allowance	3&Up NWx2/Date (Arabian)		
Allowance	3&Up NWx2 Arab	\$4,000	40
Allowance	3&Up NWx3 (Arabian)	\$4,400	44
Allowance	3&Up Arabian		
Allowance	3&Up F&M Arabians		
Allowance	Sl<95, Date Mule	\$3,300	33
Allowance	Sl<95		
Allowance	Sl<85, NW Date Mule	\$3,300	33
Allowance	Sl<85	\$3,400	34
Allowance	Sl<77	\$3,300	33
Allowance	Sl<69	\$3,200	32
Allowance	3&Up Mule		
Allowance	3&Up NW2L Mule	\$3,300	33
Allowance	3 & Up (QH)	\$4,500	45
Allowance	3 & Up NW2L QH	\$4,300	43
Allowance	AMRA Starter Series	\$4,000	40
Allowance	3&Up St Clm 5,000 or less	\$4,000	40
Alt/Opt Clm 2500	3&Up (Mule)		
Alt/Opt Clm 3200	3&Up (Mule)		
Alt/Opt Clm 4000	3&Up (Mule)		
Alt/Opt Clm 5000	3&Up (Mule)		

## Emerging Breeds Point System

<b>Alw/Opt Clm 6,250</b>	<b>3&amp;Up Mules</b>		
<b>Clm 2500</b>	<b>3&amp;Up QH</b>	<b>\$3,200</b>	<b>32</b>
<b>Clm 2500</b>	<b>3&amp;Up Mule</b>	<b>\$3,200</b>	<b>32</b>
<b>Clm 2500</b>	<b>3&amp;Up NW/yr QH</b>		
<b>Clm 3200</b>	<b>3&amp;Up NW/Date QH</b>		
<b>Clm 3200</b>	<b>3&amp;Up QH</b>	<b>\$3,400</b>	<b>34</b>
<b>Clm 3200</b>	<b>3&amp;Up Arabian</b>		
<b>Clm 3200</b>	<b>3&amp;Up Mule</b>	<b>\$3,300</b>	<b>33</b>
<b>Clm 4000</b>	<b>3&amp;Up mixed</b>		
<b>Clm 4000</b>	<b>3&amp;Up Arabian,Mule</b>	<b>\$3,500</b>	<b>35</b>
<b>Clm 5000</b>	<b>3 Yr Olds QH</b>		
<b>Clm 5000</b>	<b>3&amp;Up QH</b>		
<b>Clm 5000</b>	<b>3&amp;Up NW/date QH</b>		
<b>Clm 5000</b>	<b>3&amp;Up (QH &amp; Arabian)</b>	<b>\$3,800</b>	<b>36</b>
<b>Clm 5000</b>	<b>3&amp;Up NWx2 QH</b>	<b>\$3,400</b>	<b>34</b>
<b>Clm 5000</b>	<b>3&amp;Up NWx3 QH</b>		
<b>Clm 8000</b>	<b>3&amp;Up Arabian</b>		
<b>Clm 10000</b>	<b>3&amp;Up Mule</b>		
<b>Clm 10000</b>	<b>3&amp;Up NW/Date Arab</b>		
<b>Md Clm 5000</b>	<b>2 Yr Olds QH</b>		
<b>Md Clm 5000</b>	<b>3&amp;Up QH</b>	<b>\$3,500</b>	<b>35</b>
<b>Mdn Clm 5500</b>	<b>3&amp;Up QH</b>		
<b>Md Clm 6250</b>	<b>3&amp;Up NWx2 QH</b>		
<b>Mdn</b>	<b>2 Yr Olds (QH)</b>	<b>\$3,300</b>	<b>33</b>
<b>Mdn</b>	<b>3&amp;Up Mule</b>	<b>\$3,200</b>	<b>32</b>
<b>Mdn</b>	<b>3&amp;Up (Arabian)</b>	<b>\$3,300</b>	<b>33</b>



**SIDE LETTER PROPOSAL TO PARI MUTUEL EMPLOYEES GUILD, LOCAL 280****1. EXTENSION OF AGREEMENT****Article XVI, Section 2**

The existing Agreement shall be extended for three years, beginning with the Fairplex meet in 2011 and ending with the opening of the Del Mar meet in 2014, subject to there being economic openers for 2011 and 2012 and 2013.

**2. SST-UTILITY CLERKS**

A new job category to be known as utility clerk shall be added to the master agreement. The duties of the utility clerk shall include but not be limited to that of a kiosk operator and self service attendant. The terms of this agreement will not apply to those currently working as self service attendants who are not members of the Union.

The pay scale for union utility clerks shall be at the F rate for those who were union members as of 1/1/96, \$90.00 for union members hired for the first time after 1/1/96 and before 6/21/07, and \$85.00 for those hired after 6/21/07. The Employer agrees to a utility clerk wage progression similar to that described in Article XXIX, section c through f. The utility clerk wage progression shall include only days worked as a utility clerk. Pay adjustments for the position of utility clerk shall not exceed the F rate. A special pay scale for utility clerks working at Kiosk locations shall be established at \$120.00 per day.

Sunday racing compensation for utility clerks working the required days to qualify per Article XXIV shall be one third of the daily base pay rate, not to exceed \$40.00.

Pension benefits for utility clerks shall be the same as those listed in Article XII, Section 2 for union members hired as such for the first time after 12/25/85.

Employees hired after 6/21/07 as self service attendants or utility clerks shall be required to join and maintain membership in the Union. Self service attendants hired prior to 6/21/07 will have the opportunity to decide whether or not to join the union. If an employee hired prior to 6/21/07 does join the union, he or she will be required to maintain their membership in the Union as a condition of employment.

Excluding self service attendants hired prior to 6/21/07 who chose not to join the union and subject to minimum qualification requirements, union members qualifying for benefits who work the majority of days as a teller shall be entitled to SEIU medical benefits listed in Article XII, while those working the majority of days as a utility clerk shall be entitled to coverage under the lowest cost provider available in Article XII.

The compensation for union members working in the position of self service/tech in the Northern California network shall include combined monies paid by the Employer and Scientific Games.

**3. EMPLOYMENT ON SPECIAL DAYS****Article XXIV**

Add a new category of special days upon which the Employer agrees to hire all union members reporting for work at the on-track host location. Employees working at locations other than the on-track host location, or other race meets, shall be excluded from this provision. There shall be two such days at Del Mar, Golden Gate and Santa Anita. There shall be two such days at Hollywood Park in years that Breeders' Cup events fall during its meet, and one such day at Oak Tree in years when Breeders' Cup occurs during its meet.

**4. SUBSEQUENT ADJUSTMENTS**

Days over 150 can be carried forward in order to attain the next highest pay scale.

Delete "with the understanding that days over 150 shall not be carried over to another year" from Article XXIX, Schedule

III (f), through 2014.

5. KIOSK

Employer shall open a Kiosk in Northern California and one in Southern California by the end of September, 2010. The purpose of such kiosks shall be to disseminate information about horse racing and promote the conduct of pari-mutuel wagering on horse races. Kiosks shall be staffed by a utility clerk who shall be selected on the basis of the unique skills needed for marketing and related activities, as jointly determined by a selection committee comprised of both Union and Employer members, and seniority. The two Kiosks shall be open on a trial basis for one year unless Union and Employer agree otherwise.

6. FOUR DAY WEEK – SPLIT WEEK

Background - Because of a declining horse population, Tracks may be compelled to reduce, on a weekly basis, the days that they present live racing. If a Track, in its sole discretion, opts to operate four days a week, such shall be permitted under the Collective Bargaining Agreement. In addition, beginning in 2010, Tracks shall be permitted to race split weeks; for example, operating on Wednesday, Friday, Saturday and Sunday. As to any reduction below four days a week, the Employer and Union agree to reopen negotiations in regard to that issue. If a meet was to open on a Friday, the conduct of racing on that Friday, Saturday and Sunday shall not be considered to be a three day week.

Suggested Contractual Language

Article II, Section 7. Add after the last sentence:

The terms of this section shall be suspended in 2010 for race meets conducting racing for not less than four days a week. When a meet opens on a Friday, Saturday or Sunday, and a holiday occurs during that time frame, each regular employee who performs work on the holiday shall receive the holiday pay. For the purpose of this section, a regular is defined as an employee considered to be included in the weekday regular work list.

7. FREEZE OF PREVAILING WAGES

The 2010 wage increase shall be redirected to offset the pension surcharges, until such pension surcharges are no longer imposed. The 2010 wage increase will be reinstated when the pension surcharges end, subject to subsequent contract reopeners.

8. MANNING CLAUSE AND ITS SUBSEQUENT ADJUSTMENT

Background - The hours required to be made available to members of the Union by the "manning clause" shall be reduced by 22.50%, as determined on a meet by meet basis. It is agreed that the reduction is not required to be made at every location and that a reduction at any given location may be greater than 22.50%.

The adjusted "manning clause" for the first fiscal year of the agreement beginning on the effective date of the Proposal shall be determined by looking at the staffing on comparable days in the prior fiscal year, aggregating the staffing on the comparable days in the prior fiscal year and then reducing the aggregated number by 22.5%. The adjusted "manning clause" for ensuing fiscal years shall be determined by looking at the staffing on comparable days in the prior fiscal year, aggregating the staffing on the comparable days in the prior fiscal year and then applying the formula described below.

If a location closes and is not replaced by a comparable location within 25 miles of the closed location in the same geographic area the "manning clause" shall be reduced by the total hours worked at the closed location.

Hours worked on "simulcast only days" as well as hours worked at mini satellites and kiosks shall be counted toward the requirements of the "manning clause".

If pari mutuel handle generated at California Brick and Mortar facilities and the California ADW handle fluctuates in the calendar year 2010 and in calendar years thereafter from that in the preceding calendar year, the "manning clause" shall be subject to further revision, increased or decreased depending upon the direction of the fluctuations. If the combined average annual pari mutuel handle on Saturdays, Sundays and Holidays for thoroughbred associations and racing fairs of California Brick and Mortar facilities plus two thirds of the average California ADW handle ("CAH") declines by more than 3% from the prior calendar year in any calendar year thereafter, the "manning clause" in the succeeding fiscal year shall be adjusted downward by the percentage of decline compared to the prior calendar year. If it increases by 4% or more, the manning clause in the succeeding fiscal year shall be increased by the percentage increase over the prior calendar year. The CAH calculation for night meets shall be based upon Fridays, Saturdays and Holidays. The calculation shall exclude days during which a California tracks hosts the Breeders' Cup events and Breeders' Cup days in the comparable year. If the CAH shows an increase in 2010 or in an ensuing year compared to the prior calendar year, the resulting percentage increase to be applied to the manning requirement in the succeeding fiscal year shall not exceed 10%; should the CAH show a decrease in 2010 or in an ensuing calendar year compared to the prior calendar year, the resulting percentage decrease to be applied to the manning requirement in the succeeding fiscal year shall not exceed 6%.

Suggested Contractual Language

Amend Article XV, Section 5:

Section 5. Staffing

1. For the fiscal year beginning with the effective date of the Proposal, the Employer(s) agrees not to reduce the total number of hours worked, in the classifications contained herein, by more than twenty-two and one half percent (22.50%), determined on a meet by meet basis of the comparable live racing days during the prior fiscal year and the Union agrees to such reduction. The adjusted "manning clause" for ensuing fiscal years shall be determined by looking at the staffing on comparable days in the prior fiscal year, aggregating the staffing on the comparable days in the prior fiscal year subject to adjustments as per Section 7. Union and management shall jointly determine the days to be utilized for the comparison. Hours worked on "simulcast only" days and at mini satellites and kiosks shall count toward the required manning. A reduction is not required to be made at every location and a reduction at any given location may be greater than 22.50%.
2. Total hours worked shall include all hours worked by the classifications contained in the Agreement, excluding Assistant Money Room Manager, Satellite Money Room Manager, Permits, SST-Utility Clerks and Information Window at the live racing association and its satellite facilities
3. Total hours required to be made available for work by Employer will be appropriately adjusted for mid-meet changes in the racing schedules, such as reduction in the race week to four days a week or days lost due to conditions beyond the control of the Employer.
4. Total hours required to be made available for work by Employer will be downwardly adjusted if a location closes and a comparable location is not opened within 25 miles of the closed location.
5. The Employer reserves the right to reduce crew size, in accordance with business conditions, during the live race meeting with the understanding that the number of reductions shall be limited as follows:

A race meeting of 49 days or less –	one (1) reduction
50 – 74 days	two (2)
75 – 99 days	three (3)
100 – 124 days	four (4)
125 – 149 days	five (5)
150 & above	six (6)

6. The Employer agrees that any imposed crew cut plus fifty percent (50%) of the daily call-offs, shall not exceed the total reduction as authorized herein.

The Employer shall replace all call-offs at the satellites, provided there is a qualified replacement employee available.

7. (new)

Manning requirements for the fiscal year ending in 2011 and fiscal years thereafter as calculated per Section 1 shall be adjusted upward or downward as determined by the variation from the prior calendar year in the combined California average daily pari-mutuel handle ("CAH") generated on Saturdays, Sundays and Holidays for thoroughbred associations and racing fairs. For night meets, the CAH shall be based on Fridays, Saturdays and Holidays. The CAH shall be defined as the combined average daily pari-mutuel handle generated at brick and mortar sites, plus two thirds of the average daily ADW handle generated by California residents. The CAH calculation shall exclude days during which Breeders' Cup races are offered for wagering during both the base year and the comparable year. If the CAH in 2010 and in a given calendar year thereafter decreases by more than 3% from the prior calendar year, the "manning clause" for the applicable fiscal year shall be adjusted downward by the percentage of the decline in the CAH from the prior calendar year. Conversely, if the CAH in 2010 and in a given calendar year thereafter increases by more than 4% from the prior calendar year, the work required to be made available under the "manning clause" for the applicable fiscal year shall be increased by the same percentage of increase in the CAH from the prior calendar year. If the CAH shows an increase in 2010 or in any given calendar year thereafter compared to the prior calendar year, the resulting percentage increase to be applied to the manning requirement in the succeeding fiscal year shall not exceed 10%; should the CAH show a decrease in 2010 or in any calendar year thereafter compared to the prior calendar year, the resulting percentage decrease to be applied to the manning requirement in the succeeding fiscal year shall not exceed 6%.

9. MEDICAL

Article XII, Section 1(D), amend: Effective December 26, 2009

Qualifying Hours Worked

Hours required for qualification shall be calculated on the basis of 67% of the total days during which live racing is conducted in California at either thoroughbred associations and racing fairs between December 26<sup>th</sup> and December 25<sup>th</sup>, multiplied by 6.50. For the 2010 racing year, hours required for qualification shall be 1,105, subject to adjustments for unanticipated variances in the number of live race days.

Article XII, Section (G). One-Time Health and Welfare Exemption

Employees that qualified for medical coverage in 2007, 2008 and 2009, and who are not receiving retirement benefits exclusive of mandatory distributions, who fail to qualify for 2011 benefits based upon hours worked in 2010 as a result of manning reductions shall be entitled to Employer paid medical benefits for 2011 if it can be reasonably shown that the employee attempted to secure days in accordance with the terms of the Agreement. Employees that qualified for medical coverage in 2007, 2008, 2009 and 2010, and who are not receiving retirement benefits exclusive of mandatory distributions, who fail to qualify for 2012 benefits based upon hours worked in 2011 as a result of manning reductions shall be entitled to Employer paid medical benefits for three months during 2012 if it can be reasonably shown that the employee attempted to secure days in accordance with the terms of the Agreement. The premiums for provision of such benefits will be funded by Employer contributions. Medical benefits extended under this provision shall be at the same plan level (or lesser cost plan if the employee so chooses).

10. EFFECTIVE DATE

The effective date of the Side Letter shall be five live racing days after the ratification of the Proposal by the membership of Local 280. The commencement of the fiscal year shall coincide with the effective date.

---

Richard D. Castro  
President  
Pari-Mutuel Employees Guild SEIU Local 280

---

Ken Walker  
Director of Labor Relations  
Federation of California Racing Associations, Inc

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Christopher Korby**

---

**From:** "Christopher Korby" <korby@calfairs.net>  
**To:** "John Alkire" <jalkire@fresnofair.com>; "Stuart Titus" <humcofair@frontiernet.net>  
**Cc:** "Rick Pickering" <rick@alamedacountyfair.com>; "Mike Paluszak" <mpaluszak@scfair.org>; "Norb Bartosik" <nbartosik@calexpo.com>; "Debbie Cook" <dcook@sanjoaquinfair.com>; "Tawny Tesconi" <tawny@sonomacountyfair.com>  
**Sent:** March 09, 2010 4:30 PM  
**Attach:** CARF Management Planning for Humboldt 2010 - Services-Contracts- Personnel -March -2010.pdf  
**Subject:** Re: 2010 Issues for Discussion

To: CARF Racing Committee

Please see attached for the current status of CARF planning for management of services, contracts and personnel for Humboldt's 2010 meeting. It's still early, so elements of this plan are subject to change.

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

----- Original Message -----

**From:** John Alkire  
**To:** 'Christopher Korby'  
**Sent:** March 09, 2010 2:23 PM  
**Subject:** FW: 2010 Issues for Discussion

Chris, Please send Stuart what he might need to reach a comfort level he's reaching for.....  
Thanks, JA

-----Original Message-----

**From:** Stuart Titus [mailto:humcofair@frontiernet.net]  
**Sent:** Tuesday, March 09, 2010 1:01 PM  
**To:** 'John Alkire'  
**Cc:** 'Tawny Tesconi'; 'Debbie Cook'; 'Norb Bartosik'; 'Mike Paluszak'; 'Rick Pickering'  
**Subject:** 2010 Issues for Discussion

John-

Attached please find the list of items I presented to you and Chris some time ago. In forwarding them to you again, I'm also requesting that this list be included in the next Live Racing Committee Agenda. In addition, I would also like this issue, and these items, place on each subsequent meeting of the Committee, until it reassesses this summer.

As we've discussed, each of these items is critical to the success of any race meet. Many of these services/positions/functions are provided through CARF. Others involve contracting and hiring by each Association. Some involve assignments by the CHRB. Several will involve a coordination of personnel between Santa Rosa and Humboldt. But all of them are important.

I'm also requesting that CARF staff provide as detailed a report as possible on each item on the list for which the JPA is responsible, or which they might otherwise be addressing.

Thank you in advance for your attention to this important matter.

**CALIFORNIA AUTHORITY OF RACING FAIRS  
2010 RACE CONTRACTS/PERSONNEL FOR HUMBOLDT**

**1. ARMORED CAR SERVICES (MUTUELS)** NCOTWINC Contract

**2. WINNER'S CIRCLE CAFÉ**  
N/A

**3. MORNING FITNESS VET**  
Dr. Cook

**4. TRACK VETERINARIAN**  
Dr. Cook

4a. State Veterinarian – There are three available which work at GG. Joan Hurley, Diane Isbell and Heather Kerr. (I have spoken to Heather in the past and she wants to work on the fairs.)

**5. TCO2 TECHNICIAN**  
Bonnie – Current GG Tech

**5a. Winner's Circle Photo**  
Bill Vasser

**6. HORSE AMBULANCE DRIVER**  
Steve Duchska – Filled in for George Hanford at Fresno. Resides in Pleasanton.

**7. CLOCKER & TIMER** CARF Employee  
Anne Ortega

**8. PAYMASTER SYSTEM** CARF Employee  
Anna Hamilton

**9. PROGRAM MANAGER** CARF Employee  
Heather Haviland

**10. TRACK ANNOUNCER**  
John McGary

**11. STEWARD'S AIDE NOTES** CARF Employee  
Kimberley Krausch

**12. RACING SECRETARY** CARF Employee  
Lisa Jones – Larry Swartzlander will be on site.

12a. Clerk of Scales – Cheryl White  
Clerk of Course – Dawn Schmidt  
Film Specialist – Chris Lapham

Horse Identifier – Daryl Sparks  
 Horseshoe Inspector – Maurice Fitzpatrick  
 Paddock Judge – Daryl Sparks  
 Patrol Judges – Chris Lapham, Ross Alyrdice  
 Placing Judges – Stewards  
 Starter – Bob Mooneyham  
 Timer – Anne Ortega  
 Mutuel Manager – Dominick DePrenzio  
 Mutuel clerks – Clerks are always standing in line to work at Ferndale. The clerks who would work SR or Pleasanton are the same people who would work at Golden Gate.

**13. ADW**

- a. TVG TERM: 12/31/07 - 12/31/10
- b. Twin Spires TERM:
- c. Youbet.com TERM:
- d. Xpress Bet TERM:  
Magna Entertainment Corp.

**14. ELECTRONIC TIMING SYSTEM**

CA Authority of Racing Fairs (CARF) CARF Owned System

**15. HORSEMEN PURSE AGREEMENTS**

- a. American Mule Racing Association TERM: 2009 Season
- b. ARAC TERM: 2009 Season
- c. Cal-Western Appaloosa Racing No longer required
- d. PCQHRA TERM: 2009 Seson
- e. Thoroughbred Owners of California TERM: 2009 Season
- f. CTT (CA Thoroughbred Trainers) TERM: 2009 Race Meet

**16. LABOR CONTRACTS**

- a. Local 280 TERM: 7/20/05 through LA County  
Pari-Mutuel Employees Guild Fair's 2009 Race Meeting
- b. Local 1877 (use to be 399) TERM: 7/24/06 through 7/24/09  
AFL-CIO Service Employees  
International Union  
Valets and rec. barn personnel
- c. Local 495 TERM: 12/26/05 through the close of the

International Brotherhood  
Teamsters, Chauffeurs, Warehousemen  
and helpers of America

Hollywood Park 2010 Spring/Summer  
Race Meet

- d. Note: Assist Starters now w/495 but  
under separate agreement

TERM: 4/25/2003 - 7/21/2008

**17. PARIMUTUEL AUDIT**  
Disher Accountancy

TERM: 3-Year Contract thru 2010

**18. PHOTOFINISH**  
Plusmic Corp USA

TERM: Dec 12, 2007 - Dec 12, 2012

**19. PORTABLE STALLS**  
Silver Bar Leasing

TERM: Fair to pay contractor

**20. PROGRAM COVERS**  
American Litho

TERM: 1-Yr. Automatic Extension

**21. PROGRAM PRINTING**  
Done Locally

**22. RACING OFFICE**  
InCompass

TERM: Jan 1, 2000 - One yr. automatic

**23. MOBILE TRAILER STRUCTURES MGMT**  
Pacific Mobile  
Stacey Lapham 916-718-8841 (Cell)

TERM: 1-Yr. Automatic Extension  
Unless Parties terminate

**24. NORTHERN CA OFFSITE STABLING,  
VANNING & STARTER FEE AGREEMENT**

TERM: 1-Yr thru Dec, 2009

**25. STARTING GATE**  
On Site

25a, Starter – Bob Mooneyham  
Starters – Butch and company. We would receive the same starters as in the past when overlapped  
with Golden Gate.

**26. SATELLITE WAGERING AGREEMENTS**

- a. NCOTWINC (Guest)  
11875 Dublin Blvd., Suite D-275  
Dublin, CA 94568  
925-560-0520  
Mike Kempel

TERM: To be incorporated in SCOTWINC  
Agreement.

- b. SCOTWINC (Daylight Racing)

TERM: Dec 26, 1999 - Dec 25, 1999

4961 Katella Ave  
Los Alamitos, CA 90720  
714-761-1660  
Tom Varela

Automatic **1 yr. renewals**, unless parties  
cancel

- c. **SCOTWINC (Night Racing)**  
4961 Katella Ave  
Los Alamitos, CA 90720  
714-761-1660  
Tom Varela

TERM: Dec 26, 1998 - Dec 24, 1999  
Automatic **1 yr. renewal**, unless parties  
terminate

**27. TATTOOING**

**T.B. Racing Protective Bureau**

TERM: Price increase effect 2004

**28. TOTALISATOR**

**Scientific Games**

TERM: Sep., 2007 – Sep., 2012

**29. TRACK SURFACE MAINTENANCE**

**Chuck George Jr.**

**30. T.V. PRODUCTION**

**Pegasus Communications, Inc.**

TERM: 5-Yr Contract thru 2012

**Coordinate with Jim.** This overlap is easier to support. The best truck always had to go to GG in the past.

**31. UPLINK & AUDIO/VISUAL SIGNAL**

**Roberts Communications**

**32. MISCELLANEOUS CONTRACTS & AGREEMENTS**

- a. **Golden Gate Fields (simulcast services: Webb)** TERM: 2009 Fair Circuit

b

- c. **Equibase Company (simulcast charts)** TERM: May 24, 2000 - Dec 31, 2010  
(Automatic 1 yr renewals/30day cancel)

- d. **Pacific Coast Forecasting** TERM: As needed

- e. **Ron Martell Equipment Transport** TERM: Automatic One Yr renewal  
Transport Racetrack Maintenance Equip Unless Parties Terminate

- f. **E. G. Power Systems Inc.** TERM: Automatic One Yr renewal  
Delivery & pick up of generators  
Generator is provided on site. Unless Parties Terminate

- g. **Maddy Equine Analytical Chemistry Labs** TERM: Automatic renewal Unless  
University of CA, Davis Parties Terminate  
Davis, CA  
TCO<sub>2</sub> Testing
- h. **Post Time Technologies** TERM: June 25 - October 13, 2009  
Provides equipment & personnel to access,  
produce & distribute streaming video content  
(racereplays.com)
- i. **Race Track Chaplaincy of America** TERM: 1-Yr. Automatic Extension  
PO Box 505 Unless Parties Terminate  
San Mateo, CA 94402  
On-site counseling, bi-lingual assistance,  
hospital visitation

**Christopher Korby**

---

**From:** "Christopher Korby" <korby@calfairs.net>  
**To:** "Larry Swartzlander (E-mail)" <larry@calfairs.net>; "Stuart Titus" <humcofair@frontiernet.net>  
**Cc:** "Alkire, John" <jalkire@fresnofair.com>; <sunnybraej@hotmail.com>; "Cindy Olsen" <cindy77@suddenlink.net>  
**Sent:** March 25, 2010 12:44 PM  
**Attach:** RESPONSE TO CARF.doc  
**Subject:** Fw: RESPONSE TO CARF

Larry,

Work with Stuart to make sure that everything is in order for Humboldt and meshes smoothly with our other logistical planning and personnel assignments for this summer's racing.

Best regards,  
--Chris

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

----- Original Message -----

**From:** [Larry A. Swartzlander](#)  
**To:** [Christopher Korby](#)  
**Sent:** March 25, 2010 9:16 AM  
**Subject:** Fw: RESPONSE TO CARF

----- Original Message -----

**From:** [Stuart Titus](#)  
**To:** 'Larry A. Swartzlander'  
**Sent:** Thursday, March 25, 2010 9:03 AM  
**Subject:** RESPONSE TO CARF

Larry-

Here's my initial response to what I believe was a report/briefing on contracts/services/personnel. Hopefully after you go through it, you will better understand why my confidence level still needs to be elevated. After reading through this, give me a call so we can discuss. I would much prefer that you and I go through this in detail, so that we're in agreement by the CARF meeting in Pleasanton.

stu