

CALIFORNIA AUTHORITY OF RACING FAIRS

EQUIPMENT REPLACEMENT FUND 1992-2009

Chronology
Economic Models
Policies
Historical Milestones
Expenditures



MAY 2010

CHRISTOPHER KORBY
EXECUTIVE DIRECTOR



CALIFORNIA AUTHORITY OF RACING FAIRS EQUIPMENT REPLACEMENT FUND

REPORT

ECONOMIC MODELS • POLICIES • HISTORICAL MILESTONES

Introduction

This report will offer a chronology and background materials on the CARF Equipment Fund that may be helpful in understanding its history, genesis and structure.

The CARF Equipment Replacement Fund, as originally proposed in 1991-92, was structured as a simple, classic sinking fund. **Black's Law Dictionary** defines "*sinking fund*" as follows: "A fund (usually invested), which will be used to replace improvements as needed. In general accounting, segregated assets which are being accumulated for a specific purpose."

In the economic model originally adopted by the CARF Board in 1992, participating Fairs which operated satellite wagering facilities agreed to assess themselves to create an Equipment Replacement Fund, managed by CARF on their behalf. These funds were held by CARF in segregated accounts, one account for each participating Fair. The funds were being accumulated for a specific purpose: to maintain, replace and insure the electronic equipment required to conduct satellite wagering.

Coopers and Lybrand, which was advising CARF on financial matters at the time, collaborated in formulation and implementation of the initial Fund models.

The original Fund had four primary objectives:

1. Provide a predictable, line item expense on Fair budgets that includes insurance, maintenance and replacement of all satellite and television equipment.
2. Provide a fixed asset inventory system to identify assets, track maintenance and repair, forecast replacement expenditures and support Fund administration.
3. Provide scheduled replacement of equipment that guarantees new, state of the art equipment on a predictable interval.
4. Provide a revenue and expense model to assure that Fairs can sustain a self-perpetuating Fund into the foreseeable future.

I've assembled a set of documents from my files on the ERF which can serve as a reference for historical milestones, economic models and projections and policy actions related to the Fund. The documents are attached in chronological order with descriptions below.

I commend to your attention several key events memorialized in the attached documents.

1. In 1992, CARF staff presented a proposal to the CARF Board that created the Equipment Replacement Fund. An Abstract of this proposal is attached as ***Equipment Replacement Fund Economic Model-Nov1992-ABSTRACT***. In taking this action, the CARF Board agreed on a policy that CARF member Fairs would assess themselves to create a sinking fund, held at CARF, for the purpose of maintaining, insuring and replacing electronic equipment necessary to conduct satellite wagering. Bear in mind that in 1992, construction of the satellite wagering network had just begun and Fairs were looking forward to managing a new business in a manner that would ensure reliable and predictable operation to protect the revenues it generated.
2. In 1992, the Division of Fairs and Exposition required that any Fair which had received funding from F&E to build its satellite must participate in the CARF Equipment Replacement Fund. This directive from F&E has not been changed or rescinded. Please see document **B**.
3. In 1997 and 1998, as an outcome of the Horse Racing Planning Group, a group of CARF representatives that had been working with F&E on racing matters, CARF proposed that F&E assume funding of the ERF. F&E agreed and directed the following:
 - a) a continuing allocation for support of the ERF:
 - b) the Equipment Replacement Fund would be managed by CARF.

Please see documents **B, D, E & F** below.

4. In February 1999, as directed in the F&E Memorandum of August 6, 1998, the CARF Board of Directors set policy for management of the Equipment Replacement Fund. In light of the new funding from F&E, and in order to ensure fair and equal treatment for all Fairs which would now receive the benefits of this new funding, including both Fairs that had paid into the existing Fund and Fairs that had not previously participated, the CARF Board set a policy that all participating Fairs must keep funds on deposit at CARF equal to the value of electronic equipment at their facility. This policy was set in order to ensure that a satellite Fair always had sufficient funds available to replace the equipment required to conduct satellite wagering, even in the event that funding from F&E was discontinued. That policy has remained in effect to this date. Please see the CARF meeting minutes from 1999 in documents **G1 & G2** below. As recommended by staff, CARF Board policy also included a provision that Fairs that had not previously participated in the ERF, could “catch up” on deposit requirements through a multi-year payment plan. Please see document **H**, for a sample of the letter sent to these Fairs.

5. CARF has continued manage the ERF according to the same principles outlined in the original sinking fund model to meet the objectives noted above: maintain and replace satellite and television equipment; provide a fixed asset inventory system to identify assets, track maintenance and repair, forecast replacement expenditures and support Fund administration; schedule replacement of equipment so as to assure new, state-of-the-art equipment on a predictable interval. Projections and forecasts for equipment replacement are based on inventory, acquisition dates and estimates of its useful lifetime. CARF's approach to Fund management helps ensure three important business goals:
 - a) Provide skilled, experienced and responsive technical support personnel for to maintain good operating condition operation of equipment and technical systems;
 - b) Replace equipment before it fails, thereby avoiding interruption in the business could interrupt revenues to Fairs;
 - c) Keep the electronic equipment necessary for conduct of satellite wagering at state-of-the-art status.

To that end, CARF staff regularly updates multiple-year projections for equipment replacement, based on site-by-site inventory, acquisition dates and useful lifetime. The last multiple-year projection was done in 2008, projecting replacement through 2014. Please see document **I.1** below. Each year CARF staff prepares an annual list of specific replacements for that year. For FY2009-10, please see document **I.2** below. A summary of inventory, showing the number of TV's, big screens and projectors is attached for your reference as document **I.3**. This does not include satellite dishes, head-end equipment or other such control equipment also required for satellite operation. It may be of interest that our network contains four thousand seven hundred sixteen (4,716) screens of various types.

In my estimation, there are a number of important benefits provided to CARF members by the ERF program.

1. This program has helped keep Fair satellite facilities operating and generating revenue for Fairs, **without any significant equipment failures for twenty years**. Every Fair has been equipped with sufficient redundancy to deal with intermittent failures. Proper maintenance and replacement of equipment, based on a schedule of its anticipated useful life-time, prevent significant failures. Business continues without interruption.
2. Satellite wagering is one of the significant revenue generating business activities for Fairs. In 2009, satellite wagering generated \$8.78 million in commissions to participating Fairs.

3. Fair satellite wagering facilities operate in an increasingly competitive environment. This program has helped keep Fair satellites state-of-the-art and competitive with tribal casinos and other competitors.
4. The program has also provided first-class, specialized technical support that is not easy to find in local markets. This specialized, high-quality technical support has been provided at no cost to participating Fairs.
5. Since 1998, because of the continuing allocation agreement that CARF negotiated with CDFA F&E, F&E funding through CARF has relieved Fairs of the financial burden of replacing this equipment from their own scarce funds. Since 1998, those equipment expenditures can be measured in the millions of dollars.

I realize that this is a lot of information to digest; however, the history of this program goes back nearly twenty years, so it has a significant trail of documentation. The materials in this Report are here as a reference for anyone who wants to take the time to better understand the background of this program

We hope that the information presented in this Report describes a program that reflects CARF's continuing dedication to active, forward-looking management of programs which directly benefit our member Fairs.

Christopher Korby
Executive Director

**CALIFORNIA AUTHORITY OF RACING FAIRS
EQUIPMENT REPLACEMENT FUND**

ECONOMIC MODELS • POLICIES • HISTORICAL MILESTONES
-CHRONOLOGY-
-INDEX TO DOCUMENTS-

A.

Equipment Replacement Fund Economic Model-Nov1992-ABSTRACT

The attachment ***Equipment Replacement Fund Economic Model-Nov1992-ABSTRACT*** is the original ERF proposal adopted by the CARF Board in 1992. In this model, Fairs paid twice-annual assessments to participate in the fund. It was a simple, classic sinking fund, putting money aside in segregated accounts, accumulating for the purpose of replacing electronic equipment when it reached the end of its useful lifetime. The Fund also paid for insurance and technical maintenance services.

Coopers and Lybrand, which was providing financial advice for CARF at the time, collaborated in the structure of this model, which was incorporated into the proposal approved by the CARF Board.

By its nature, a sinking fund accumulates funding for future expenditures. We have always projected budgets, revenues and expenditures over a multiple year period. Please see below for the most recent iteration of this multiple-year equipment replacement model, as shown in ***Inventory Value with Equipment Replacement Projected by Year through 2014-080501***.

B.

F&E Directive-Fair SWFs Required to Join CARF ERF-January 29, 1992

In 1992, F&E issued a memo which directed that any Fair satellite which received funding from the Division to build their satellite was required to participate in the CARF Equipment Replacement Fund. This directive has not been changed or rescinded. See attachment ***F&E Directive-SWFs Required to Join CARF ERF***.

C.

Sample ERF Agreement with Fair – CARF ERF Agreement Lancaster 1991

This attachment is a sample of the contracts that CARF had with individual Fairs setting out respective duties and responsibilities of participating in the original ERF. In its original structure, the ERF was financed by assessments paid by the Fair into the Fund.

Note: The Fairs in Bakersfield, San Jose and San Mateo have never participated in the ERF. Cal Expo, Del Mar, Eureka, Santa Barbara and Stockton have withdrawn and received their original deposits back.

D.

CARF ASSET MANAGEMENT PROGRAM-Concept & Description Restated 1997

Circa 1996, F&E convened a Horse Racing Planning Group to advise it on matters related to horse racing. In 1997, CARF proposed that F&E create a continuing allocation to support the CARF ERF. As part of the planning for that discussion, CARF's proposal included a document that summarized and re-stated the concepts behind the ERF. That document is attached.

E.

CARF ERF Proposal to F&E – Summary - 1997

In 1997/98, as noted directly above, CARF proposed that F&E create a continuing allocation to the ERF of \$500K per year, thereby relieving CARF member Fairs of a significant financial burden. This proposal is shown in the attachment ***CARF ERF Proposal to F&E - Summary 1997***. F&E approved the CARF proposal. The approval of the continuing allocation, rationale and direction that CARF manage the Fund are memorialized in the F&E memo noted below, dated August 6, 1998.

F.

F&E Memo- Approval of Continuing Allocation for CARF ERF-August 6, 1998

This is the memo from F&E which set policy and approved funding for CARF to manage the ERF. Note the language in the opening paragraph: ***"For the current year and all subsequent years, barring a change in state policy, F&E will allocate \$500,000 to the ERF. The allocation will become a standard feature of F&E's expenditure plan, replacing the contributions that CARF member fair organizations currently make into a pooled fund."*** The memo also directs: ***"As before, CARF will administer the equipment replacement fund, including the replacement schedule and process. Any questions regarding administration or eligibility should be directed to CARF."*** Please read the Rationale in the F&E memo, some of which derives from the CARF proposal for funding; the reasoning still holds up. Note that the memo requires that Fairs put aside an amount equal to what they paid into the ERF for Satellite Facility maintenance. To my knowledge, this provision of the memo has not been enforced. See attachment ***F&E Memo-Equipment Replacement Funding-August 6, 1998***.

G.

- ***ERF-CARF Board Resolution 1999***
- ***ERF Policy-CARF Board Adopted-Minutes of Mtg Feb 23-1999***

Once F&E had approved a continuing allocation for the CARF Equipment Replacement Fund, there was a discussion at the CARF Board about how to establish eligibility to receive ERF benefits if a Fair had **not** participated in the original ERF. Not every Fair had contributed into the original ERF, even though all Fairs had been directed by F&E to participate. For those Fairs which had participated, which included most CARF member Fairs, there was a "fairness issue" about how to establish eligibility for Fairs that had **not** previously participated. F&E had directed that CARF set policy for and manage the Fund. Furthermore, certain CARF Directors thought that the JPA could have significant liabilities if some Fairs did not have funds on deposit with CARF and CARF had a responsibility for providing equipment replacement. Staff proposed a program to the CARF Board which

would require that earlier non-participating Fairs would pay a "catch-up" deposit equivalent to the amounts that earlier participating Fairs had on deposit in the original ERF. This plan was adopted by the CARF Board in Feb 1999 and has remained policy since that date. The record of these actions is attached in ***ERF-CARF Board Resolution 1999*** and ***ERF Policy-CARF Board Adopted-Minutes of Mtg Feb 23-1999***.

H.

CARF ERF Participation Letters to Fairs - SAMPLE-Indio-1998 - 2000

In response to the policy adopted by the CARF Board, we contacted Fairs that had not participated in the original ERF or had lapsed in payments. The attachment ***CARF ERF Participation Letters -Indio-1998 – 2000*** is a sample of the correspondence with Fairs, encouraging them to undertake a “catch-up” payment plan, as laid out in the policy adopted by the CARF Board. Most Fairs took advantage of this opportunity to participate.

I.

- ***Inventory Value with Equipment Replacement Projected by Year through 2014-080501***
- ***2009-2010 Fiscal Yr ERF Projects***
- ***Fair Satellite Inventory-TVs-Big Screens-Projectors by Facility + Totals***

CARF has continued to plan equipment replacement schedules based on site-by-site inventories, projected useful lifetime of equipment and original installation histories. The most recent version of the multiple-year equipment replacement projection is shown in the file ***Inventory Value with Equipment Replacement Projected by Year through 2014-080501*** which we prepared in 2008. This schedule projected a seven year replacement plan, 2008 through 2014. The color-coded spreadsheet cells show the target year by which a complete equipment replacement cycle will be completed for each Fair location. The file ***2009-2010 Fiscal Yr ERF Projects*** shows specific replacement projects we laid out for 2009-10. A summary of inventory, showing the number of TV's, big screens and projectors is attached for your reference as document **I.3**. This does not include satellite dishes, head-end equipment or other such control equipment also required for satellite operation. It may be of interest that our network contains four thousand seven hundred sixteen (4,716) screens of various types.

J.

ERF Annual Expenditure Analysis 2001-2009 by Location %

This is a spreadsheet format that we have used to track annual ERF expenditures by location, showing site-by-site cumulative expenditures, with check-sum columns showing comparative expenditures, equipment inventory dollar value, and a comparative pro-rata inventory value. Please look at the columns headed “Totals” and “% of Total Exp”: these columns show the actual expenditures that CARF has made from the Fund, shown by Fair location and by percentage of overall expenditures. Now look at the column “Equip Value” and the column “% Total”: these columns show the dollar value of inventory at each location and the pro-rata percentage value of equipment at each location. Compare the actual expenditures (“Totals”) and the percentage of total expenditures that it represents (“% of Total Exp”) to the inventory value (“Equip Value”) and the pro-rata

percentage of equipment value at each site (“ %Total”). This spreadsheet format helps us track balanced expenditures, both by relative size of expenditures and comparative parity by inventory value at each site.

K.

Fairs Satellite Network-Description – Locations-Parimutuel Distributions 2007-9

This report describes the Fairs and details its contributions to the California racing industry. It is especially important to note the commissions that flow to Fairs which conduct satellite wagering; this is a measure of the importance of this activity as a source of revenue for Fairs.

In our estimation, there are a number of important **business** benefits provided to CARF member Fairs by the Equipment Replacement program. The ERF helps protect and preserve an important business activity and source of revenue at Fairs. Some of these benefits are listed below.

- This program has helped keep Fair satellite facilities operating and generating revenue for Fairs, **without any significant equipment failures for twenty years.** Every Fair has been equipped with sufficient redundancy to deal with intermittent failures. Proper maintenance and replacement of equipment, based on a schedule of its anticipated useful life-time, prevent significant failures. Business continues without interruption.
- Satellite wagering is one of the significant revenue generating business activities for Fairs. In 2009, satellite wagering generated \$8.78 million in commissions to participating Fairs.
- Fair satellite wagering facilities operate in an increasingly competitive environment. This program has helped keep Fair satellites state-of-the-art and competitive with tribal casinos and other competitors.
- The program has also provided first-class, specialized technical support that is not easy to find in local markets. This specialized, high-quality technical support has been provided at no cost to participating Fairs.
- Since 1998, because of the continuing allocation agreement that CARF negotiated with CDFA F&E, F&E funding through CARF has relieved Fairs of the financial burden of replacing this equipment from their own scarce funds. Since 1998, those equipment expenditures can be measured in the millions of dollars.

As noted in the opening, this report offers a chronology, background and documentation on the CARF Equipment Fund that may be helpful in understanding its history, genesis and structure. We hope that the information presented describes and demonstrates CARF’s continuing dedication to active and forward-looking management of programs that benefit our member Fairs.

A. Equipment Replacement Fund Economic Model - Nov. 1992 - ABSTRACT

The attachment ***Equipment Replacement Fund Economic Model-Nov1992-ABSTRACT*** is the original ERF proposal adopted by the CARF Board in 1992. In this model, Fairs paid twice-annual assessments to participate in the fund. It was a simple, classic sinking fund, putting money aside in segregated accounts, accumulating for the purpose of replacing electronic equipment when it reached the end of its useful lifetime. The Fund also paid for insurance and technical maintenance services.

Coopers and Lybrand, which was providing financial advice for CARF at the time, collaborated in the structure of this model, which was incorporated into the proposal approved by the CARF Board.

By its nature, a sinking fund accumulates funding for future expenditures. We have always projected budgets, revenues and expenditures over a multiple year period. Please see below for the most recent iteration of this multiple-year equipment replacement model, as shown in ***Inventory Value with Equipment Replacement Projected by Year through 2014-080501***.

Proposed

Satellite Wagering

Equipment Replacement Fund

ECONOMIC MODEL



California Authority of Racing Fairs



California Authority of Racing Fairs

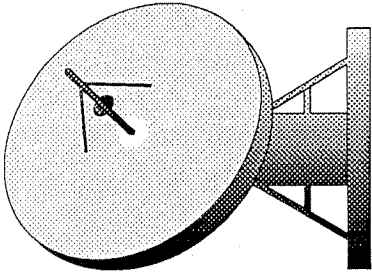
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- Pomona
- Sacramento
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- Tulare
- Vallejo
- Ventura
- Victorville



Satellite Wagering

Equipment Replacement Fund

PROPOSAL

Executive Summary

Establishment of a Satellite Wagering Equipment Replacement Fund, as proposed, accomplishes four objectives.

- Provides a *predictable, line-item expense* on Fair budgets that includes insurance, maintenance, and replacement of all satellite and television equipment
- Provides a *fixed asset inventory system* to identify assets, track maintenance and repair, forecast replacement expenditures, and support Fund administration
- Provides *scheduled replacement of equipment* that guarantees new, state of the art equipment on a *predictable interval*
- Provides a revenue and expense model to assure that Fairs can sustain a *self-perpetuating* Fund into the foreseeable future

Background

Preparation of a Fund model, consistent with the objectives listed above, required assembly and evaluation of data according to the following guidelines.

- Determine equipment investment, including installation, for each site
- Project maintenance and service costs
- Estimate insurance cost
- Project administrative costs
- Project anticipated equipment lifetimes

Fund Model

Once the requisite information had been assembled and evaluated, we set out to formulate a model that would achieve our objectives. After consultation with Coopers and Lybrand, we based the initial models on a straight-line depreciation over the interval of service with administration, insurance, and

maintenance costs factored in. These models revealed that certain Fairs, which had had equipment in service the longest, had accumulated depreciation in such amounts that the "catch-up" payments could represent a financial hardship. This circumstance was presented to the Division of Fairs and Expositions (F&E). After a review of the economic models, F&E agreed to 1) a non-refundable grant based on 25% of original equipment cost at all sites, and 2) a bridging loan to allow deferment of accumulated depreciation payments. Subsequently we prepared the model, here proposed, based on the following assumptions.

- *Cost* is based on equipment purchased and installed, classified by Effective Acquisition Date and by projected lifetime in months.
- *Replacement value* is cost plus inflation factor of 5% per annum over equipment lifetime.
- *Rate of return* is based on Fund Deposits at 6% simple interest. *Interest* begins when deferred payments have been made.
- *Deposit due* is 25% of original cost, funded by the Division of Fairs and Expositions as a non-refundable grant.
- *Replacement balance due* equals replacement cost of the equipment, less deposit of 25%.
- *Service fee* is based on 3% per annum of replacement value.

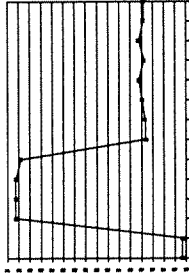
- *Administration fee* is based on 2% replacement value annually.
- *Insurance fee* is estimated at 1% per annum, based on replacement value.
- Model assumes *zero salvage value* on equipment.
- *Service life* is based on 48 or 84 months, and calculated using an effective date rather than the acquisition date. Model determines effective date as follows.

Actual Acquisition Date	Semi-Annual Effective Date
Jan 1 - Mar 31	Dec 31
Apr 1 - Jun 30	Jun 30
Jul 1 - Sep 1	Jun 30
Oct 31 - Dec 31	Dec 31

- *Funds to cover the deferment payments* have been allocated by F&E. Funds will be repaid on a semi-annual basis beginning June 30, 1992.

As the economic model line charts illustrate, the Fund will reach a state of equilibrium after deferred depreciation and the F&E refundable loans have been paid down. After this equilibrium has been reached, our model projects that Fund assessments will remain stable into the foreseeable future.

Example: Santa Barbara



Fixed Asset Inventory System

We have established a fixed asset inventory system to support administration of the Fund. This computerized system will provide ready identification of all assets, track maintenance and repairs, forecast replacement expenditures, and cross-reference any categories necessary or desirable for prudent management of satellite technical operations. The system combines the following features.

Identifies Assets

- Reports location of assets
- Records value of each item
- Marks assets with bar-coded asset tags
- Records the serial number of each item
- Provides portable bar-code readers for future inventory control

Tracks Maintenance and Repairs

- Provides for service chronology on each piece of equipment throughout its service life
- Calculates Mean Time Between Failures
- Cross-references trouble reports
- Reports on any equipment out for repair
- Logs service calls to each site

Conclusion

The proposed economic model for a Satellite Wagering Equipment Replacement Fund meets the objectives set out for its establishment. It forecasts equipment replacement at predictable intervals, supports a fixed asset inventory system, provides a model for its own perpetuation into the foreseeable future, and assists Fairs in their budget forward planning.

Christopher Korbby
23 November 1990



Richard P. Cain, Executive Director

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Economic Model prepared by
Jim Oller

Documents prepared by
Mona Goodwin

California Authority of Racing Fairs
Equipment Replacement Fund

Shasta District Fair, Anderson (27th DAA)

Description	Cost	Replacemt Value	Dep Due Mar 31 91	Replacemt Bal Due	Due Jun 30 91	Due Dec 31 91	Due Jun 30 92	Due Dec 31 92	Due Jun 30 93	Due Dec 31 93	Due Jun 30 94	Due Dec 31 94	Due Jun 30 95	Due Dec 31 95	Due Jun 30 96
Electronics (6/88)(48)	38,673.97	47,008.60	9,668.49	37,340.11	13,856.96	13,856.96	13,856.96	7,286.33	7,286.33	7,286.33	7,286.33	7,286.33	7,286.33	7,286.33	7,286.33
Hardware (6/88)(84)	12,171.82	17,126.97	3,042.96	14,084.02	2,078.70	2,078.70	2,078.70	2,078.70	2,078.70	2,078.70	2,078.70	2,078.70	2,078.70	1,737.16	1,737.16
Electronics (12/89)(48)	217.91	264.87	54.48	210.39	43.01	43.01	43.01	43.01	43.01	43.01	41.05	41.05	41.05	41.05	41.05
Electronics (6/90)(48)	13.00	15.80	3.25	12.55	2.27	2.27	2.27	2.27	2.27	2.27	2.27	2.45	2.45	2.45	2.45

Credit-Simple Interest @ 6% annually
Deferred Payment

(1,126.51) (1,316.52) (1,501.31) (1,156.50)

(7,990.47) (7,990.47) (7,990.47) 5,992.85 5,992.85 5,992.85

Total	51,076.70	64,416.24	12,769.18	51,647.07	7,990.47	7,990.47	7,990.47	15,403.16	15,403.16	15,403.16	15,401.21	8,282.02	8,092.01	7,565.69	7,910.50
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Current Fund Balance
Amount Disbursed

12,769.18
18,827.16 24,885.14 30,943.12 (2,594.80) 10,875.87 24,346.55 37,550.40 43,884.14 50,043.66 38,549.89 44,527.91 (47,008.60)

Annual Fees	
Electronics (6/88)(48)	2,820.52
Hardware (6/88)(84)	1,027.62
Electronics (12/89)(48)	15.89
Electronics (6/90)(48)	0.95

California Authority of Racing Fairs
Equipment Replacement Fund

The Great Kern County Fair, Bakersfield (15th DAA)

Description	Cost	Replacemt Value	Dep Due Mar 31 91	Replacemt Bal Due	Due Jun 30 91	Due Dec 31 91	Due Jun 30 92	Due Dec 31 92	Due Jun 30 93	Due Dec 31 93	Due Jun 30 94	Due Dec 31 94	Due Jun 30 95	Due Dec 31 95	Due Jun 30 96
Electronics (12/87)(48)	26,748.37	32,512.91	6,687.09	25,825.82	13,888.30	13,888.30	5,039.50	5,039.50	5,039.50	5,039.50	5,039.50	5,039.50	5,039.50	5,039.50	5,039.50
Hardware (12/87)(84)	12,116.85	17,049.62	3,029.21	14,020.41	2,264.04	2,264.04	2,264.04	2,264.04	2,264.04	2,264.04	2,264.04	2,264.04	1,729.32	1,729.32	1,729.32
Hardware (12/89)(84)	4,864.70	6,845.12	1,216.18	5,628.94	674.43	674.43	674.43	674.43	674.43	674.43	674.43	674.43	674.43	674.43	674.43

Credit-Simple Interest @ 6% annually															
Deferred Payment															
					(8,413.38)	(8,413.38)	4,206.69	4,206.69	4,206.69		(1,014.95)	(1,173.07)	(1,326.45)	(947.70)	(1,091.80)
Total	43,729.92	56,407.65	10,932.48	45,475.17	8,413.38	8,413.38	12,184.66	12,184.66	12,184.66	12,184.66	6,963.02	6,804.90	6,116.80	6,495.55	6,351.45
Current Fund Balance			10,932.48		17,653.63	24,374.79	2,354.31	12,846.75	23,339.18	33,831.62	39,102.42	44,215.09	31,590.04	36,393.36	8,539.67
Amount Disbursed						(32,512.91)					(17,049.62)			(32,512.91)	

Annual Fees	
Electronics (12/87)(48)	1,950.77
Hardware (12/87)(84)	1,022.98
Hardware (12/89)(84)	410.71

California Authority of Racing Fairs
Equipment Replacement Fund

Desert ExpoCentre, Indio

Description	Cost	Replacemt Value	Dep Due Mar 31 91	Replacemt Bal Due	Due Jun 30 91	Due Dec 31 91	Due Jun 30 92	Due Dec 31 92	Due Jun 30 93	Due Dec 31 93	Due Jun 30 94	Due Dec 31 94	Due Jun 30 95	Due Dec 31 95	Due Jun 30 96
Electronics (6/89)(48)	51,504.16	62,603.82	12,876.04	49,727.78	18,454.04	18,454.04	18,454.04	9,703.59	9,703.59	9,703.59	9,703.59	9,703.59	9,703.59	9,703.59	9,703.59
Hardware (6/89)(84)	16,685.00	23,477.46	4,171.25	19,306.21	2,849.46	2,849.46	2,849.46	2,849.46	2,849.46	2,849.46	2,849.46	2,849.46	2,849.46	2,381.29	2,381.29
Electronics (12/88)(48)	16,108.21	19,579.69	4,027.05	15,552.64	4,475.55	4,475.55	4,475.55	4,475.55	3,034.85	3,034.85	3,034.85	3,034.85	3,034.85	3,034.85	3,034.85
Hardware (12/89)(84)	6,380.37	8,977.82	1,595.09	7,382.73	837.24	837.24	837.24	837.24	837.24	837.24	837.24	837.24	837.24	837.24	837.24
Electronics (12/89)(48)	6,317.43	7,678.90	1,579.36	6,099.54	1,246.96	1,246.96	1,246.96	1,246.96	1,246.96	1,246.96	1,190.23	1,190.23	1,190.23	1,190.23	1,190.23
Electronics (6/90)(48)	1,612.36	1,959.84	403.09	1,556.75	281.19	281.19	281.19	281.19	281.19	281.19	281.19	303.78	303.78	303.78	303.78

Credit-Simple Interest @ 6% annually
Deferred Payment

(1,989.65) (2,296.89) (2,653.71) (2,281.45)

(14,072.22) (14,072.22) (14,072.22) 10,554.16 10,554.16 10,554.16

Total	98,607.53	124,277.53	24,651.88	99,625.65	14,072.22	14,072.22	14,072.22	29,948.14	28,507.45	28,507.45	28,450.72	15,929.50	15,622.26	14,797.27	15,169.52
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Current Fund Balance
Amount Disbursed

24,651.88 34,995.77 45,339.66 55,683.55 19,299.55 24,498.98 49,278.10 66,321.59 76,562.92 88,456.85 76,048.33 87,489.53
(62,603.82) (19,579.69) (7,678.90) (1,959.84) (23,477.46) (62,603.82)

Annual Fees	
Electronics (6/88)(48)	3,756.23
Hardware (6/88)(84)	1,408.65
Electronics (12/88)(48)	1,174.78
Hardware (12/89)(84)	538.67
Electronics (12/89)(48)	460.73
Electronics (6/90)(48)	117.59

California Authority of Racing Fairs
Equipment Replacement Fund

California Exposition & State Fair, Sacramento

Description	Cost	Replacemt Value	Dep Due Mar 31 91	Replacemt Bal Due	Due Jun 30 91	Due Dec 31 91	Due Jun 30 92	Due Dec 31 92	Due Jun 30 93	Due Dec 31 93	Due Jun 30 94	Due Dec 31 94	Due Jun 30 95	Due Dec 31 95	Due Jun 30 96
Electronics (6/89)(48)	48,065.18	58,423.71	12,016.30	46,407.41	11,034.19	11,034.19	11,034.19	11,034.19	11,034.19	9,055.67	9,055.67	9,055.67	9,055.67	9,055.67	9,055.67
Hardware (6/89)(84)	14,521.64	20,433.98	3,630.41	16,803.57	2,140.62	2,140.62	2,140.62	2,140.62	2,140.62	2,140.62	2,140.62	2,140.62	2,140.62	2,140.62	2,140.62
Electronics (12/89)(48)	3,728.44	4,531.96	932.11	3,599.85	735.93	735.93	735.93	735.93	735.93	735.93	702.45	702.45	702.45	702.45	702.45
Electronics (6/90)(48)	2,427.81	2,951.03	606.95	2,344.07	423.40	423.40	423.40	423.40	423.40	423.40	423.40	457.41	457.41	457.41	457.41

Credit-Simple Interest @ 6% annually
Deferred Payment

(7,167.07) (7,167.07) 3,583.54 3,583.54 (833.35) (967.00) (1,145.10) (1,406.38) (1,659.82)

Total	68,743.07	86,340.67	17,185.77	69,154.90	7,167.07	7,167.07	17,917.68	17,917.68	17,917.68	15,939.16	11,488.80	11,389.15	11,211.06	10,949.78	10,696.33
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Current Fund Balance
Amount Disbursed

17,185.77 21,851.15 26,516.53 41,932.52 57,348.51 72,764.50 27,778.26 32,233.41 38,169.84 46,879.21 55,327.30 63,521.95 (20,433.98)

Annual Fees	
Electronics (6/89)(48)	3,505.42
Hardware (6/89)(84)	1,226.04
Electronics (12/89)(48)	271.92
Electronics (6/90)(48)	177.06

California Authority of Racing Fairs
Equipment Replacement Fund

National Orange Show, San Bernardino

Description	Cost	Replacemt Value	Dep Due Mar 31 91	Replacemt Bal Due	Due Jun 30 91	Due Dec 31 91	Due Jun 30 92	Due Dec 31 92	Due Jun 30 93	Due Dec 31 93	Due Jun 30 94	Due Dec 31 94	Due Jun 30 95	Due Dec 31 95	Due Jun 30 96
Electronics (12/87)(48)	100,289.73	121,903.17	25,072.43	96,830.74	52,072.46	52,072.46	18,894.99	18,894.99	18,894.99	18,894.99	18,894.99	18,894.99	18,894.99	18,894.99	18,894.99
Hardware (12/87)(84)	13,538.74	19,050.74	3,384.69	15,666.06	2,529.78	2,529.78	2,529.78	2,529.78	2,529.78	2,529.78	2,529.78	2,529.78	1,932.29	1,932.29	1,932.29
Electronics (12/89)(48)	8,203.59	9,971.55	2,050.90	7,920.65	1,619.26	1,619.26	1,619.26	1,619.26	1,619.26	1,619.26	1,545.59	1,545.59	1,545.59	1,545.59	1,545.59
Hardware (6/90)(84)	2,562.89	3,606.24	640.72	2,965.52	336.30	336.30	336.30	336.30	336.30	336.30	336.30	336.30	336.30	336.30	336.30
Electronics (12/90)(48)	65,000.00	79,008.15	16,250.00	62,758.15	10,215.01	10,215.01	10,215.01	10,215.01	10,215.01	10,215.01	10,215.01	10,215.01	12,246.26	12,246.26	12,246.26

Credit-Simple Interest @ 6% annually
Deferred Payment

(4,968.21) (5,386.59) (6,091.56) (3,876.64) (4,669.93)

(33,386.41) (33,386.41) 16,693.20 16,693.20 16,693.20

Total	189,594.95	233,539.85	47,398.74	186,141.11	33,386.41	33,386.41	50,288.55	50,288.55	50,288.55	50,288.55	28,553.47	28,135.09	28,863.88	31,078.80	30,285.51
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Current Fund Balance
Amount Disbursed

47,398.74 76,149.19 104,899.65 28,649.08 74,301.67 119,954.27 165,606.86 179,552.83 203,051.98 129,221.39 155,664.24 59,410.63
(121,903.17) (9,971.55) (98,058.51) (121,903.17)

Annual Fees	
Electronics (12/87)(48)	7,314.19
Hardware (12/87)(84)	1,143.04
Electronics (12/89)(48)	598.29
Hardware (6/90)(84)	216.37
Electronics (12/90)(48)	4,740.49

* \$65,000 estimate only

California Authority of Racing Fairs
Equipment Replacement Fund

San Joaquin County Fair, Stockton (2nd DAA)

Description	Cost	Replacemt Value	Dep Due Mar 31 91	Replacemt Bal Due	Due Jun 30 91	Due Dec 31 91	Due Jun 30 92	Due Dec 31 92	Due Jun 30 93	Due Dec 31 93	Due Jun 30 94	Due Dec 31 94	Due Jun 30 95	Due Dec 31 95	Due Jun 30 96
Electronics (12/88)(48)	50,737.82	61,672.33	12,684.46	48,987.88	14,097.14	14,097.14	14,097.14	14,097.14	9,559.21	9,559.21	9,559.21	9,559.21	9,559.21	9,559.21	9,559.21
Hardware (12/88)(84)	14,323.00	20,025.85	3,580.75	16,445.10	2,245.29	2,245.29	2,245.29	2,245.29	2,245.29	2,245.29	2,245.29	2,245.29	2,245.29	2,245.29	2,031.19
Electronics (12/89)(48)	3,412.74	4,148.22	853.19	3,295.04	673.62	673.62	673.62	673.62	673.62	673.62	642.97	642.97	642.97	642.97	642.97
Electronics (12/90)(48)	3,074.40	3,736.96	768.60	2,968.36	483.15	483.15	483.15	483.15	483.15	483.15	483.15	483.15	579.23	579.23	579.23

Credit-Simple Interest @ 6% annually
Deferred Payment

(1,263.12) (1,532.52) (1,684.61) (1,944.25)

(8,749.60) (8,749.60) (8,749.60) 6,562.20 6,562.20 6,562.20

Total	71,547.96	89,583.36	17,886.99	71,696.37	8,749.60	8,749.60	8,749.60	24,061.40	19,523.47	19,523.47	19,492.82	11,667.51	11,494.18	11,342.09	10,868.36
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Current Fund Balance
Amount Disbursed

17,886.99

23,949.09 30,011.19 36,073.28 57,447.18 12,610.82 29,446.79 42,103.89 51,083.90 64,808.21 52,963.22

(61,672.33) 0.00 (4,148.22) (3,736.96)

Annual Fees	
Electronics (12/88)(48)	3,700.34
Hardware (12/88)(84)	1,201.55
Electronics (12/89)(48)	248.89
Electronics (12/90)(48)	224.22

California Authority of Racing Fairs
Equipment Replacement Fund

Tulare County Fair, Tulare (24th DAA)

Description	Cost	Replacemt Value	Dep Due Mar 31 91	Replacemt Bal Due	Due Jun 30 91	Due Dec 31 91	Due Jun 30 92	Due Dec 31 92	Due Jun 30 93	Due Dec 31 93	Due Jun 30 94	Due Dec 31 94	Due Jun 30 95	Due Dec 31 95	Due Jun 30 96
Electronics (6/89)(48)	32,910.02	40,002.46	8,227.51	31,774.96	7,555.06	7,555.06	7,555.06	7,555.06	7,555.06	6,200.38	6,200.38	6,200.38	6,200.38	6,200.38	6,200.38
Hardware (6/89)(84)	17,500.66	24,625.18	4,375.17	20,250.02	2,579.67	2,579.67	2,579.67	2,579.67	2,579.67	2,579.67	2,579.67	2,579.67	2,579.67	2,579.67	2,579.67
Electronics (6/90)(48)	8,286.73	11,660.26	2,071.68	9,588.58	1,719.60	1,719.60	1,719.60	1,719.60	1,719.60	1,719.60	1,719.60	1,548.38	1,548.38	1,548.38	1,548.38
Hardware (6/90)(84)	4,645.28	6,536.37	1,161.32	5,375.05	609.56	609.56	609.56	609.56	609.56	609.56	609.56	609.56	609.56	609.56	609.56

Credit-Simple Interest @ 6% annually
Deferred Payment
(6,231.95) (6,231.95) (6,231.95) 4,673.96 4,673.96 4,673.96 (1,289.34) (1,154.45) (1,373.41) (1,585.81)

Total	63,342.69	82,824.27	15,835.67	66,988.60	6,231.95	6,231.95	6,231.95	17,137.85	17,137.85	15,783.17	15,783.17	9,648.64	9,783.53	9,564.57	9,352.17
Current Fund Balance			15,835.67		19,582.89	23,330.11	27,077.33	41,730.45	56,383.57	29,679.55	42,977.99	38,481.65	45,780.45	52,860.29	59,727.74
Amount Disbursed									(40,002.46)		(11,660.26)				(24,625.18)

Annual Fees	
Electronics (6/89)(48)	2,400.15
Hardware (6/89)(84)	1,477.51
Electronics (6/90)(48)	699.62
Hardware (6/90)(84)	392.18

California Authority of Racing Fairs
Equipment Replacement Fund

Ventura County Fair, Ventura (31st DAA)

Description	Cost	Replacemt Value	Dep Due Mar 31 91	Replacemt Bal Due	Due Jun 30 91	Due Dec 31 91	Due Jun 30 92	Due Dec 31 92	Due Jun 30 93	Due Dec 31 93	Due Jun 30 94	Due Dec 31 94	Due Jun 30 95	Due Dec 31 95	Due Jun 30 96
Electronics (12/87)(48)	39,807.33	48,386.21	9,951.83	38,434.38	20,668.78	20,668.78	6,048.28	6,048.28	6,048.28	6,048.28	6,048.28	6,048.28	6,048.28	6,048.28	6,048.28
Hardware (12/87)(84)	12,735.07	17,919.52	3,183.77	14,735.75	2,379.55	2,379.55	2,379.55	2,379.55	2,379.55	2,379.55	2,379.55	2,379.55	1,817.55	1,817.55	1,817.55
Electronics (12/89)(48)	8,985.48	10,921.94	2,246.37	8,675.57	1,773.59	1,773.59	1,773.59	1,773.59	1,773.59	1,773.59	1,692.90	1,692.90	1,692.90	1,692.90	1,692.90
Hardware (12/89)(84)	4,453.48	6,266.49	1,113.37	5,153.12	617.42	617.42	617.42	617.42	617.42	617.42	617.42	617.42	617.42	617.42	617.42
Electronics (6/90)(48)	2,330.12	2,832.28	582.53	2,249.75	406.36	406.36	406.36	406.36	406.36	406.36	406.36	439.00	439.00	439.00	439.00
Hardware (6/90)(84)	2,562.89	3,606.24	640.72	2,965.52	336.30	336.30	336.30	336.30	336.30	336.30	336.30	336.30	336.30	336.30	336.30

Credit-Simple Interest @ 6% annually
Deferred Payment

(13,091.00)	(13,091.00)	6,545.50	6,545.50	6,545.50	(1,552.64)	(1,441.88)	(1,578.12)	(1,240.80)	(1,451.18)
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Total	70,874.37	89,932.68	17,718.59	72,214.09	13,091.00	13,091.00	18,107.00	18,107.00	18,107.00	18,107.00	9,928.18	10,071.58	9,373.33	9,710.66	9,500.28
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Current Fund Balance
Amount Disbursed

17,718.59	28,111.61	38,504.63	5,527.45	20,936.47	36,345.50	51,754.52	48,062.78	52,604.10	41,359.93	48,372.61	6,788.70
		(48,386.21)				(10,921.94)	(2,832.28)	(17,919.52)		(48,386.21)	

Annual Fees	
Electronics (12/87)(48)	2,903.17
Hardware (12/87)(84)	1,075.17
Electronics (12/89)(48)	655.32
Hardware (12/89)(84)	375.99
Electronics (6/90)(48)	169.94
Hardware (6/90)(84)	216.37

B.

B. F&E Directive - Fair SWFs Required to Join CARF ERF - Jan. 29, 1992

In 1992, F&E issued a memo which directed that any Fair satellite which received funding from the Division to build their satellite was required to participate in the CARF Equipment Replacement Fund. This directive has not been changed or rescinded.
See attachment ***F&E Directive-SWFs Required to Join CARF ERF.***

DEPARTMENT OF FOOD AND AGRICULTURE



1010 Hurley Way, Suite 200
Sacramento, CA 95825

January 29, 1992

SW 92-1

TO: All Satellite Wagering Fairs
SUBJECT: Audio-Visual Equipment Fund

Any fairs receiving Division funding for audio-visual equipment are required to be involved in the CARF Audio-Visual Equipment Fund. Amounts due to this fund are to be delineated in the annual fair budget submitted to the Division and must be remitted to CARF in a timely manner.

If you have any questions regarding this letter please contact me at your convenience.

Thank you,

A handwritten signature in cursive script that reads "Norm Towne".

Norm Towne
Director of Horse Racing
and Satellite Wagering
Division of Fairs and Expositions
(916) 924-2232

cc: Rick Cain
Chris Korby
Stan Wirth

C. SAMPLE ERF Agreement with Fair - Lancaster 1991

This attachment is a sample of the contracts that CARF had with individual Fairs setting out respective duties and responsibilities of participating in the original ERF. In its original structure, the ERF was financed by assessments paid by the Fair into the Fund.

Note: The Fairs in Bakersfield, San Jose and San Mateo have never participated in the ERF. Cal Expo, Del Mar, Eureka, Santa Barbara and Stockton have withdrawn and received their original deposits back.

1111 Howe Ave.
Suite 600
Sacramento, California 95825
916/927-7223
FAX: 916/927-9897



California Authority of Racing Fairs

June 26, 1991

Jim Pacini
Antelope Valley Fair
155 East Avenue "I"
Lancaster, California 93535

RE: Equipment Repair and Replacement Fund

Dear Jim,

This Letter Agreement memorializes an agreement between the Antelope Valley Fair and the California Authority of Racing Fairs ("CARF"), which agreement has been reviewed and approved by the California Department of Agriculture, Division of Fairs and Expositions.

Purpose. The Division of Fairs and Expositions ("F & E") has directed the California fairs who participate in satellite wagering to plan for and establish a fund for the replacement of audio-visual and related equipment at their facilities. The fairs and CARF have reached an agreement to establish a Satellite Wagering Equipment Replacement Fund ("Fund"). The purpose of the Fund is to accomplish the following objectives:

Provides a predictable, line-item expense on Fair budgets that includes insurance, maintenance, replacement of all satellite and television equipment, and administration of the fund

Provides a fixed asset inventory system to identify assets, track maintenance and repair, forecast replacement expenditures, and support fund administration

Provides scheduled replacement of equipment that guarantees new, state of the art equipment on a predictable interval

Provides a revenue and expense model to assure that Fairs can sustain a self-perpetuating Fund into the foreseeable future

Term. This agreement establishing the Equipment Replacement Fund ("Fund") commences on June 30, 1991. Antelope Valley Fair becomes a participating member of the Fund on the date this Letter Agreement is delivered, properly executed, to CARF. The Antelope Valley Fair remains a participant in the Fund so long as the parties agree and the Fund continues.

CARF's Duties. CARF's responsibilities to the fairs participating in the fund are:

1. Receive from F & E grants and loans to initiate the Fund and repay loans, plus interest, as agreed with F & E and the fairs'
2. Receive from the fairs their periodic payments as required herein to repay loans and to maintain the Fund;
3. Manage and account for all funds received and deposited under this Agreement, including all interest and accumulations thereto, and properly credit and debit each participating fair's account;
4. Develop, establish and manage a fixed asset inventory system to support the Fund;
5. Maintain an insurance policy(ies) as necessary on all equipment which is subject to this agreement;
6. Review and approve all expenditures for repairs and service calls incurred by participating fairs. Unapproved expenditures shall be borne by the participating fair.
7. Purchase and dispose of all satellite equipment of all participating members of the Fund, and fairly allocate equipment sales credits to the member fairs.

Fairs' Duties. As a participating member of the Fund, Antelope Valley Fair shall:

1. Make timely payment to CARF of the semi-annual payment established for it on June 30 and December 31, or earlier, each year. The first payment is due on June 30, 1991. The Antelope Valley Fair invoice is attached.
2. Comply with the procedure(s) of the fixed asset inventory system established by CARF;
3. Ensure that Antelope Valley Fair employees are properly trained in the safe care of the satellite equipment,

service and maintain the equipment, and keep service call expenses at a minimum;

4. Obtain CARF's prior approval for all equipment purchases which are out of the ordinary replacement schedule, and for repairs or service calls exceeding \$200.00 to any single piece of equipment;

5. Cooperate with CARF in the disposition of any satellite equipment scheduled or desired to be replaced.

Equipment Use. The possession and use of the equipment by Antelope Valley Fair is subject to the terms and conditions of this agreement.

Equipment Maintenance. Unless otherwise agreed with CARF in writing, CARF shall arrange for the Antelope Valley Fair equipment maintenance, servicing and repair pursuant to a contract between CARF and the service provider.

Ownership by CARF. The equipment covered by this agreement is the sole and exclusive property of CARF.

Disputes. Any dispute arising under this agreement shall be taken before a committee composed of the Chairpersons of the Finance and Administration/Operations Committees, whose decision shall be final and binding.

Termination. Either party may terminate this agreement on ninety (90) days written notice to the other; provided, however, that a withdrawing fair shall remain liable to CARF for the timely payment to CARF of any scheduled payment coming due after the effective date of withdrawal, or which is past due.

California Authority of
Racing Fairs

Antelope Valley Fair

By Richard Cain
Richard Cain, Executive
Director

By James G. Rice
Manager

D. CARF Asset Management Program - 1997

CARF ASSET MANAGEMENT PROGRAM-Concept & Description Restated 1997. Circa 1996, F&E convened a Horse Racing Planning Group to advise it on matters related to horse racing. In 1997, CARF proposed that F&E create a continuing allocation to support the CARF ERF. As part of the planning for that discussion, CARF's proposal included a document that summarized and re-stated the concepts behind the ERF. That document is attached.

CARF ASSET MANAGEMENT PROGRAM
EQUIPMENT REPLACEMENT FUND
Review, Description and Recommendations

1) Background

- A) Chronology of Satellite Wagering Facility installations
- B) Objectives of Asset Management Program, Equipment Replacement Fund: 1) line item on annual Fair budgets 2) fixed asset inventory 3) scheduled replacement 4) economic model to support objectives 5) encumbers dedicated funding for necessary future expenditures 6) proven technical management 7) volume buying leverage.
- C) Economic Model proposed to and adopted by CARF Board
- D) F&E policies related to Fund
- E) MOU's, contracts and policy documents

2) Economic Model

- A) Framework
 - i) Equipment investment establishes cost basis
 - ii) Calculating projected cost of maintenance and service
 - iii) Projected interval of service i.e., anticipated useful lifetime
 - iv) Insurance, administrative costs
- B) Model
 - i) Equipment cost
 - ii) Inflation factor
 - iii) Rate of return
 - iv) Replacement cost
 - v) Insurance, administration and maintenance/service costs
 - vi) Service life
 - vii) Salvage value
 - viii) Coopers and Lybrand

3) Fixed Asset Management System

- A) Identify Assets
 - i) Report location of assets
 - ii) Record value of each item
 - iii) Mark assets with bar-coded asset tags
 - iv) Record the serial number of each item
 - v) Provide portable bar-code readers for on-going inventory control
- B) Track Maintenance and Repairs
 - i) Provide for service chronology on each piece of equipment throughout its service life
 - ii) Cross reference trouble reports
 - iii) Calculate Mean Time Between Failures
 - iv) Report on equipment out for repair
 - v) Log service calls to each site

- B) Cross-reference Assets and Service Duration
 - i) Classify data entry for each item
 - ii) Generate reports by item, by cost and by duration of service to forecast Fund expenditures
 - iii) Report equipment purchase value and calculate present value
- C) Support Fund Management
 - i) Report excessive failures of any single component
 - ii) Provide portable hardware
 - iii) Report on equipment reaching end of projected lifetime
 - iv) Report and calculate in compliance with accepted accounting standards
 - v) Provide and active data-base foundation for generation of reports not presently anticipated

4) *Inventory Services*

- A) Statewide inventory conducted every two years
- B) Outsourced to certified, bonded contractor

5) *Operations*

- A) Storage and shipping depot in Sacramento
- B) Master inventory computer located in Sacramento
- C) Procedures for shipping equipment and for updating inventory computer files
- D) Security and backup measures at storage depot
- E) Repair and replacement procedures
- F) On-site service calls: approvals and procedures
- G) Recording new equipment in inventory

6) *Equipment Procurement*

- A) Bidding procedures set by lead agency Sonoma County Fair
- B) Pre-qualified vendors
- C) Sole-source providers

7) *End-of-lifetime equipment disposition*

- A) Recording assets at time of disposition
- B) Acceptable payment procedures
- C) Procedures for removal of items from asset inventory

8) *Recommendations*

- A) Legal counsel review existing contracts and MOU's
- B) Initiate program to enhance communications with CARF members
 - i) Quarterly Management Reports
 - ii) Liaison with CARF regional satellite wagering committees
 - iii) Prepare and distribute information on Asset Management Program, including a description, its purpose, operating procedures and current Management Reports
 - iv) Add above information to CARF Web Site

9) *Proposal*

- A) Proposed revisions to contracts and MOU's
- B) Proposal for funding through F&E satellite wagering account

E. CARF ERF Proposal to F&E - 1997

In 1997/98, as noted directly above, CARF proposed that F&E create a continuing allocation to the ERF of \$500K per year, thereby relieving CARF member Fairs of a significant financial burden. This proposal is shown in the attachment ***CARF ERF Proposal to F&E - Summary 1997***. F&E approved the CARF proposal. The approval of the continuing allocation, rationale and direction that CARF manage the Fund are memorialized in the F&E memo noted below, dated August 6, 1998.

CALIFORNIA AUTHORITY OF RACING FAIRS
ASSET MANAGEMENT PROGRAM
EQUIPMENT REPLACEMENT FUND
Proposal

Background

- Simulcast wagering within California began with experimental pilot in 1985 between Golden Gate Fields and Fresno Fair
- In 1987, CARF, newly constituted as JPA, began to implement expansion of California Fairs satellite network through funding allocated by F&E
- In 1990, CARF Board adopted Equipment Replacement Fund Economic Model in order to provide for orderly maintenance and replacement of technical equipment required for satellite wagering operation
- F&E policy required participation in CARF ERF by any Fair that received F&E funding for implementation of a Satellite Wagering Facility on its grounds (policy not strictly enforced)
- Recap investment: large sums invested by F&E in Satellite Wagering Facilities
- Recap current level of Fair participation: THEME:
The State has a large investment in Satellite Wagering Facilities. All Fairs benefit from successful operation of the Satellite Wagering Network CDFA should protect that investment to ensure uninterrupted revenue flow. F&E can ensure continuing reliable operation by directly funding an asset management program that provides for orderly maintenance and predictable replacement of assets.

Proposal

In order to ensure continuing, reliable operation of satellite wagering operations at California Fairs, California Authority of Racing Fairs proposes that the CDFA Division of F&E allocate \$500,000 annually to fund the CARF Asset Management Program.

Considerations Supporting this Proposal

- As noted above, F&E has made a substantial investment to create a state-of-the-art satellite network at California Fairs.
- To date this investment totals approximately \$65 million; the network generates approximately \$650 million in annual handle (sales).
- The network requires administration, technical maintenance and periodic, scheduled equipment replacement, management services that CARF already provides.
- Business and Professions Code envisions this category of expenditures
- This is a logical next step in prudent management of a substantial investment in the Fairs' satellite network, in simulcasting and in support of California racing.
- Fairs must remain competitive in an increasing environment.
- This continuing allocation is necessary to manage, protect and enhance the product that they offer.

***F. Memo - Approval of Continuing Allocation for
CARF ERF - Aug. 6, 1998***

This is the memo from F&E which set policy and approved funding for CARF to manage the ERF. Note the language in the opening paragraph: ***"For the current year and all subsequent years, barring a change in state policy, F&E will allocate \$500,000 to the ERF. The allocation will become a standard feature of F&E's expenditure plan, replacing the contributions that CARF member fair organizations currently make into a pooled fund."***

The memo also directs: ***"As before, CARF will administer the equipment replacement fund, including the replacement schedule and process. Any questions regarding administration or eligibility should be directed to CARF."*** Please read the Rationale in the F&E memo, some of which derives from the CARF proposal for funding; the reasoning still holds up.

Note that the memo requires that Fairs put aside an amount equal to what they paid into the ERF for Satellite Facility maintenance. To my knowledge, this provision of the memo has not been enforced. See attachment ***F&E Memo-Equipment Replacement Funding-August 6, 1998.***

DEPARTMENT OF FOOD AND AGRICULTURE

1010 Hurley Way, Suite 200
Sacramento, CA 95825



August 6, 1998

TO: All Satellite Wagering Fairs

SUBJECT: Status of Equipment Replacement Fund and Creation of a Sinking Fund
for Satellite Wagering Facilities

The Division of Fairs and Expositions (F&E) has approved a proposal from the California Authority of Racing Fairs (CARF) to fund the equipment replacement fund (ERF) from the satellite wagering account (SWA). For the current year and all subsequent years, barring a change in state policy, F&E will allocate \$500,000 to the ERF. This allocation will become a standard feature of F&E's annual expenditure plan, replacing the contributions that CARF member fair organizations currently make into a pooled fund.

RATIONALE

The horse racing planning group (HRPG) discussed the policy implications of CARF's ERF proposal. The HRPG recommended that F&E approve this change in funding policy, in recognition that it is analogous to the state lottery commission's absorption of all costs for placing and maintaining lottery-playing equipment in all locations, statewide. In other words, CARF's proposal reflects the following realities:

- ✧ The equipment in satellite wagering facilities (SWFs) is the most critical factor in enabling patrons to wager.
- ✧ The state has a revenue interest to protect by ensuring that the technology available is appropriate and adequate to facilitate wagering.

Furthermore, all fair organizations in the statewide network have a revenue interest in the success and profitability of the racing and wagering enterprise. Thus, it makes sense to approve an annual allocation from the SWA to ensure that wagering equipment is maintained at a high technological standard throughout the system.

ELIGIBILITY

As before, CARF will administer the equipment replacement fund, including the replacement schedule and process. Any questions regarding administration or eligibility should be directed to CARF.

COMFORT AND AESTHETIC STANDARDS

CARF is currently conducting an inventory of satellite wagering facilities at 10 sites throughout the state. The inventory entails a detailed assessment of equipment and conditions in SWFs ("conditions" means furnishings, carpeting, paint colors, rest rooms, kitchens, and other amenities). When this study has been completed, which is projected to be in October 1998, CARF committees will collaborate with the HRPG to develop standards for SWF comfort and aesthetics. The purpose of this activity is, once again, to ensure that the facilities the network of California fairs maintains and operates are attractive and inviting to both new and regular patrons.

DEPRECIATION ACCOUNT

The annual allocation of \$500,000 from the SWA to the equipment replacement fund will free up funds that local fair organizations should have been paying to CARF for this purpose. Effective immediately, F&E will require fair organizations that operate SWFs to add a new line item to their operating budgets for satellite wagering. Specifically, the new line item will be a "sinking fund," or reserve account, for the exclusive purpose of maintaining the SWF at high comfort and aesthetic standards.

Budgeting for this line item should represent *not less than* the amount previously assessed by CARF for equipment replacement. The fair organization will retain control of the sinking fund account.

By this time next year, CARF and the HRPG will have completed work on a set of comfort and aesthetic standards. F&E will ensure that every fair organization with a SWF will receive these standards. Planning for SWF refurbishment can then proceed in keeping with a schedule -- similar in concept to the equipment replacement schedule -- and F&E will monitor those expenditures.

POLICY AND PROFITABILITY REVIEW

Over the next few months, a financial management consultant will conduct an analysis of profitability in the satellite wagering enterprise. We are undertaking this study to obtain information that will support a comprehensive review of current funding and oversight policies pertaining to satellite wagering. The HRPB believes that various current policies unnecessarily impede wagering's profitability at the site level. Before we can make policy changes that will further standardize financial management practices in SWFs, we need to know whether those practices currently vary from site to site and, if so, how and which ones should be replicated throughout the system.

CLOSING

You will receive additional details on the sinking fund account in the instructions for 1999 budgets. In the meantime, please call me or Rick Cain of CARF at 916-263-3346 if you have questions.

Respectfully,



Sharon Jensen, Director
Division of Fairs and Expositions
(916) 263-2952

cc: Darrell Guensler, CDFA
Rick Cain, CARF
Brian Davie, CFSA
Steve Chambers, WFA
Steve Lucas, CCA

G. Establishing ERF Eligibility for Fairs Not Participating in Original ERF

- ***ERF-CARF Board Resolution 1999***
- ***ERF Policy-CARF Board Adopted-Minutes of Mtg Feb 23, 1999***

Once F&E had approved a continuing allocation for the CARF Equipment Replacement Fund, there was a discussion at the CARF Board about how to establish eligibility to receive ERF benefits if a Fair had **not** participated in the original ERF. Not every Fair had contributed into the original ERF, even though all Fairs had been directed by F&E to participate. For those Fairs which had participated, which included most CARF member Fairs, there was a "fairness issue" about how to establish eligibility for Fairs that had **not** previously participated.

F&E had directed that CARF set policy for and manage the Fund. Furthermore, certain CARF Directors thought that the JPA could have significant liabilities if some Fairs did not have funds on deposit with CARF and CARF had a responsibility for providing equipment replacement. Staff proposed a program to the CARF Board which would require that earlier non-participating Fairs would pay a "catch-up" deposit equivalent to the amounts that earlier participating Fairs had on deposit in the original ERF. This plan was adopted by the CARF Board in Feb 1999 and has remained policy since that date. The record of these actions is attached in ***ERF-CARF Board Resolution 1999*** and ***ERF Policy-CARF Board Adopted-Minutes of Mtg Feb 23-1999***.

EQUIPMENT REPLACEMENT FUND

Background

Since 1989, CARF has administered an Equipment Replacement Fund to provide for orderly and predictable replacement of technical equipment necessary for satellite wagering operations at Fairs. From its inception, this replacement program has been funded from contributions by participating Fairs. Early in the Fund's implementation, in order to encourage Fairs to participate, the Division agreed to assist CARF Member Fairs through a one-time program of loans and grants.

In 1998, as part of the overall reviews undertaken by the Horse Racing Planning Group, CARF staff began working with the Division of Fairs and Expositions to restructure the funding for this program. As an outgrowth of these discussions, the Division agreed to assume funding for the Fund, leaving to the CARF Board overall responsibility for its administration.

The CARF Board determined that Fairs not current in their contributions should become current before they would become eligible for equipment replacements funded by the new Division allocation. In October of 1998, CARF staff contacted all Fairs not presently current in their contributions, advised them of the restructuring plan, and notified them of the CARF Board determination. In a February 1999 follow-up letter (attached), CARF staff advised these Fairs to propose a plan by February 19, 1999, to the CARF Board as to how they would become current in their payments.

Status

Nine CARF Member Fairs are not current in their payment to the Equipment Replacement Fund. As of February 19, 1999, five Fairs have responded in writing with a proposal to become current: Shasta District Fair, Monterey County Fair, Santa Barbara County Fair, San Bernardino County Fair and Tulare County Fair. These proposals are attached. Kern County Fair responded in writing that it chooses not to participate and requests a direct payment of their loan money from F&E. Riverside County Fair has not responded in writing but has indicated orally that it will not participate. As of the date above, Alameda County Fair and Humboldt County Fair have not responded.

Recommendation

CARF Staff offers the following resolution.

The CARF Board of Directors resolves the following.

1) The CARF Board accepts the proposals put forward by the Shasta District Fair, Anderson, the Monterey County Fair, Monterey, the Santa Barbara County Fair, Santa Maria, the Tulare County Fair, Tulare, and the San Bernardino County Fair, Victorville, for their continuing participation in the CARF Equipment Replacement Fund, contingent upon their meeting the payments outlined in their proposals. CARF staff, with the approval of the Board of Directors, will determine the schedule on which equipment at these Fairs is replaced. Equipment replacement funds allocated by the Division of Fairs and Expositions after January 1998 will not be expended at the Fairs noted above until they have completed the payments which they have proposed.

2) A Fair which has not submitted payments to the Equipment Replacement Fund but shows a balance in its Fund account from F&E loans or grants may receive equipment replacement, not exceeding that amount, with the consent of the Division of Fairs and Expositions.

CALIFORNIA AUTHORITY OF RACING FAIRS

Minutes

Regular Meeting Board of Directors

February 23, 1999

Pursuant to the notice sent to all Directors according to the Bylaws, a regular meeting of the California Authority of Racing Fairs Board of Directors was held at 3:30 p.m., Tuesday, February 23, 1999. The meeting was held in the Jenny Lind room on the Delta King River Boat, 1000 Front Street, Old Sacramento, California.

The following Directors were present: David Elliott, Brad Gessner, Forrest White, Roger Hayes, Corey Oakley. Absent: Stuart Titus and Michael Paluszak.

Guests and staff attending: Greg Hurner, Ethan Hirsch, Rick Cain, Christopher Korby, Eric Johnson, Bernice Dent.

At 3:30 p.m., with a quorum present, President Elliott called the meeting to order. Ms. Dent served as secretary calling the roll and recording the proceedings.

The minutes of January 24, 1999 were unanimously approved upon motion and second by Mr. Oakley and Mr. White.

Under Item III, Review and Action on Equipment Fund Proposals, Mr. Korby reported that the only change to the status report, included in the agenda, was that he had spoken with the Redwood Acres Fair. The fair has indicated that they will attempt to participate but as of yet, has not responded in writing.

Mr. Korby presented a chronological overview of the fund and a brief history of the fairs' participation in that fund. Originally the policy established by F&E was that fairs who received new satellite wagering facilities participate in the Equipment Replacement Fund. Unfortunately the policy was never enforced. It was suggested that a policy be established that fairs would not be able to receive "new" money allocated from the F&E Equipment Replacement Fund until they are current in all payments. Mr. Cain reminded the Board that a year ago, when CARF entered into the project, the goal was to shift the financial responsibility of the Equipment Replacement Fund to the Satellite Wagering Account. The Board, then adopted a policy that CARF would administer the fund as part of its agreement with F&E. It was also agreed that everyone was to come current with their balance, and if not, to put forward a proposal of how they would, thus making all members fully vested. It was also noted that last year, F&E suggested that all fairs keep a "replacement allocation fund" within their budgets for facility improvements.

Mr. Oakley expressed his convictions that a tremendous burden has been placed on the Board. A fair will make CARF an unpaid and unsecured creditor by not participating in the Equipment Replacement Fund. It was agreed that all fairs have the obligation of the requirements for public facilities. By virtue of membership in CARF and by the signing of the JPA agreement, obligations and benefits have to be met. CARF has entered into agreement

with F&E to establish and operate the Fund and has represented to the state that this is a good investment for the State of California. CARF has extended an obligation on behalf of the fairs that they must realize. Mr. Hurner stated that F&E has dedicated authority to CARF for the management of the Equipment Replacement Fund for the benefit of its members who participate in the Fund.

Of the nine fairs that are in the arrears, seven have proposed payment plans; the Board then looked at each proposal individually. Mr. Oakley stated that as he sees it, he identifies three categories: those who have opted out, those who have submitted a payment plan and those who have not responded.

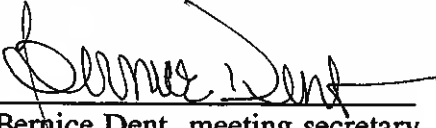
Mr. Oakley moved that no funds are allocated in excess of the current balance until the member's status is current; for the group who has indicated "opting out" the Board will force the issue of their participation; those who have provided "a payment plan" the Board accept a two-year payback plan based on a letter indicating the terms of that plan and for the fairs who have yet to respond, a letter is mailed to them outlining the two options the Board has determined and the importance of the fair maintaining their technical and amenity infrastructures. Mr. Hayes seconded the motion.

Upon further discussion, Mr. Oakley amended the motion as stated added that the payment plan is extended to a maximum of three years. Mr. Hayes concurred. The motion was unanimously carried.

Moving to Item IV, Report on CARF Committee Assignments, Mr. Cain drew the Board attention to the list of committee assignments and noted that the Communications Committee will work closely with Mr. Hayes and Mr. Oakley the fairs representatives to the recently formed California Marketing Committee (CMC).

Under Item V, Discussion on Board of Directors Retreat, Mr. Cain suggested that this item be placed on the agenda for discussion at the next Board meeting. He felt that taking the work done today: the purpose, the value, the goals and note for the record that this was the work of the Board's efforts at today's meeting. It was hoped that it had this information available at the Northern Satellite Wagering Committee and Live Racing Committee meetings scheduled for next week. Mr. White suggested the Board consider today's work at every Board meeting, and in September, be prepared to decide the direction it wishes to take regarding the budget process. Mr. Cain suggested beginning the budget process in May. It was agreed to address a piece of the work (goals and purposes) at every Board meeting to help with the budgeting.

With no further business before the Board, President Elliott adjourned the meeting at 4:40 p.m. upon motion and second by Messrs. White and Hayes.


Bernice Dent, meeting secretary

***H. SAMPLE ERF Participation Letter
to Fair - Indio 1998-2000***

CARF ERF Participation Letters to Fairs - SAMPLE-Indio-1998 – 2000. In response to the policy adopted by the CARF Board, we contacted Fairs that had not participated in the original ERF or had lapsed in payments. The attachment ***CARF ERF Participation Letters -Indio-1998 – 2000*** is a sample of the correspondence with Fairs, encouraging them to undertake a “catch-up” payment plan, as laid out in the policy adopted by the CARF Board. Most Fairs took advantage of this opportunity to participate.



October 23, 1998

Ms Lori Moss
National Date Festival
46-350 Arabia St.
Indio, CA 92201

Dear Lori,

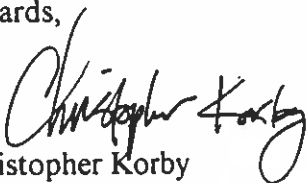
As you know, the California Authority of Racing Fairs administers an Equipment Replacement Fund which provides for orderly and periodic replacement of electronic equipment at Fair Satellite Wagering Facilities. This program has ensured that there is money available to maintain and replace Satellite Facility equipment at current state-of-the-art. In the past, funding for equipment replacement has come from participating Fairs. Effective this year, however, the Division of Fairs and Expositions has agreed to provide an annual allocation to support the Fund, thereby relieving Fairs of that direct obligation. This decision was communicated earlier in a letter from Sharon Jensen. (Please see attached letter.)

The CARF Board of Directors has determined that any Fair behind in its payments to the Fund must become current before that Fair is eligible to receive equipment purchased from the F&E allocation.

We have reviewed our Fund records for your Fair. Our accounts show a current balance of \$29,482 against a replacement value \$101,809 for equipment currently installed at your Fair. Consequently, your accounts require payment of \$72,327 to become current.

Please contact us if you would like to discuss this matter further.

Regards,



Christopher Korby
Director of Technical Operations and Development

cc: CDFA Division of Fairs and Expositions



a California joint powers agency

1776 Tribute Road, Suite 150
Sacramento, California 95815
Office: 916.927.7223 • Fax: 916.263.3341
www.racingfairs.org

March 31, 2000

Ms Belinda McLaughlin
National Date Festival
46-350 Arabia St.
Indio, CA 92201

Dear Belinda,

As you know, the California Authority of Racing Fairs (CARF) administers an Equipment Replacement Fund which provides for orderly and periodic replacement of electronic equipment at Fair Satellite Wagering Facilities. This program has ensured that there is money available to maintain and replace Satellite Facility equipment at current state-of-the-art. In the past, funding for equipment replacement has come from participating Fairs. Effective last year, however, the Division of Fairs and Expositions (F&E) has agreed to provide an annual allocation to support the Fund, thereby relieving Fairs of that direct obligation.

The CARF Board of Directors has determined that any Fair behind in its payments to the Fund must become current before that Fair is eligible to receive equipment purchased from the F&E allocation.

We have reviewed our Fund records for your Fair. Our accounts show a current balance of \$29,482 against a replacement value \$101,809 for equipment currently installed at your Fair. Consequently, your accounts require payment of \$72,327 to become current.

Please contact us if you would like to discuss this matter further.

Regards,

Christopher Korby
Interim Executive Director

cc: CDFA Division of Fairs and Expositions

RIVERSIDE
COUNTY



**RIVERSIDE COUNTY FAIR &
NATIONAL DATE FESTIVAL**

ECONOMIC DEVELOPMENT AGENCY
COUNTY OF RIVERSIDE

46-350 ARABIA ST. ❖ INDIO, CALIFORNIA 92201

OFFICE: 760/863-8247 ❖ FAX: 760/863-8973

WWW.DATEFEST.ORG 800-811-FAIR



July 21, 2000

Chris Korby
California Authority of Horse Racing
1776 Tribute Road, Suite 150
Sacramento, CA 95815

Dear Mr. Korby:

Recently our first payment was sent to CARF for the Equipment Fund. Equal payments will be made approximately about the same time for the next two years.

As you are aware, we have just received another IRD to be used for the Fair Meadows signal. As it stands we had problems with the last IRD sent, due to the fact we had no room to hook it up.

In order to provide quality services to our customers, we would greatly appreciate your assistance in upgrading our equipment, getting the infotext working and replacing old televisions. With the payment of the first installment, what is the timeframe in receiving CRAF's assistants with the new upgrades?

Sincerely,

Belinda J. McLaughlin
Assistant Director of EDA/
Fair Manager

YEAR 2001 FAIR DATES: FEBRUARY 16-25

RIVERSIDE COUNTY FAIR & NATIONAL DATE FESTIVAL ❖ JOB TRAINING ❖ HOUSING
REDEVELOPMENT ❖ ECONOMIC DEVELOPMENT ❖ COMMUNITY DEVELOPMENT ❖ AVIATION

RIVERSIDE
COUNTY



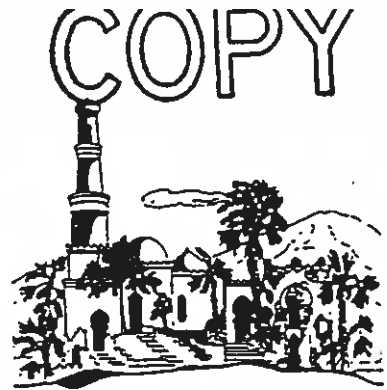
**RIVERSIDE COUNTY FAIR &
NATIONAL DATE FESTIVAL**

ECONOMIC DEVELOPMENT AGENCY
COUNTY OF RIVERSIDE

46-350 ARABIA ST. ❖ INDIO, CALIFORNIA 92201

OFFICE: 760/863-8247 ❖ FAX: 760/863-8973

WWW.DATEFEST.ORG 800-811-FAIR



August 15, 2000

Chris Korby
California Authority of Horse Racing
1776 Tribute Road, Suite 150
Sacramento, CA 95815

Dear Mr. Korby:

This letter is to confirm that the Riverside County Fair and National Date Festival will make two additional installments to the Equipment Fund.

The second installment will occur by the end of June 2001, and the third and final installment by the end of June 2002.

If you have any questions, please feel free to call.

Sincerely,

Belinda J. McLaughlin
Assistant Director of EDA/
Fair Manager

YEAR 2001 FAIR DATES: FEBRUARY 16-25

RIVERSIDE COUNTY FAIR & NATIONAL DATE FESTIVAL ❖ JOB TRAINING ❖ HOUSING
REDEVELOPMENT ❖ ECONOMIC DEVELOPMENT ❖ COMMUNITY DEVELOPMENT ❖ AVIATION

I. Inventory

- ***Inventory Value with Equipment Replacement Projected by Year through 2014-080501***
- ***2009-2010 Fiscal Yr ERF Projects***
- ***Fair Satellite Inventory-TVs-Big Screens-Projectors by Facility + Totals***

CARF has continued to plan equipment replacement schedules based on site-by-site inventories, projected useful lifetime of equipment and original installation histories. The most recent version of the multiple-year equipment replacement projection is shown in the file ***Inventory Value with Equipment Replacement Projected by Year through 2014-080501*** which we prepared in 2008.

This schedule projected a seven year replacement plan, 2008 through 2014. The color-coded spreadsheet cells show the target year by which a complete equipment replacement cycle will be completed for each Fair location. The file ***2009-2010 Fiscal Yr ERF Projects*** shows specific replacement projects we laid out for 2009-10. A summary of inventory, showing the number of TV's, big screens and projectors is attached for your reference as document **I.3.**

This does not include satellite dishes, head-end equipment or other such control equipment also required for satellite operation. It may be of interest that our network contains four thousand seven hundred sixteen (4,716) screens of various types.

**California Authority of Racing Fairs
Equipment Replacement Fund
Projected Equipment Replacement 2008 - 2014**

		12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Eureka	Replacement Equipment Needed	\$ 69,149.29	\$ 12,051.73	\$ 13,678.01	\$ 14,127.75	\$ 14,480.50	\$ 14,795.65	\$ 15,145.95
	Ending Inventory	\$ 69,149.29	\$ 73,298.25	\$ 77,696.14	\$ 82,357.91	\$ 87,299.39	\$ 92,537.35	\$ 98,089.59
Santa Barbara	Replacement Equipment Needed	\$ 162,624.80	\$ 28,343.18	\$ 32,167.85	\$ 33,225.53	\$ 34,055.14	\$ 34,796.31	\$ 35,620.13
	Ending Inventory	\$ 162,624.80	\$ 172,382.29	\$ 182,725.22	\$ 193,688.74	\$ 205,310.06	\$ 217,628.66	\$ 230,686.38
Vallejo	Replacement Equipment Needed	\$ 202,169.51	\$ 35,235.26	\$ 39,989.95	\$ 41,304.83	\$ 42,336.17	\$ 43,257.57	\$ 44,281.71
	Ending Inventory	\$ 202,169.51	\$ 214,299.68	\$ 227,157.66	\$ 240,787.12	\$ 255,234.34	\$ 270,548.41	\$ 286,781.31
Victorville	Replacement Equipment Needed	\$ 126,597.46	\$ 22,064.13	\$ 25,041.50	\$ 25,864.86	\$ 26,510.68	\$ 27,087.66	\$ 27,728.97
	Ending Inventory	\$ 126,597.46	\$ 134,193.31	\$ 142,244.91	\$ 150,779.61	\$ 159,826.38	\$ 169,415.96	\$ 179,580.92
Indio	Replacement Equipment Needed	\$ 36,953.66	\$ 187,753.36	\$ 29,476.28	\$ 33,520.91	\$ 34,749.51	\$ 35,599.49	\$ 36,501.65
	Ending Inventory	\$ 177,695.19	\$ 187,753.36	\$ 199,018.56	\$ 210,959.68	\$ 223,617.26	\$ 237,034.29	\$ 251,256.35
Santa Maria	Replacement Equipment Needed	\$ 35,426.46	\$ 180,120.77	\$ 31,392.48	\$ 35,628.62	\$ 36,856.49	\$ 37,669.01	\$ 38,534.16
	Ending Inventory	\$ 170,446.55	\$ 180,120.77	\$ 190,928.02	\$ 202,383.70	\$ 214,526.72	\$ 227,398.33	\$ 241,042.23
Stockton	Replacement Equipment Needed	\$ 67,279.08	\$ 341,830.63	\$ 59,576.20	\$ 67,615.49	\$ 69,945.73	\$ 71,487.70	\$ 73,129.58
	Ending Inventory	\$ 323,518.26	\$ 341,830.63	\$ 362,340.47	\$ 384,080.90	\$ 407,125.75	\$ 431,553.30	\$ 457,446.49
Anderson:	Replacement Equipment Needed	\$ 17,478.13	\$ 19,726.31	\$ 93,559.92	\$ 16,306.16	\$ 18,535.83	\$ 19,118.38	\$ 19,563.40
	Ending Inventory	\$ 84,045.35	\$ 89,088.08	\$ 93,559.92	\$ 99,173.52	\$ 105,123.93	\$ 111,431.36	\$ 118,117.25
National Orange	Replacement Equipment Needed	\$ 97,211.41	\$ 109,715.61	\$ 520,370.19	\$ 90,693.09	\$ 103,094.28	\$ 106,334.36	\$ 108,809.53
	Ending Inventory	\$ 467,451.11	\$ 495,498.18	\$ 520,370.19	\$ 551,592.41	\$ 584,687.95	\$ 619,769.23	\$ 656,955.38
Monterey	Replacement Equipment Needed	\$ 38,555.82	\$ 43,515.11	\$ 44,749.33	\$ 216,882.04	\$ 37,867.35	\$ 42,907.91	\$ 44,311.60
	Ending Inventory	\$ 185,399.24	\$ 196,523.19	\$ 208,314.58	\$ 216,882.04	\$ 229,894.96	\$ 243,688.66	\$ 258,309.98
Perris	Replacement Equipment Needed	\$ 65,998.96	\$ 74,487.80	\$ 76,600.45	\$ 371,251.49	\$ 64,820.07	\$ 73,448.34	\$ 75,851.13
	Ending Inventory	\$ 317,360.66	\$ 336,402.30	\$ 356,586.44	\$ 371,251.49	\$ 393,526.58	\$ 417,138.17	\$ 442,166.46
Tulare	Replacement Equipment Needed	\$ 18,738.60	\$ 21,148.91	\$ 21,748.76	\$ 105,407.53	\$ 18,404.03	\$ 20,853.81	\$ 21,536.02
	Ending Inventory	\$ 90,106.43	\$ 95,512.82	\$ 101,243.59	\$ 105,407.53	\$ 111,731.98	\$ 118,435.90	\$ 125,542.05
Fresno	Replacement Equipment Needed	\$ 47,656.69	\$ 53,786.94	\$ 55,312.53	\$ 56,361.37	\$ 281,049.29	\$ 48,982.88	\$ 55,592.70
	Ending Inventory	\$ 229,163.00	\$ 242,912.78	\$ 257,487.55	\$ 272,936.80	\$ 281,049.29	\$ 297,912.25	\$ 315,786.98
Santa Rosa	Replacement Equipment Needed	\$ 68,453.29	\$ 77,108.85	\$ 79,280.90	\$ 80,782.95	\$ 402,768.73	\$ 70,196.84	\$ 79,669.30
	Ending Inventory	\$ 328,568.04	\$ 348,282.12	\$ 369,179.05	\$ 391,329.79	\$ 402,768.73	\$ 426,934.85	\$ 452,550.95
Lancaster	Replacement Equipment Needed	\$ 48,571.58	\$ 54,622.75	\$ 56,152.31	\$ 57,215.39	\$ 58,374.64	\$ 298,393.22	\$ 52,005.68
	Ending Inventory	\$ 232,777.10	\$ 246,743.72	\$ 261,548.34	\$ 277,241.25	\$ 293,875.72	\$ 298,393.22	\$ 316,296.81
Pleasanton	Replacement Equipment Needed	\$ 74,031.94	\$ 85,382.54	\$ 87,987.58	\$ 89,671.60	\$ 91,484.56	\$ 468,559.40	\$ 81,663.21
	Ending Inventory	\$ 363,285.25	\$ 385,082.36	\$ 408,187.30	\$ 432,678.54	\$ 458,639.25	\$ 468,559.40	\$ 496,672.96
Turlock	Replacement Equipment Needed	\$ 49,431.85	\$ 55,790.17	\$ 57,372.55	\$ 58,460.45	\$ 59,644.56	\$ 24,821.81	\$ 318,425.59
	Ending Inventory	\$ 237,697.98	\$ 251,959.86	\$ 267,077.45	\$ 283,102.10	\$ 300,088.23	\$ 318,093.52	\$ 318,425.59
Ventura	Replacement Equipment Needed	\$ 81,599.04	\$ 91,760.23	\$ 94,329.26	\$ 96,115.07	\$ 98,062.48	\$ 40,827.97	\$ 523,377.82
	Ending Inventory	\$ 391,041.25	\$ 414,503.73	\$ 439,373.95	\$ 465,736.39	\$ 493,680.57	\$ 523,301.41	\$ 523,377.82

2010 ERF Projects
Fiscal Year 2010 (1 July 2009 - 30 June, 2010)

	Action	Cost (Estimated)	Date	Priority	Status
Redwood acres	TVs removed along with decoders Control equipment remains				
	Install OTB in Bear River Casino	\$15,000	3/21/10	1	Pending
Turlock	Replace 6 - 42" TVs	\$6,337	12/2/09		Completed
Vallejo	Visit Pending; Big Screen TVs in the KIOSK area are 12 years old Need to be replaced	\$8,000			Pending
Lancaster	26 - 9" Phillips have button issues Replaced with 10" LCDs	\$5,500		1	Done
	Would like 7 additional Sec Cameras	\$3,000		2	Approved 50%
Perris	1. Install 9-42" LCDs in Bar; 3 - 53 " LCDs in Bar JR Soufettes (9) Installation	\$8,300 \$4,700 \$3,500 \$2,000		1	Done Done Done Done
	2. Move 2 - 35" LCDs to bar area	\$1,000		2	
	Install 4- 42 LCDs above tote stands	\$6,000		2	
	3. Install 8 - 15" LCDs in bar area	\$3,000		3	
	4. Install 12 - 10" LCDs in carolls	\$2,250		3	
	5. Repair TV mounts for Smoking Area.	\$250			
	6. Replace Modulators	\$14,000		3	Done
Nat'l Orange	1. 11 - 42" LCDs; 1 - 53"LCD in bar JR Soufettes- (11) Installation	\$10,000 \$3,600 \$2,000		1	Done
	2. Sports bar - same set up	\$15,600		2	Pending
	3. 4 - 53" LCDs in entrance way	\$9,000		2	Pending
	4. 14 - 15" LCDs in Clubhouse	\$4,500		2	Pending
	5. Move tote display - install cabinet with 8 tvs. Similar to Turlock	\$12,000		3	Pending
Due 10 swapout (Maint comp only)		\$90,639		0	
Santa Maria	Due 09 swapout (Maint comp only) Replaced Defective TVs only	\$36,000		0	
Santa Rosa	1. 11 - 42" LCDs; 1 - 53"LCD in bar JR Soufettes- (11) Installation	\$10,000 \$3,600 \$2,000		1	Pending
	2. Install 10" LCD TVs in Clubhouse	\$3,000		1	Pending
Santa Barbara	All equipment removed 12/18/2009				

2010 ERF Projects
Fiscal Year 2010 (1 July 2009 - 30 June, 2010)

Indio	Due 09 Swapout (Maint Comp only)	\$37,000	0	
	Replace 4 projectors - old NECs	\$6,000	1	Done
	Replace remaining 8 -32" with LCDs	\$9,600	1	Pending
	Replace 15 soufettes	\$6,000	1	Pending
Fresno	Maintenance Only			
Alameda	Install 11 - 42" LCDs in Bar	\$13,500	12/8/09	Completed
	Replace Modulators	\$14,000	1	
Tulare	Pending replacement with Sports Bar			
	Tvs for outside patio	\$8,000	1	Jun-10
			2	
Monterrey	Audio Upgrade	\$1,200	1	Completed
	Bar and Tvs for sports bar concept	\$12,000	2	Pending
	OTB in Salinas	\$15,000	1	Pending
Victorville	Purchase 6 - 42" & 2 52" LCDs	\$10,584	12/15/09	Done
	Simo Fac moved		1/30/10	Done
Ventura	Replaced tvs in clubhouse	\$3,500		Done
Anderson	Due 10 Swapout	\$16,306		
	Visit April 18			
Total		\$406,160		

California Authority of Racing Fairs

Satellite Facility Screen Inventory

	Small TV's - 20" & under	TV's - 26"-35"	Big Screens - 40" & Up	Projectors
Anderson	1	35	8	0
Bakersfield	16	18	11	4
Cal Expo	289	70	14	15
Del Mar	575	321	63	14
Eureka	2	14	8	0
Fresno	66	19	15	6
Indio	65	43	28	3
Lancaster	209	58	14	6
Monterey	57	64	16	0
National Orange Show	222	205	4	12
Perris	197	12	0	14
Pleasanton	234	124	7	13
Santa Barbara	47	32	39	0
Santa Maria	7	61	18	0
Santa Rosa	62	73	16	7
Stockton	116	104	12	7
Tulare	2	25	12	0
Turlock	22	50	23	8
Vallejo	37	38	27	0
Ventura	144	441	0	14
Victorville	19	44	21	0
Total Screens	2389	1851	356	123
				4719

J. ERF Annual Expenditure Analysis - 2001-2009

This is a spreadsheet format that we have used to track annual ERF expenditures by location, showing site-by-site cumulative expenditures, with check-sum columns showing comparative expenditures, equipment inventory dollar value, and a comparative pro-rata inventory value.

Please look at the columns headed “*Totals*” and “*% of Total Exp*”: these columns show the actual expenditures that CARF has made from the Fund, shown by Fair location and by percentage of overall expenditures.

Now look at the column “*Equip Value*” and the column “*% Total*”: these columns show the dollar value of inventory at each location and the pro-rata percentage value of equipment at each location. Compare the actual expenditures (“*Totals*”) and the percentage of total expenditures that it represents (“*% of Total Exp*”) to the inventory value (“*Equip Value*”) and the pro-rata percentage of equipment value at each site (“*%Total*”).

This spreadsheet format helps us track balanced expenditures, both by relative size of expenditures and comparative parity by inventory value at each site.

California Authority of Racing Fairs
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Equipment Replacement Fund	2001	2002	2003	2004	2005	2006	2007	2008	2009	Totals	% of Total Exp	Equip Value 2005	% Total
Anderson	1,240.00	940.46	853.98	2,338.07	588.85	2,420.22	675.00	1,304.36	3,416.02	11,356.74	0.32%	79288	2.03%
Bakersfield			400.00					329.36		3,149.58	0.09%	58105	1.49%
Del Mar	28,161.98	10,358.03	143,943.98	31,190.36	47,698.74	2,069.12				263,422.21	7.35%	398252	10.20%
Eureka	36,429.81		3,855.36	970.00	6,876.35					68,702.76	1.92%	65235	1.67%
Fresno	11,618.72		5,562.21		16,196.67	5,023.90	8,643.04	17,501.42	16,416.47	80,962.43	2.26%	147010	3.76%
Indio	1,100.00	6,813.81	9,272.50	3,375.83	58,633.85	2,366.62	5,047.29	4,037.68	27,985.14	118,632.72	3.31%	152447	3.90%
Lancaster	4,358.35	19,310.56	1,589.00	20,855.22	21,146.37	20,910.57	18,442.52	1,813.83	5,996.52	114,422.94	3.19%	108642	2.78%
Lake Perris	28,892.17	31,060.74	54,005.13	23,329.06	20,312.16	34,934.80	23,258.53	16,985.30	26,112.45	258,890.34	7.22%	200402	5.13%
Monterey	65,941.34	44,803.56	20,121.49	9,885.88	20,719.17		1,988.78	329.36	3,418.04	167,207.62	4.66%	142581	3.65%
Pleasanton	94,385.66	118,803.42	37,936.71	2,605.98	32,782.67	7,851.35	15,799.12	15,359.08	22,860.34	348,384.33	9.72%	311581	7.98%
Sacramento	32,999.69	57,558.56	137,229.94	30,067.78	25,393.63	3,902.57				287,152.17	8.01%	317809	8.14%
San Bernardino (NOS)	35,183.77	93,573.89	25,773.36	13,204.66	110,728.89	5,152.18	13,154.70	31,673.64	30,895.22	359,340.31	10.02%	409033	10.47%
San Mateo								2,889.00		2,889.00	0.08%		
Santa Barbara (19th)	8,044.24	3,317.65	9,064.73	17,300.05	66,087.25	388.60	12,691.36	6,106.98	6,768.17	129,769.03	3.62%	131640	3.37%
Santa Maria (37th)	7,084.00	813.51	4,049.92	48,267.18	11,616.84	778.58	10,840.00		9,977.66	93,427.69	2.61%	136512	3.50%
Santa Rosa	10,718.39	13,430.29	54,058.32	34,627.55	100,911.64	10,285.78	29,553.51	12,717.34	4,910.38	271,213.20	7.56%	254340	6.51%
Stockton	1,990.11	47,912.45	90,813.48	5,618.22	11,325.57	6,782.12	9,830.17	4,354.89		178,627.01	4.98%	252146	6.46%
Tulare	3,514.52		33,199.88					8,431.09	1,853.74	46,999.23	1.31%	85006	2.18%
Turlock	8,517.46	5,008.26	87,321.21	84,158.47	8,527.85	4,287.96	18,748.54	5,505.65	12,095.21	234,170.61	6.53%	149013	3.82%
Vallejo	2,870.74	225.00	1,669.02	67,983.15	2,294.29	567.48	543.66	437.26	23,287.26	99,877.86	2.79%	154325	3.95%
Ventura	23,930.79	52,083.26	81,404.81	51,323.97	35,721.82	18,371.76	14,742.66	16,032.87	22,714.71	316,326.65	8.82%	242332	6.21%
Victorville	31,525.95	730.00	1,375.00	7,042.75	39,947.45	1,140.00	26,638.96	2,072.38	20,389.81	130,862.30	3.65%	109152	2.80%
Expenditures by location	438,507.69	506,743.45	803,500.03	454,144.18	637,510.06	127,233.61	210,597.84	166,015.23	241,534.64	3,585,786.73	100.00%	3904851	100.00%
Spare/Trans				52,604.43						82,150.63			
Humboldt					(3,555.75)	13,036.87	17,565.70	2,499.38		4,718.98			
Internet (Tachyon), My					4,718.98								
Local Hotspot,Ca													
Image,Washington													
Invent,Chirms			16,115.49	5,577.46	27,542.76	741.55			67.09	50,044.35			
Insurance Expense	16,322.54	11,579.30	5,583.28							33,485.12			
Maintenance Expense	0.00	0.00								0.00			
Miscellaneous Exp/Staff time	27,210.07	36,802.04	69,165.44	56,966.08	60,311.57	78,905.97	53,588.91	61,447.92	67,892.47	512,290.47			
Administration Fee	19,845.57	26,621.65	56,140.00	26,118.61	44,125.00	11,209.10	17,772.00	12,620.00	18,306.00	232,757.93			
Security/Storage		999.96	4,355.00	4,242.00	9,730.00	3,530.00	7,380.00	3,805.00	4,080.00	38,121.96			
Total Expenditures	501,885.87	582,746.40	954,859.24	599,652.76	780,382.62	234,657.10	306,904.45	246,387.53	331,880.20	4,539,356.17			

K. Fair Satellite Network - Locations and Pari-Mutuel Distributions - 2007-2009

This report describes the Fairs and details its contributions to the California racing industry. It is especially important to note the commissions that flow to Fairs which conduct satellite wagering; this is a measure of the importance of this activity as a source of revenue for Fairs.

In our estimation, there are a number of important **business** benefits provided to CARF member Fairs by the Equipment Replacement program. The ERF helps protect and preserve an important business activity and source of revenue at Fairs. Some of these benefits are listed below.

- This program has helped keep Fair satellite facilities operating and generating revenue for Fairs, **without any significant equipment failures for twenty years**. Every Fair has been equipped with sufficient redundancy to deal with intermittent failures. Proper maintenance and replacement of equipment, based on a schedule of its anticipated useful life-time, prevent significant failures. Business continues without interruption.
- Satellite wagering is one of the significant revenue generating business activities for Fairs. In 2009, satellite wagering generated \$8.78 million in commissions to participating Fairs.
- Fair satellite wagering facilities operate in an increasingly competitive environment. This program has helped keep Fair satellites state-of-the-art and competitive with tribal casinos and other competitors.
- The program has also provided first-class, specialized technical support that is not easy to find in local markets. This specialized, high-quality technical support has been provided at no cost to participating Fairs.
- Since 1998, because of the continuing allocation agreement that CARF negotiated with CDFA F&E, F&E funding through CARF has relieved Fairs of the financial burden of replacing this equipment from their own scarce funds. Since 1998, those equipment expenditures can be measured in the millions of dollars.

California Fairs' Satellite Network



Artist Rendering of the Alameda County Fair Satellite Wagering Facility in Pleasanton, CA

- **Map of Satellite Network Locations**
- **Facility Descriptions**
- **Pari-Mutuel Handle and Distributions
2007 - 2008 - 2009**




Presented by: Christopher Korby, Executive Director
California Authority of Racing Fairs
February 2010



Fair Satellite Wagering Facilities



California Fairs Satellite Network

Location	Fair/Regional Description	Table/ Carrel Seating	 Food Service					 Vehicle Parking	 Viewing Displays			
			Restaurant	Deli	Grill	Catering	Beverages & Full Bar		Television	Big Screen TV's	Jumbo Screen TV's	Carrel tabletop TV's
Anderson	Shasta District Fair	240		✓	✓	✓	✓	505	12	5		
Bakersfield	Kern County Fair	600		✓		✓	✓	Unlimited	26	12	2	
Del Mar	San Diego County Fair	3,500	✓	✓		✓	✓	12,000	425	40	4	
San Mateo	San Mateo County Fair	900		✓	✓	✓	✓	Unlimited	175	10	16	
Fresno	Big Fresno Fair	600		✓	✓	✓	✓	3,000	13	16	6	
Indio	Riverside County Fair	500		✓	✓	✓	✓	400	50	10		
Lancaster	Antelope Valley Fair	450		✓	✓	✓	✓	400	60		6	120
Monterey	Monterey California Fair	332		✓	✓	✓	✓	235	18	4		8
Perris	Southern California Fair	350		✓		✓	✓	250	65	6		54
Pleasanton	Alameda County Fair	800	✓	✓	✓	✓	✓	1,500	95		10	60
Pomona	Los Angeles County Fair	1,000	✓			✓	✓	45,000	65	8		147
Sacramento	Cal Expo & State Fair	950	✓	✓	✓	✓	✓	10,140	105		15	90
San Bernardino	National Orange Show	1,400	✓	✓		✓	✓	1,500	175		14	42
San Jose	Santa Clara County Fair	132		✓		✓	✓	475	20	10		
Santa Maria	Santa Barbara County Fair	250		✓	✓	✓	✓	565	42	14		
Santa Rosa	Sonoma County Fair	600	✓	✓	✓	✓	✓	1,000	90		8	20
Stockton	San Joaquin Fair	500		✓	✓	✓	✓	750	120	14	10	
Tulare	Tulare County Fair	300		✓	✓	✓	✓	1,000	14	6		
Turlock	Stanislaus County Fair	200		✓	✓	✓	✓	1,000	12	6	6	
Vallejo	Solano County Fair	250		✓	✓	✓	✓	250	40	16		
Ventura	Ventura County Fair	600		✓	✓	✓	✓	1,700	165		14	26
Victorville	San Bernardino County Fair	350		✓	✓	✓	✓	350	26	8		

PARI-MUTUEL DISTRIBUTIONS REPORT FOR

SATELLITE FACILITIES LOCATED AT CALIFORNIA FAIRS

2009

CHRRMS Detailed Distribution Report																			
Date Range: 01/01/2009 - 12/31/2009			Race Type: All Races			Hosts: All Hosts			Locations: All Locations			Tracks: All Tracks							
Report By: Location			Location Types: Fairs			Breed: Thoroughbreds			On/Off: Off Track										
Location	Handle	License	CHRB Support Fee	F&E	City & County Tax	N/SCOTWinc Exp. Fund	UC Davis Equine Research	Satellite Location	Van/Stable Fund	Work Comp.	CMC Promotion	PFAB509	Track Commission	Purses	Owners	Breeders/ Sires	To Out of State Tracks	Total Distributions	Attendance
Anderson	2,099,707	0	4,166	1,808	6,838	75,236	2,100	41,441	24,774	3,533	8,295	0	101,095	100,557	1,446	10,946	29,568	411,802	7,584
Bakersfield	6,674,603	0	12,425	5,252	21,769	239,927	6,675	131,933	76,588	13,582	26,474	1,715	327,161	325,764	4,469	34,678	82,228	1,310,641	33,064
Eureka	1,442,242	0	1,460	1,038	4,707	51,247	1,442	28,524	17,112	2,058	5,705	0	63,523	63,565	998	7,490	22,353	271,223	2,724
Ferndale	172,728	0	398	381	570	10,364	173	3,455	2,071	387	691	0	6,903	6,783	121	844	1,460	34,601	
Fresno	6,638,013	0	11,884	5,420	21,623	235,595	6,638	131,049	76,546	12,629	26,284	1,271	318,506	316,780	4,467	34,503	95,895	1,299,090	28,267
Fresno Club One	2,929,022	0	6,318	2,692	9,585	105,171	2,929	58,088	33,799	5,874	11,636	971	144,555	143,939	1,972	15,295	39,103	581,927	5,723
Lake Perris	13,502,685	0	49,965	11,994	44,305	364,193	13,503	268,518	163,766	30,800	53,894	1,916	668,586	660,928	9,171	73,772	134,133	2,549,445	65,786
Lancaster	13,230,943	0	48,411	11,970	43,425	358,312	13,231	263,181	159,697	28,102	52,796	3,189	673,898	666,673	8,943	72,164	151,670	2,555,662	63,719
Monterey	6,455,496	0	11,825	4,146	21,056	226,746	6,456	127,611	74,015	11,304	25,569	2,453	323,494	321,802	4,319	33,580	102,167	1,296,541	27,486
Pleasanton	35,393,360	0	71,261	31,549	115,988	1,273,014	35,394	702,957	412,095	66,013	140,771	8,172	1,697,129	1,691,097	24,049	185,105	459,182	6,913,775	117,055
Pomona	47,180,771	0	195,825	39,275	155,012	1,210,381	47,181	939,467	573,077	105,411	188,168	11,601	2,426,358	2,399,074	32,092	259,598	489,973	9,072,494	165,023
Sacramento	24,479,836	0	46,900	21,043	79,984	885,604	24,480	484,752	280,263	46,032	97,776	684	1,093,812	1,090,318	16,355	127,825	339,679	4,635,509	97,970
San Bernardino	26,306,624	0	95,667	24,355	86,367	715,518	26,307	523,437	318,068	60,824	105,074	4,542	1,328,615	1,314,121	17,812	143,564	279,318	5,043,590	136,508
San Jose	30,113,338	0	59,767	26,498	98,849	1,105,664	30,114	599,082	347,779	59,062	119,970	11,521	1,487,915	1,482,022	20,292	157,056	400,947	6,006,538	125,769
San Mateo County	71,996,382	0	149,569	67,578	236,545	2,653,283	71,997	1,433,608	841,091	137,324	286,803	20,999	3,507,760	3,495,884	49,076	376,432	926,899	14,254,847	207,626
Santa Barbara	5,092,580	0	17,554	4,732	16,632	134,917	5,093	100,799	62,735	10,343	20,181	0	256,950	253,564	3,513	27,732	73,443	988,188	16,497
Santa Maria	5,251,315	0	19,522	4,757	17,185	137,163	5,252	104,151	64,996	10,887	20,830	105	263,924	260,340	3,640	28,737	61,943	1,003,431	15,045
Santa Rosa	10,420,797	0	20,312	9,096	33,915	362,121	10,421	205,542	120,371	19,756	41,145	2,676	499,183	498,096	7,025	54,251	142,701	2,026,611	54,299
Shalimar (Indio)	6,325,869	0	19,589	4,755	20,685	166,518	6,326	125,359	77,759	14,832	25,117	44	323,961	319,864	4,354	34,422	73,796	1,217,380	26,981
Stockton	16,398,362	0	34,707	16,435	53,752	596,577	16,399	325,769	189,797	32,687	65,282	4,639	800,814	798,022	11,075	85,675	211,377	3,243,007	75,479
Surfside Race Place	52,086,933	0	145,702	30,495	170,500	1,383,415	52,087	1,033,330	636,468	110,638	206,764	9,131	2,440,663	2,408,135	35,642	282,289	615,299	9,560,558	167,273
Tulare	3,317,738	0	6,673	3,065	10,838	119,669	3,318	65,684	39,232	5,372	13,143	108	151,680	150,885	2,289	17,337	45,549	634,844	13,927
Turlock	8,098,763	0	17,090	7,611	26,502	296,919	8,099	160,619	95,857	13,146	32,138	324	394,061	392,000	5,593	42,343	122,094	1,614,394	28,129
Vallejo	14,124,551	0	28,775	13,779	46,345	526,094	14,125	280,881	162,967	28,830	56,217	6,447	697,972	695,071	9,509	73,492	183,364	2,823,868	60,269
Ventura	24,844,298	0	95,667	21,542	81,551	661,038	24,845	494,248	303,847	51,243	99,022	3,359	1,267,564	1,252,365	17,016	136,106	305,150	4,814,563	77,759
Victorville	7,248,843	0	27,264	6,899	23,793	199,498	7,249	144,201	86,774	16,608	28,897	2,899	368,356	364,652	4,859	39,420	77,835	1,399,204	47,111
(Total: 27 records)	441,825,799	0	1,198,698	378,165	1,448,319	14,094,184	441,837	8,777,686	5,241,546	897,276	1,758,641	98,766	21,634,439	21,472,301	300,097	2,354,655	5,467,125	85,563,734	1,667,073

\$14.1 Million
NCOTWinc. & SCOTWinc.
Expense Fund

\$21.6 Million
Track Commissions

\$21.4 Million
to Purses

\$2.4 Million
Breeders & Sires Programs

\$85.6 Million
in Total Industry
Distributions

In 2009, 1,667,073 patrons visited Fair Satellite Wagering Facilities and bet \$441.8 million, contributing \$85.6 million to the CA racing industry.

PARI-MUTUEL DISTRIBUTIONS REPORT FOR SATELLITE FACILITIES LOCATED AT CALIFORNIA FAIRS 2008

CHRIMS Detailed Distribution Report

Date Range: 01/01/2008 - 12/31/2008		Race Type: All Races		Hosts: All Hosts		Locations: All Locations		Tracks: All Tracks								
Report By: Location		Location Types: Fairs		Breed: Thoroughbreds		On/Off: Off Track										
Location	Handle	License	City & County Tax	N/SCOTWinc Exp. Fund	UC Davis Equine Research	Satellite Location	Van/Stable Fund	Work Comp	CMC Promotion	Track Commission	Purses	Owners	Breeders/Sires	To Out of State Tracks	Total Distributions	Attendance
Anderson	2,378,571	28,930	7,740	77,237	2,379	46,912	26,936	4,534	9,387	115,728	115,237	1,639	12,328	30,968	479,956	8,189
Bakersfield	7,279,476	87,555	23,771	243,636	7,280	144,066	80,477	14,998	29,025	357,264	356,099	4,894	37,756	84,119	1,470,940	32,761
Eureka	1,878,261	23,313	6,140	57,213	1,879	37,214	21,420	2,993	7,443	88,175	88,207	1,302	9,852	28,061	373,212	3,887
Ferndale	192,524	1,531	635	11,551	193	3,850	2,212	446	770	7,439	7,306	135	924	1,453	38,447	
Fresno	8,961,003	106,501	29,233	294,494	8,961	177,168	100,146	18,116	35,589	432,548	430,451	6,092	46,385	115,028	1,800,713	31,950
Fresno Club One	2,696,150	32,189	8,855	91,234	2,697	53,669	30,008	5,920	10,811	133,158	132,816	1,824	14,053	30,849	548,081	5,493
Lake Perris	17,566,696	357,452	57,671	473,013	17,567	349,520	176,784	41,970	70,256	852,053	841,849	11,987	93,751	153,945	3,497,818	75,215
Lancaster	14,965,410	301,072	49,123	404,961	14,966	297,714	149,945	32,765	59,903	734,253	725,909	10,168	79,821	153,033	3,013,634	75,343
Monterey	10,118,537	118,687	33,130	368,091	10,119	200,787	113,059	17,991	40,372	478,663	475,632	6,877	52,131	150,050	2,065,590	30,417
Pleasanton	40,025,036	488,559	131,280	1,286,378	40,025	795,636	449,601	82,211	159,845	1,970,419	1,968,418	27,345	209,536	456,075	8,065,328	129,350
Pomona	47,778,698	973,174	157,037	1,221,634	47,779	951,738	481,214	111,757	191,261	2,387,339	2,359,255	32,672	256,421	458,799	9,630,080	151,415
Sacramento	28,538,753	343,489	93,336	940,830	28,539	565,673	314,596	57,649	114,084	1,286,742	1,285,158	19,133	148,495	353,659	5,551,384	110,890
San Bernardino	32,262,038	647,499	105,956	875,246	32,262	642,160	323,886	75,860	129,185	1,585,213	1,567,057	21,948	172,140	314,837	6,493,248	142,907
San Jose	37,217,103	446,124	122,282	1,281,388	37,217	741,104	416,150	73,854	149,118	1,812,915	1,808,126	25,311	193,758	465,383	7,572,730	124,951
San Mateo	27,204,748	319,458	89,107	889,462	27,205	540,043	305,523	55,321	108,506	1,346,232	1,342,846	18,553	141,576	313,078	5,496,911	89,266
Santa Barbara	6,718,134	135,933	21,986	178,131	6,718	133,246	68,161	14,704	26,711	326,981	322,691	4,621	35,778	78,875	1,354,534	22,386
Santa Maria	6,079,864	124,038	19,930	161,927	6,080	120,790	61,843	12,564	24,212	290,456	286,561	4,190	32,426	63,195	1,208,213	20,342
Santa Rosa	12,454,092	151,965	40,645	397,094	12,454	246,334	139,133	25,449	49,496	607,660	606,926	8,462	64,882	150,399	2,500,898	63,165
Shallimar (Indio)	7,239,549	148,349	23,712	190,146	7,240	143,706	74,019	18,485	28,793	361,790	357,080	4,993	38,621	68,965	1,465,899	28,625
Stockton	20,194,698	246,032	66,240	660,474	20,195	401,456	225,927	41,174	80,733	991,421	990,075	13,742	105,531	239,948	4,082,948	85,941
Surfside Race Place	64,078,779	1,292,925	209,956	1,695,745	64,079	1,272,459	647,542	146,130	255,144	3,062,067	3,021,268	44,080	341,761	663,916	12,717,072	196,795
Tulare	3,614,488	44,078	11,805	119,916	3,615	71,542	40,956	6,262	14,327	168,186	167,407	2,491	18,768	46,653	716,004	17,562
Turlock	9,299,765	112,868	30,459	306,790	9,300	184,602	105,722	16,838	36,964	460,337	458,310	6,431	48,476	127,097	1,904,193	32,840
Vallejo	15,856,784	191,530	52,048	522,889	15,857	315,440	176,967	33,933	63,485	796,592	793,944	10,763	82,847	191,901	3,248,196	68,256
Ventura	29,437,699	589,470	96,660	785,231	29,438	585,817	298,355	65,056	117,560	1,459,766	1,441,547	20,226	157,263	320,619	5,967,007	84,903
Victorville	8,271,938	164,917	27,148	225,815	8,272	164,533	82,496	19,590	33,149	408,308	403,956	5,589	44,078	80,704	1,668,556	50,320
(Total: 26 records)	462,308,792	7,477,639	1,515,887	13,760,527	462,318	9,187,179	4,913,077	996,569	1,846,129	22,521,705	22,354,130	315,467	2,439,358	5,141,607	92,931,590	1,685,407

\$13.7 Million
NCOTWinc. & SCOTWinc.
Expense Fund

\$22.5 Million
Track Commissions

\$22.4 Million
to Purses

\$2.4 Million
Breeders & Sires
Programs

\$92.9 Million
in Total Industry
Distributions

In 2008, 1,685,407 patrons visited Fair Satellite Wagering Facilities and bet \$462.3 million, contributing \$92.9 million to the CA racing industry.

PARI-MUTUEL DISTRIBUTIONS REPORT FOR SATELLITE FACILITIES LOCATED AT CALIFORNIA FAIRS 2007

CHRIMS Detailed Distribution Report

Date Range: 01/01/2007 - 12/31/2007 Race Type: All Races Hosts: All Hosts Locations: All Locations Tracks: All Tracks
 Report By: Location Location Types: Fairs Breed: Thoroughbreds On/Off: Off Track

Location	Handle	License	City & County Tax	N/SCOTWinc Exp. Fund	UC Davis Equine Research	Satellite Location	Van/Stable Fund	Work Comp	CMC Promotion	Track Commission	Purses	Owners	Breeders/Sires	To Out of State Tracks	Total Distributions	Attendance
Anderson	2,750,947	33,367	8,925	86,007	2,751	54,089	31,044	5,432	10,823	137,686	137,043	1,889	14,268	37,026	560,350	8,314
Bakersfield	8,115,501	96,943	26,490	262,463	8,116	160,545	90,102	17,478	32,301	404,587	403,115	5,485	42,222	91,909	1,641,756	35,953
Eureka	1,912,128	23,464	6,214	54,700	1,912	37,660	21,644	3,622	7,533	94,600	93,998	1,317	10,016	28,912	385,591	4,296
Ferdale	189,898	1,473	627	11,394	190	3,798	2,183	477	760	7,352	7,221	133	912	1,235	37,753	
Fresno	9,396,103	110,259	30,561	294,590	9,397	185,219	104,735	19,048	37,197	460,730	458,608	6,376	48,689	120,796	1,886,205	34,259
Fresno Club One	4,243,999	51,297	13,921	137,311	4,244	84,371	47,595	8,914	16,954	211,248	210,377	2,897	22,204	50,917	862,251	6,151
Lake Perris	20,259,128	411,188	66,260	544,813	20,260	401,577	208,504	46,521	80,724	971,238	959,537	13,769	107,691	193,628	4,025,711	84,566
Lancaster	17,813,777	358,938	58,332	477,872	17,814	353,530	183,353	39,132	71,085	865,841	855,653	12,108	94,837	186,874	3,575,369	84,322
Monterey	11,426,532	136,454	37,351	383,005	11,427	226,366	127,433	19,873	45,510	537,475	534,484	7,757	59,340	166,601	2,293,076	32,408
Pleasanton	45,986,863	555,862	150,344	1,441,641	45,987	911,174	514,856	93,935	183,023	2,264,569	2,261,695	31,339	240,483	533,480	9,228,390	140,711
Pomona	58,957,780	1,205,037	193,286	1,499,580	58,958	1,171,429	610,169	137,098	235,294	2,913,085	2,877,855	40,294	315,681	582,053	11,839,820	171,176
Sacramento	35,104,301	420,425	114,630	1,165,178	35,105	694,725	387,202	69,641	140,011	1,685,499	1,683,687	23,569	182,255	434,082	7,036,009	125,792
San Bernardino	36,067,703	725,335	118,105	973,246	36,069	715,790	370,843	84,051	143,963	1,757,708	1,737,264	24,490	191,918	361,742	7,240,524	157,752
San Jose	40,281,500	478,739	132,112	1,304,829	40,282	800,677	450,233	78,467	161,019	1,977,486	1,972,195	27,405	210,697	515,487	8,149,628	123,033
Santa Barbara	9,078,634	182,417	29,688	241,760	9,079	179,924	94,402	19,285	36,075	438,374	432,616	6,234	48,290	110,421	1,828,566	24,381
Santa Maria	6,896,280	140,752	22,511	182,327	6,897	136,432	71,483	14,176	27,364	326,697	322,390	4,721	36,635	74,716	1,367,099	22,826
Santa Rosa	14,772,858	178,976	48,077	443,228	14,774	291,375	164,411	31,350	58,547	734,518	733,633	10,008	77,175	179,845	2,965,917	65,460
Shalimar (Indio)	9,470,832	192,624	30,853	247,260	9,471	186,990	98,236	24,202	37,480	474,710	468,657	6,487	50,256	98,891	1,926,117	33,799
Stockton	21,543,607	260,535	70,500	673,007	21,544	427,275	240,130	45,271	85,938	1,080,241	1,078,732	14,617	112,818	252,538	4,363,144	92,298
Surfside Race Place	71,343,324	1,444,245	232,179	1,883,133	71,344	1,407,147	738,292	163,599	282,136	3,371,519	3,326,319	48,755	377,801	781,019	14,127,487	228,136
Tulare	4,268,785	51,459	13,924	138,255	4,269	84,389	48,262	7,828	16,900	200,523	199,608	2,938	22,189	55,848	846,392	19,995
Turlock	9,831,525	118,310	32,160	309,961	9,832	194,910	111,557	17,774	39,027	491,106	488,720	6,790	51,423	137,189	2,008,759	35,236
Vallejo	17,493,465	210,216	57,308	560,003	17,494	347,320	194,794	38,704	69,892	884,616	881,735	11,857	91,490	211,173	3,576,601	77,277
Ventura	33,830,173	675,438	110,571	903,719	33,831	670,130	350,353	77,645	134,480	1,672,093	1,651,252	23,137	179,803	374,069	6,856,521	94,842
Victorville	10,669,615	214,435	34,955	290,212	10,670	211,845	109,447	24,249	42,636	517,262	511,394	7,228	56,763	106,215	2,137,310	55,954
(Total: 25 records)	501,705,256	8,278,187	1,639,885	14,509,495	501,719	9,938,685	5,371,264	1,087,771	1,996,675	24,480,763	24,287,787	341,599	2,645,855	5,686,664	100,766,348	1,758,937

\$14.5 Million
 NCOTWinc. & SCOTWinc.
 Expense Fund

\$24.5 Million
 Track Commissions

\$24.3 Million
 to Purses

\$2.6 Million
 Breeders & Sires
 Programs

\$100.8 Million
 in Total Industry
 Distributions

In 2007, 1,758,937 patrons visited Fair Satellite Wagering Facilities and bet \$501.7 million, contributing \$100.8 million to the CA racing industry.