

State of California

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MEMORANDUM

Date: May 30, 2018
To: Board of Directors
California Exposition & State Fair
Via: Rick K. Pickering, Chief Executive Officer
From: Samantha Brown, Administrative Deputy General Manager
Subject: Horse Racing Board Report – Watch and Wager

HARNESS RACING

In August 2012, Cal Expo entered into a lease agreement with Watch and Wager.com, LLC to operate a harness meet at Cal Expo. The term of the executed lease agreement was August 2012 through May 2017. The contract term included an option for Cal Expo to extend the existing contract (no specific extension period spelled out in contract). In March 2016 Watch and Wager requested to exercise their option to extend the contract an additional five years. They made this request a little over a year before the current contract expired in an effort to show investment in the future of harness racing at Cal Expo. In May 2016 the Board unanimously voted to extend the contract term for Watch & Wager to May 2022.

Over the last five years Watch and Wager.com, LLC has partnered with Cal Expo on several projects to improve the race track and the backstretch, some of these projects include:

- Track maintenance and improvement (grading, chemical testing)
- New inside racing rail
- Backstretch access control
- Backstretch increased surveillance and security

Watch and Wager just finished their 12th meet (spring and fall are each a meet) at Cal Expo on May 5th. Attached are some bullet points, from Watch & Wager, outlining some of the successes and opportunities available to Watch and Wager as well as some challenges facing the harness racing meet and industry.

2017-2018 Year in Review

This year's race meet had several challenges and a few bright spots. We look forward to discussing the year in review and sharing our outlook for this fall.

Challenges:

- Lack of horse population
- 59 fewer live races
- Competing track in the Midwest opened in the months of Jan/Feb
- 5 nights worth of imported signals canceled
- Handle down 8% for the overall meet

Highlights:

- Strong influx of Western Canadian horsemen year-over-year
- Cal Expo and The Meadowlands are the only two tracks in the country to offer \$50k Pick-4 Guarantees
- California Sires Stakes program experienced a resurgence
- Family Value Night was well-received and strongly attended