

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6042



REGULAR MEETING

of the **California Horse Racing Board** will be held on **Thursday, January 17, 2013**, commencing at **9:30 a.m.**, in the **Baldwin Terrace Room** at the **Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California**. The audio portion only of the California Horse Racing Board regular meeting will be available online through a link at the CHRB website (www.chrb.ca.gov) under "Webcasts."

AGENDA

Action Items:

1. **Approval of the minutes of November 15, 2012.**
2. **Public Comment:** Communications, reports, requests for future actions of the Board. **Note:** Persons addressing the Board under this item will be restricted to **three (3) minutes** for their presentations.
3. Discussion and action by the Board regarding the **distribution of race day charity proceeds of the Los Angeles Turf Club II in the amount of \$37,073 to 11 beneficiaries.**
4. Discussion and action by the Board regarding a **report from the California Marketing Committee (CMC) regarding its 2013 marketing and promotion plans pursuant to Business and Professions Code section 19605.73 (b).**
5. Discussion and action by the Board on the **Application for License to Operate a Minisatellite Wagering Facility at the Tilted Kilt Pub and Restaurant in downtown San Diego, California.**
6. Discussion and action by the Board regarding the **BetFair Hollywood Park 2013 allocated fall race dates.**
7. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
 - A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).

- B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).

- C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126, (a).

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Jacqueline Wagner.

CALIFORNIA HORSE RACING BOARD

Keith Brackpool, Chairman
David Israel, Vice Chairman
Steve Beneto, Member
Jesse H. Choper, Member
Bo Derek, Member
Richard Rosenberg, Member
Chuck Winner, Member
Kirk E. Breed, Executive Director
Jacqueline Wagner, Assistant Executive Director

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6042



PENDING LITIGATION
JANUARY 2013

SUPERIOR COURT LITIGATION

- A. Patrick Gleason vs. Anne Glasscock and the California Horse Racing Board**
Superior Court of California, County of Sacramento, Case No. 34-2010-00076781
- B. Jeff Mullins vs. CHRB, et al**
Superior Court of California, County of San Diego, Case No. 37-2010-00092212
- C. San Luis Rey Racing, Inc., vs. CHRB, et al**
Superior Court of California, County of San Diego, Case No. 37-2011-00096586
- D. Alexander Sywak vs. CHRB**
Superior Court of California, County of Sacramento, Case No. 34-2011-800001021
- E. Morteza Atashkar vs. CHRB**
Superior Court of California, County of Sacramento, Case No. 34-2008-00024426

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6022



**PENDING ADMINISTRATIVE ADJUDICATIONS
JANUARY 2013**

CASE

**A. Appeal of the Board of Stewards Official Ruling #18, Alameda County Fair,
Dated July 14, 2011**

Laura Franklin, Appellant
San Francisco Equine, Inc., Cross-Appellant
OAH No. 2012031005

B. Fitness for Licensure

Harold Sinne
SAC 12-0043

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Hollywood Park Race Track, Sunset Room**, 1050 South Prairie Avenue, Inglewood, California, on **November 15, 2012**.

Present: Keith Brackpool, Chairman
David Israel, Vice-Chairman
Steve Beneto, Member
Jesse H. Choper, Member
Richard Rosenberg, Member
Chuck Winner, Member
Kirk E. Breed, Executive Director
Robert Miller, General Counsel

APPROVAL OF THE MINUTES OF OCTOBER 18, 2012

Chairman Brackpool asked for approval of the minutes of the Regular Meeting of October 18, 2012. Vice-Chairman Israel **motioned** to approve the minutes. Commissioner Beneto **seconded** the motion, which was **unanimously carried**.

PUBLIC COMMENT

There were no public comments.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF THE HOLLYWOOD PARK RACING ASSOCIATION IN THE AMOUNT OF \$99,003 TO 17 BENEFICIARIES.

Chairman Brackpool thanked Hollywood Park Racing Association (HPRA) for the exhibit HPRA provided that explained the charities it selected. He suggested it would be nice to have a similar exhibit with all race day charity distribution requests. Vice-Chairman Israel said that others could use parts of the exhibit provided by HPRA being that they contributed to many of the same charities. Chairman Brackpool **motioned** to approve the request by HPRA to distribute

its race day charity proceeds. Vice-Chairman Israel **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD TO APPROVE THE AUDIT REPORT BY THE CALIFORNIA HORSE RACING BOARD AUDITING UNIT OF THE STABLING AND VANNING FUND AND TO SET A HEARING DATE, FORUM AND BRIEFING SCHEDULE REGARDING THE COMPLAINT OF SAN LUIS REY DOWNS.

Robert Miller, CHRB General Counsel, stated that there was pending litigation in San Diego Superior Court brought by San Luis Rey Downs Racing (SLRD) against various defendants, including the CHRB. The litigation was stayed pending the results of an audit being performed by the CHRB. Chairman Brackpool invited other parties to address the Board but added that it would not be appropriate to engage in an open discussion due to the pending litigation. Jack Liebau, representing the Stabling and Vanning committee, stated that Business and Professions Code section 19607 defined the members of the committee as the thoroughbred racing associations, fairs conducting thoroughbred racing, and the organization representing thoroughbred horsemen and horsewomen; and that it was separate and distinct from the Southern California Off-Track Wagering Organization (SCOTWINC). He stated that section 19607 provided that if the Stabling and Vanning money takeout, set at 1.25 percent, was not distributed to the Stabling and Vanning fund, 50 percent would go to purses and 50 percent to the racing associations. Mr. Liebau also stated that the Thoroughbred Owners of California (TOC) had 50 percent of the voting power on the Vanning and Stabling Committee. Commissioner Rosenberg asked Mr. Liebau how often the Board set the number of stalls required for each meeting. Mr. Liebau responded that the number of stalls, including those that were off-site, were defined in the application process. Commissioner Choper asked Mr. Liebau why he specified that the Vanning

and Stabling Committee was not wholly made up of racing associations. Mr. Liebau said the groups that made up the Stabling and Vanning committee included fairs and the TOC. Patrick Webb, representing SLRD, stated he wanted it to be clear that the CHRB was no longer a defendant to the SLRD action; however, he objected to the CHRB audit as it existed, stating that it did not have the needed evidence to satisfy the San Diego Superior Court. Mr. Webb said that the audit was missing both the number of race-eligible and non-race-eligible horses at the meet as well as the race-eligible and non-race-eligible horses stabled offsite; it was also missing data from years 2006-2008, which were included in the SLRD claim, as well as evidence defining the amounts reimbursed. Mr. Webb said that if the Board approved the audit SLRD had no choice but to continue with the legal action. Commissioner Choper asked how SLRD stood to benefit from the legal action. Mr. Webb replied that ending payments for unnecessary off-site stabling would create fairer competition going forward for SLRD. He stated that the payments were more subsidies than reimbursements. Commissioner Rosenberg asked if the lawsuit could result in SLRD receiving damages. Mr. Webb said "yes". Laura Rosier, representing SLRD, stated that the audit should have been completed by November 1, 2012; that it did not address whether the section 19607 funds were disbursed properly; and that it spoke about CHRIMS data but did not report the CHRIMS data clearly. Ms. Rosier added that the TOC was not representing the owners well by allowing the distribution of funds that would otherwise go into purses. Chairman Brackpool **adjourned** the item to be continued in closed session.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM WATCH AND WAGER LLC TO AMEND ITS NOVEMBER 22, 2012 THROUGH DECEMBER 22, 2012 HARNESS LICENSE APPLICATION TO ALLOCATE DECEMBER 23, 2012 AS AN ADDITIONAL RACE DAY.

Jacqueline Wagner, CHRB staff, said Watch and Wager LLC, submitted an amendment to its application to operate a harness race meeting at Cal-Expo. The amendment would add December 23, 2012 as an additional race day. Chairman Brackpool stated that Watch and Wager was also requesting a change in post time to daylight hours. He asked if Los Alamitos had agreed. Ms. Wagner confirmed that Los Alamitos agreed. Vice-Chairman Israel **motioned** to approve the request. Commissioner Winner **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF ODS TECHNOLOGIES, L.P., DBA TVG, FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF UP TO TWO YEARS.

(Chairman Brackpool consolidated discussion of items seven, eight, and nine.)

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF CHURCHILL DOWNS TECHNOLOGY INITIATIVES COMPANY, DBA TWINSPIRES.COM, FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF UP TO TWO YEARS.

(Chairman Brackpool consolidated discussion of items seven, eight, and nine.)

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF XPRESSBET, LLC, FOR A CALIFORNIA MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF UP TO TWO YEARS.

Jacqueline Wagner, CHRB staff, stated that all three Advance Deposit Wagering Applications were missing track agreements pending the Monarch Content Management (MCM) negotiations, which would be completed towards the end of 2012. Chairman Brackpool asked why TVG was described as having nine remaining venues to negotiate. Ms. Wagner stated that TVG submitted license agreements that it represented as being completed with Hollywood Park, Los Alamitos, Del Mar, and Cal Expo; however, she added that these four were, in addition to their separately negotiated contracts, parties to the MCM agreement. Vice-Chairman Israel stated that the Board should limit the ADW license to one year given the pending introduction of exchange wagering. Chairman Brackpool **motioned** to approve the applications of ODS Technologies, L.P., DBA TVG; Churchill Downs Technology Initiatives Company, DBA Twinpires.com; and Xpressbet, LLC for license to conduct ADW for one year, conditioned upon receiving agreements negotiated by MCM. Vice-Chairman Israel **seconded** the motion, which was **unanimously carried**.

PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE PROPOSED ADDITION OF ARTICLE 27, EXCHANGE WAGERING AND THE FOLLOWING PROPOSED CHRB RULES GOVERNING EXCHANGE WAGERING IN CALIFORNIA: CHRB RULE 2086, DEFINITIONS; 2086.1, AUTHORIZATION FOR EXCHANGE WAGERING; 2086.5, APPLICATION FOR LICENSE TO OPERATE EXCHANGE WAGERING; 2086.6, OPERATING PLAN; 2086.7, EXCHANGE WAGERING DATA; 2086.8, MONITORING SYSTEMS AND NOTIFICATION; 2086.9, FINANCIAL AND SECURITY INTEGRITY AUDITS REQUIRED; 2087, SUSPENDING MARKETS; 2087.5, ANTEPOST MARKET; 2087.6, CANCELLATION OF MATCHED WAGERS; 2088, DECLARED ENTRIES; 2088.6, CANCELLATION OF UNMATCHED WAGERS; 2089, ERROR IN PAYMENTS OF EXCHANGES WAGERS; 2089.5, REQUIREMENTS TO ESTABLISH AN EXCHANGE WAGERING ACCOUNT; 2089.6, DEPOSITS TO AN EXCHANGE WAGERING ACCOUNT; 2090, POSTING CREDITS FOR WINNINGS FROM EXCHANGE WAGERS; 2090.5, DEBITS TO AN EXCHANGE WAGERING ACCOUNT; 2090.6, WITHDRAWALS BY ACCOUNT HOLDER; 2091, CLOSING AN INACTIVE EXCHANGE WAGERING ACCOUNT; 2091.5, SUSPENDING AN EXCHANGE WAGERING ACCOUNT; 2091.6, POWERS OF THE BOARD TO REVIEW AND AUDIT RECORDS; 2092, EXCHANGE WAGERS PLACED AFTER THE START OF A RACE; 2092.5, PROHIBITIONS ON WAGERS TO LAY A HORSE TO LOSE; 2092.6, SUSPENSION OF OCCUPATIONAL LICENSE AND RULE 2093, CERTAIN PRACTICES RELATED TO EXCHANGE WAGERING.

Chairman Brackpool stated the 15 day comment period was complete; first the Board would hear the one speaker that had comments pertaining to the rules and then the speakers with comments pertaining to the applications. Carlo Fisco, representing California Thoroughbred Trainers (CTT), stated his concern that the Board had not responded to many of the comments from CTT, or that the Board had not posted the 15-day comments/responses on the internet. Mr. Fisco asked the Board to take a close look at CTT's comments about the proposed Rule 2092.6, Suspension of Occupational License, which he stated was preventing licensees' from obtaining total and full disclosure of discovery when accused of a violation. Jacqueline Wagner, CHRB staff, stated that all of CTT's comments were reviewed and responded to. Chairman Brackpool added that at this stage many comments had been made over the legality of exchange wagering and the proposed regulations, but that was an issue the Office of Administrative Law (OAL) and/or the courts would determine. Chairman Brackpool said he wished to hear from the

Exchange Wagering Ad-hoc Committee members. Vice-Chairman Israel urged the Board to adopt the proposed exchange wagering rules. He said that doing so was not an approval of an exchange wagering program; the exchange wagering program would be determined when applications for license were reviewed. Commissioner Rosenberg said he agreed. Commissioner Choper asked Harold Coburn, CHR B staff, to respond to Mr. Fisco's comments. Mr. Coburn stated that as part of the submission process to OAL all comments were required to be responded to. Robert Miller, CHR B General Counsel, stated that issues similar to those with the proposed Rule 2092.6 had come up in the past, but that the invocation of the Administrative Procedures Act only applied to license revocations, not merely license suspensions. He said the opinion was passed on to the CHR B by the Attorney General's Office. Commissioner Winner asked if staff had read Drew Couto's letter on behalf of Global Betting Exchange (GBE). Ms. Wagner stated that the Board had followed all the correct procedures, had been above board and transparent. She said if the proposed exchange wagering rules were adopted by the Board it was only the initial step; the next step was approval by OAL. She added that in its review of the file the OAL would identify any issues it had with the proposed rules and return them to the Board for revision. Commissioner Choper asked if members of the public could sue if they disagreed with the conclusion reached by OAL. Ms. Wagner said "yes." Vice-Chairman Israel **motioned** to approve the proposed exchange wagering regulations. Commissioner Rosenberg **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO OPERATE EXCHANGE WAGERING BY BETFAIR U.S., LLC, FOR A PERIOD OF UP TO TWO YEARS.

(Chairman Brackpool consolidated discussion of items **eleven** and **twelve**.)

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO OPERATE EXCHANGE WAGERING BY CHURCHILL DOWNS TECHNOLOGY INITIATIVES COMPANY, FOR A PERIOD OF UP TO TWO YEARS.

Vice-Chairman Israel asked if the Board should hear the applications for license to operate exchange wagering before the proposed exchange wagering regulations were cleared through the Office of Administrative Law (OAL). Robert Miller, CHRB General Counsel, stated that the Board could take action but only contingent upon approval of the regulations by OAL. Stephen Burn, CEO of TVG, Betfair US (Betfair), stated that it was important that his organization's license application be addressed. An action by the Board would help bring clarity to Betfair investment decisions on exchange wagering. Jacqueline Wagner, CHRB staff, stated that Board approval of the applications did not in and of itself allow the industry to proceed with exchange wagering. Chairman Brackpool stated he understood that funding the exchange wagering oversight program was an issue. Executive Director Breed stated that because of the way the enabling statute was written the funds used to monitor, enforce and regulate exchange wagering could not be appropriated until May or June, 2013 given the timeframe the legislature was working on. If potential applicants were to give the CHRB the required funds associated with their applications, there was the possibility that, given the situation with California's budget, the administration could take away the funds and use them for other things. He said staff had about two to three months worth of training and implementation of new hardware and software. The trigger to getting the administrative side ready for implementation of exchange wagering was

having the money to spend to purchase the needed infrastructure. Executive Director Breed said in lieu of the money, the CHRB was asking interested parties to purchase the hardware, software and training associated with exchange wagering. Any funds expended would be offset against the amounts later. The parties would need to be licensed in order to proceed with exchange wagering. Mr. Burn said Betfair hoped that this process could take place in time for interested parties to commence exchange wagering at some point in 2013 and that Betfair was willing to provide its share of startup costs to make that happen. Brad Blackwell, representing Churchill Downs Technology Initiatives Company (CDTIC), expressed his organization's concern about the funding proposal. He pointed to what he thought was a lack of clarity associated with the license fee, and how it related to the enabling legislation which stated the Board could recoup costs and expenses associated with the regulation and licensing of exchange wagering. Mr. Blackwell also expressed concern with paying the license fee in advance. He questioned how it would be spent, or if it could be allocated elsewhere. Vice-Chairman Israel asked Mr. Blackwell if CDTIC would be willing to provide advance funding if Betfair was willing to do so. Mr. Blackwell responded that it was something CDTIC would have to consider. John Hindman, of TVG/Betfair, pointed out that the statute clearly stated the licensees would pay for the costs of their own regulation and that Betfair was willing to pay the fee in advance so the infrastructure could be put in place. He said that Betfair would pay the fee even if others waited to come forward with their applications at a later time. Executive Director Breed stated that the total costs for hardware, software and training to monitor exchange wagering for the first year would be an amount not to exceed \$530,000, which would be adjusted depending on the number of applicants. Commissioner Winner asked Mr. Blackwell if CDTIC did not know about the idea of paying for the CHRB infrastructure before the meeting. Mr. Blackwell stated that was correct.

Commissioner Winner asked Mr. Hindman if Betfair knew about the plan. Mr. Hindman stated that Betfair knew it was necessary for the Board to buy equipment, but did not have knowledge of a specific proposal. Chairman Brackpool expressed concern that the parties applying for licenses had no prior knowledge of the plan to pre-pay the costs of infrastructure. Commissioner Rosenberg pointed out that the applicants were aware that there would be a license fee up to \$1.4 million. The change was that the fee was actually less than previously thought. Vice-Chairman Israel asked what would happen if a third provider applied. Mr. Hindman said that it would not matter to Betfair because the amount Betfair paid would be credited towards its share of the CHRB's operating costs. Commissioner Rosenberg asked Mr. Blackwell if there was a relation between his objection to the Board issuing any license for exchange wagering and the fact that CDTIC was not ready to proceed with its exchange wagering program. Mr. Blackwell said he could not respond until he had an opportunity to consult with his organization. Chairman Brackpool asked if the Board was willing to issue CDTIC a license subject to a license fee, would CDTIC accept the license. Mr. Blackwell responded yes, but it would also be contingent on the proposed exchange wagering rules being approved by OAL. Mr. Blackwell added that he was confident OAL would address the issues associated with the proposed \$1.4 million license fee. Commissioner Winner said it appeared that CDTIC was not applying for a license, but was instead applying for the right to apply for a license at some later time, if the terms and conditions were agreeable. Richard Specter, representing Pacific Racing Association and the Los Angeles Turf Club, stated that the regulations that provided the Board the authority to grant a license for exchange wagering were not yet effective, because they had not been approved by OAL or filed with the Secretary of State; therefore, the Board did not have the authority to grant a license for exchange wagering. Commissioner Choper said the Board could grant a license, conditioned on

those regulations becoming effective. Carlo Fisco, representing California Thoroughbred Trainers (CTT), said he would argue that even a conditional license represented utilization of regulations and would still be illegal. Commissioner Choper asked Mr. Fisco how he defined 'utilized'. Mr. Fisco stated that the application in front of the Board was part of proposed regulations which had not been approved. Mr. Fisco added that the exchange wagering law was not written as self-executing; subsection 19604.5(m) stated that to effectuate the law regulations would be adopted. Chairman Brackpool stated the Board desired to make a decision that was fair for both sides and suggested giving CDTIC ten days to decide if it wanted to pay the \$530,000 application fee. Commissioner Winner questioned the purpose of collecting the fee to pay the start up costs of something that may never happen. Commissioner Choper commented that even if OAL did not delay its approval there would likely be other delays, such as lawsuits based on the same issues discussed, and that the Board should not add to such delays. Vice-Chairman Israel expressed concern over the possibility of paying back the license fees if exchange wagering never happened. There could be legal action that challenged the concept of exchange wagering. If the Board accepted the half million dollars and it was not an offset against a license fee, it was then a contribution to the CHRB by a license holder. Vice-Chairman Israel stated he was not sure if that was legal whether it was in-kind or cash. If it were not legal, the CHRB could be liable for paying the funds back, which would cause real financial harm. He suggested any action regarding the license applications could be postponed until the OAL made a decision on the regulations. Robert Miller, CHRB General Counsel, pointed out that the Board was not accepting any cash, but equipment and software that the Board would not take title to until the licenses were approved. Vice-Chairman Israel stated training was not a cost that could be returned. Executive Director Breed said that the associations provided in-kind contributions

Proceedings of the Regular Meeting of November 15, 2012

12

such as office space for investigators. Vice-Chairman Israel stated that the associations were already running, and asked what would happen if exchange wagering never started. Commissioner Winner said he would like clarification regarding the capital investment. Would the title for the hardware and software rest with the applicant for license? General Counsel Miller stated that was correct. Commissioner Winner said that if exchange wagering never went forward, then the applicant would own the software and hardware. General Counsel Miller said that was correct. Commissioner Winner stated the real issue was the cost of training. General Counsel Miller said the soft costs would only be incurred once exchange wagering regulations were approved by OAL. Executive Director Breed said he agreed. Commissioner Winner asked why the Board would need anything beyond the hardware and software costs. Executive Director Breed stated the Board could delay asking for training costs. Chairman Brackpool suggested the Board approve a provisional license subject to the adoption of the rules, which would allow the process to move forward and give CDTIC time to consider if it wanted to proceed. He stated that the license applications would have to come back to the Board, and at that time the prorated share of the required funds, not to exceed \$530,000 would be determined. Commissioner Beneto asked how the fee went from \$1.4 million to \$530,000. Vice-Chairman Israel said that the \$1.4 million was the cost of full operation and the \$530,000 reflected the costs of infrastructure and training. He asked who would establish the protocols for the work. Executive Director Breed said SAS, a software company that provided protocols for the British Horseracing Authority, would be providing the protocols. Commissioner Choper **motioned** to approve a provisional license to conduct exchange wagering for Betfair and CDTIC subject to OAL approving the proposed exchange wagering rules. Prior to June 30, 2013 licensees would have to submit the required equipment, software, and training in an amount not to exceed

\$530,000. However, the actual amount of any exchange wagering license fee would be divided between entities licensed to operate exchange wagering prior to June 30, 2013. Commissioner Winner **seconded** the motion, which was **carried**, with Vice-Chairman Israel **abstaining**.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE 2013 ALLOCATED RACE DATES TO PACIFIC RACING ASSOCIATION AT GOLDEN GATE FIELDS AND THE HUMBOLDT COUNTY FAIR AT FERNDALE AND THE OVERLAP AND HOST FEE REVENUES ASSOCIATED WITH THESE 2013 RACE MEETINGS.

Chairman Brackpool asked the parties if they were successful in negotiating an agreement. Jim Morgan, representing Humboldt County Fair (HCF), and Joe Morris, representing Golden Gate Fields (GGF), stated that they were much closer to a deal. Chairman Brackpool said the Board had approved the 2013 race dates for HCF and GGF. The issue was about who was going to get host fees on which date and whether any other form of commissions/subsidies would be paid. He said the issue was difficult because it was based on a disagreement between the parties over the numbers themselves; however, there was now data compiled by Northern California Off-Track Wagering Incorporated (NCOTWINC) that would help the Board find a compromise. Chairman Brackpool asked Mr. Morris if the gap between what HCF requested and what GGF offered was \$46,000 in commissions and \$62,000 in purses. Mr. Morris said that was accurate, but with the purses there was a \$20,000 overpayment. Vice-Chairman Israel asked if the overpayment could be clarified. Mr. Morgan stated that there was a consolidated purse fund that replaced the state funding for fairs. The fund supplements the fairs purses. Vice-Chairman Israel asked Mr. Morgan if HCF expected the other associations to pay the money that the State of California decided it would no longer pay. Mr. Morgan said that unlike the other race meets HCF did not have host status. Chairman Brackpool stated that the other race meets' request for

Proceedings of the Regular Meeting of November 15, 2012

14

host status was supported by the Thoroughbred Owners of California (TOC) and the California Authority of Racing Fairs (CARF) where HCF's request was not. He stated that the decision before the Board was whether to grant HCF no funds, \$46,000 or half the difference. Commissioner Beneto asked what GGF's bottom line offer was. Mr. Morris stated it was \$190,000 on commissions and \$90,000 on purses. He commented it was difficult for GGF to subsidize anything, so it added some non-monetary things that would help HCF. GGF would not race the first Thursday to help the horse population. GGF would run a two week turf festival for HCF. It would hurt GGF later because it would have to run the horses over two weekends rather than the whole summer. In addition, GGF would not run claiming races for less than \$5,000. Those were the non-monetary items GGF hoped would aid HCF. Commissioner Beneto asked if HCF was satisfied with the proposal. Mr. Morgan stated HCF was satisfied it was the highest and best proposal it received. He added HCF would like host status the opening Thursday. It would go a long way to fix the difference between HCF and GGF. Commissioner Beneto stated that Humboldt was only asking for four days. He commented that HCF had been in business for 117 years. Mr. Morris stated that GGF was not the villain; in 2012 it contributed \$320,000. He stated in 2013 \$280,000 was on the table, and the amount was more than fair as GGF had moved its position four times to get to that number. Mr. Morris stated that in 2011 the Board determined it would begin the process of weaning HCF off of subsidies and that GGF's offer reflected that policy. Commissioner Rosenberg asked how the issue impacted the other tracks and the TOC. Lou Raffetto, representing the TOC, stated that GGF had been extremely generous, adding that the \$50,000 reduction in GGF's purse money was a direct loss to TOC. Vice-Chairman Israel asked if the HCF was dependant on horse racing to remain sustainable. Mr. Morgan said that having a horse racing fair in such a unique setting was a part of the

Proceedings of the Regular Meeting of November 15, 2012

15

attraction, and that the fair brought \$6.4 million in revenue into the community. Vice-Chairman Israel stated it should be up to those that benefited in the community to support the racing fair, not the other associations. He added that by asking for money HCF was asking to socialize horse racing. Commissioner Beneto stated that it was more the big guy pushing the little guy out. Vice-Chairman Israel replied that there was no way one could consider GGF the big guy. Commissioner Beneto commented that GGF benefitted from Del Mar meetings. Mr. Morris acknowledged that Del Mar was popular with GGF patrons. Mr. Morgan pointed to the effort by HCF to increase local funding. He said that HCF was the only CARF meeting that increased its on-track handle, which demonstrated that the community was behind it. Commissioner Choper asked what HCF's annual attendance was. Mr. Morgan replied 60,000 for its meeting. Commissioner Choper suggested that raising the entrance fee by \$.50 could help; however, as GGF continued to pay HCF less per year raising the entrance fee was not a sustainable solution. Commissioner Rosenberg stated he would like to see the funding continue as it would allow a meeting that had been around for years to survive. Commissioner Winner asked Mr. Morgan what the minimum amount of money HCF needed to continue operations was. Mr. Morgan stated HCF needed approximately \$457,000. Commissioner Winner asked if HCF would immediately close if it did not receive the \$457,000. Mr. Morgan responded that it was up to the HCF executive director and its board. Commissioner Winner stated he believed the difference should be split down the middle and three days of host status should be granted to HCF. Chairman Brackpool pointed out that the remaining gap between the parties offers was no longer the middle of the originally negotiated numbers; the most obvious compromise was to split the final number. Chairman Brackpool **motioned** to divide in half the remaining difference of \$46,000 and to distribute the payment of \$23,000 between GGF, TOC and Del Mar. Vice-

Chairman Israel **seconded** the motion, and the motion **carried** with Commissioners Rosenberg and Beneto voting 'no'.

MEETING ADJOURNED AT 12:14 P.M.

Proceedings of the Regular Meeting of November 15, 2012

17

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof.

Chairman

Executive Director

CALIFORNIA HORSE RACING BOARD

JANUARY 17, 2013
REGULAR BOARD MEETING

There is no board package material for Item 2

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING THE
DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF
LOS ANGELES TURF CLUB II IN THE
AMOUNT OF \$37,073 TO 11 BENEFICIARIES

Regular Board Meeting
January 17, 2013

BACKGROUND

Business and Professions Code section 19550 states the Board shall require each licensed racing association that conducts 14 or less weeks of racing to designate three racing days, and each licensed racing association that conducts more than 14 weeks of racing to designate five racing days during any one meeting, to be conducted as charity days by the licensee for the purpose of distribution of the net proceeds therefrom to beneficiaries through the distribution agent. No racing association shall be required to pay to a distributing agent for the purpose of distribution to beneficiaries more than an amount equal to two-tenths of one percent of the association's total on-track handle on live races conducted by the association at the meeting. Business and Professions Code section 19556 provides that the distributing agent shall make the distribution to beneficiaries qualified under this article. At least 20 percent of the distribution shall be made to charities associated with the horse racing industry. An additional five percent shall be paid to a welfare fund and another five percent shall be paid to a non-profit corporation, the primary purpose of which is to assist horsemen and backstretch personnel who are being affected adversely as a result of alcohol or substance abuse. In addition to the above distributions, a separate 20 percent shall be made to a nonprofit corporation or trust, the directors or trustees of which shall serve without compensation except for reimbursement for reasonable expenses, and which has as its sole purpose the accumulation of endowment funds, the income on which shall be distributed to qualified disabled jockeys.

ANALYSIS

Los Angeles Turf Club II (LATC II) is requesting approval to distribute race day charity proceeds generated at its September 28, 2012 through November 4, 2012 race meeting at Santa Anita. From the net race day charity proceeds LATC II is proposing to distribute \$37,073. The list of organizations selected and amount to be distributed is listed on the attachment. Staff notes that 100 percent of the proceeds will be given to horse racing related organizations.

RECOMMENDATION

This item is presented for Board discussion and action. Staff recommends the Board approve the charity race day distribution as presented.



Frank De Marco, Jr., Esq.
Vice-President, Regulatory Affairs and Secretary

December 7, 2012

California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, California 95825

Re: Los Angeles Turf Club, Incorporated II's Charity Days Proceeds

Ladies/Gentlemen:

Los Angeles Turf Club, Incorporated II, doing business as "Santa Anita Park," has determined the beneficiaries of proceeds from "Charity Days" races conducted at Santa Anita Park during its 2012 Autumn Meet from September 28, 2012 through November 4, 2012 in the amount of \$37,072.66.

Attached hereto is the list of the organizations selected to be the beneficiaries of such Charity Days proceeds and the amount to be distributed to each. Distributions of the proposed amounts will be made upon approval by the California Horse Racing Board.

Please note that 100% of the distributions are to horse related charities.

Should you have any questions regarding the distributions or the matters set forth herein, please do not hesitate to contact the undersigned.

Very truly yours,

Frank De Marco, Jr.

FDM:mr

Enclosure

Los Angeles Turf Club, Inc.

285 W. Huntington Drive, P.O. Box 60014, Arcadia, CA 91066-6014 (626) 574-7223 Fax (626) 446-9565

Los Angeles Turf Club, Incorporated
 Distribution of Charity Days Proceeds
 2012 Autumn Meet (September 28, 2012-November 4, 2012)

I. <u>Horse Related Charities – BP 19556(b) (20% minimum)</u>	<u>Amounts</u>	<u>Subtotals</u>
California Equine Retirement Foundation, Inc.	\$ 1,000.00	
California Thoroughbred Foundation	1,000.00	
California Thoroughbred Horsemen's Foundation	1,000.00	
CARMA	1,000.00	
Edwin Gregson Foundation	8,205.66	
Racetrack Chaplaincy of America (Southern California Council)	1,000.00	
Southern California Equine Foundation, Inc.	1,000.00	
Tranquility Farm	1,000.00	
United Pegasus Foundation	1,000.00	
Winners Foundation	9,744.00	\$25,949.66
 II. <u>Welfare Fund for Backside Personnel – BP 19641(b) (5% minimum)</u>		
California Thoroughbred Horsemen's Foundation	1,854.00	1,854.00
 III. <u>Fund for Substance or Alcohol Abuse – BP 19556(b) (5% minimum)</u>		
Winners Foundation	1,854.00	1,854.00
 IV. <u>Disabled Jockeys Fund – BP 19556(c) (20% minimum)</u>		
Permanently Disabled Jockeys' Fund	7,415.00	7,415.00
 Total		<u>\$37,072.66</u>

ADDENDUM TO LOS ANGELES TURF CLUB II, INCORPORATED

REQUEST FOR AUTHORITY TO DISTRIBUTE

2011-2012 CHARITY DAY PROCEEDS

California Equine Retirement Foundation, Inc. – CERF is an organization that has developed into a full-care ranch to provide a full range of services to former race horses in need of rehabilitation toward retirement or placement in to a new career. CERF maintains 75 plus horses ranging in age from one year to 35 years, each having specific needs to insure proper health and optimal fitness. Each horse has its own paddock where appropriate portions are placed in feeders in the morning and again in the late afternoon. During the day hay is placed in outside feeders for grazing while the horses are turned out. Periodic re-evaluations are made to determine if any changes are needed in any individual's dietary regime. This program provides horses with proper nutrition to maintain health, fitness and longevity.

California Thoroughbred Foundation – CTF is a 503(c)(3) nonprofit organization that provides multiple benefits to individuals involved in the Thoroughbred industry. These include scholarship programs for veterinary medicine students at UC, Davis and maintenance of the Carleton F. Burke Memorial Library.

California Thoroughbred Horsemen's Foundation – CTHF is a 501(c)(3) nonprofit foundation that provides assistance to the low income backstretch community occupied with the care of Thoroughbred race horses at California's major race tracks and fair circuits and CHRB recognized off-track training centers. The organization maintains three clinics throughout the state which see over 10,000 people each year, including numerous children who are prepared medically to return to school each year.

CARMA – The California Retirement Management Account is organized to raise money for retired California race horses. Their mission statement provides that they assist Thoroughbred retirement facilities that care for and retrain horses whose careers have ended after competing in California Thoroughbred races. Their services include tracking of retired California race horses and in working to find homes for retired equines. CARMA also manages a grant request process and distributes funds to qualified retirement facilities caring for such horses. CARMA is dedicated to the goal of providing funding for the rehabilitation, retraining and/or retirement of Thoroughbred horses that have raced in California.

Edwin Gregson Foundation – A nonprofit charitable foundation organized for the purpose of improving the lives of backstretch workers and their immediate family members at California race tracks. The organization provides backstretch workers with many educational programs, including "English as a second language," bible studies and provides numerous programs, including computer training programs at its recreation facility, computer games and various magazines in English and Spanish. It organizes family outings for the workers and their children, including trips to Magic Mountain in Valencia, California, Raging Waters, Galaxy soccer games, Dodger baseball games and excursions to the Long Beach Aquarium. The organization also maintains a recreational hall at Santa Anita Park for the benefit of the backside workers and their children.

Racetrack Chaplaincy of America (Southern California Council) – The Race Track Chaplaincy also administers to the spiritual, emotional and physical needs of the men, women and children of the race track's backstretch communities. The chaplaincy provides counseling for alcoholism and domestic violence situations, as well as support for those accused of crimes.

Southern California Equine Foundation, Inc. – SCEF is a nonprofit charitable organization providing hospital and equine ambulance services on the Southern California Thoroughbred racing circuit. Commonly known as the Equine Hospital, SCEF has a long history of service to the racing industry and the equine athlete. This is an organization "dedicated to the care of the injured horse."

Tranquility Farm – This organization is a 501(c)(3) charity whose principal activity is to accept the donation of Thoroughbred horses from the race tracks and breeding farms and whose goal is to give such horses the best opportunity to find an adoptive home. For those Thoroughbreds that are not readily adoptable, the organization offers comfortable retirement wherever possible, giving priority to horses that were significant competitors or producers. Tranquility Farm requests, but does not require, that owners contribute sponsorship to help defray the costs of rehabilitation and retraining. No horse is denied acceptance at Tranquility Farm based upon its owner's financial contribution.

United Pegasus Foundation – This is a 501(c)(3) charitable organization that aids the rescue of superannuated Thoroughbreds and provides care for such animals at its farm in Tehachapi, California. On occasion the organization purchases older horses at auction and acquires other Thoroughbreds at the request of owners and trainers. The retired Thoroughbreds are maintained in pleasant quarters and peaceful surroundings to live out the balance of their lives. This organization depends entirely upon donations for the purchase of food and other amenities required to maintain the Thoroughbreds.

Winners Foundation – The Winners Foundation provides confidential assistance on a one-to-one basis to employees and family members of California race tracks who are seeking help for alcohol, gambling and drug addiction. Each situation is geared to best support an individual's desire to change his or her life for the better. The Foundation has developed a large referral base and maintains close relationships with community based services such as anonymous 12 step groups, city and county assistance agencies, detox centers, halfway houses and out-patient and in-patient hospital treatment programs. This service is provided to any employee or family member of anyone involved in the California Thoroughbred horse racing community, free of charge. This includes backstretch workers, as well as all employees of Del Mar, Fairplex, Golden Gate Fields, Hollywood Park, Oak Tree, Santa Anita and the California Association of Racing Fairs.

Permanently Disabled Jockeys' Fund – This is a statutorily mandated distribution per Business and Professions Code Section 19556 (c). It provides support to disabled jockeys, as it name implies.

CHRB Analysis
Los Angeles Turf Club II 2011-2012 Charity Day Proceeds

Nonprofit Organization	Background	Amount	Proposed Disbursement Percentage	Percentage Required by the Horse Racing Law (from the 2/10 of 1%)	Notes
Disabled Jockeys Fund	See Addendum to LATC Request	7,415	20%	minimum of 20%	d
Race Track Chaplaincy of America		1,000	3%		a
Southern California Equine Foundation		1,000	3%		a
Winners Foundation		11,598	31%	minimum of 5%	c
Edwin J. Gregson Foundation		8,206	22%		a
California Thoroughbred Foundation		1,000	3%		a
California Thoroughbred Horsemen's Foundation		2,854	8%	minimum of 5%	b
CARMA		1,000	3%		a
California Equine Retirement Foundation		1,000	3%		a
United Pegasus Foundation		1,000	3%		a
Traquility Farm		1,000	3%		a
Total to Equine Related Charities		37,073	100%	minimum of 50%	
Total to 11 charities		37,073			
Notes:					
a		20% to charities associated with the horse racing industry (BP 19556 (b))			
b		5% to welfare fund for backstretch personnel (BP 19556 (b))			
c		5% to nonprofit organization to assist horsemen and backstretch personnel affected by alcohol and substance abuse(BP 19556 (b))			
d		20% to nonprofit organization that benefits qualified disabled jockeys (BP 19556 (c) (1))			
e		overall a minimum of 50% of the charity distribution should go to horse racing industry related nonprofit organizations.			

STAFF ANALYSIS
DISCUSSION AND ACTION BY BOARD REGARDING THE
CALIFORNIA MARKETING COMMITTEE (CMC)
REGARDING ITS 2013 MARKETING AND PROMOTION PLANS PURSUANT TO
BUSINESS AND PROFESSIONS CODE SECTION 19605.73(b)

Regular Board Meeting
January 17, 2013

BACKGROUND

Business and Professions Code section 19605.73(a) states Thoroughbred racing associations, fairs, and the organization responsible for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings, may form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, including, but not limited to, establishment and maintenance of an Internet Website featuring California thoroughbred and fair racing, the establishment and administration of players incentive programs for those who wager on thoroughbred association and fair races, and promotional activities at satellite wagering facilities to increase their attendance and handle. While the promotional activities at satellite wagering facilities shall be funded by the marketing organization, they shall be implemented and coordinated by representatives of the satellite wagering facilities and the thoroughbred racing associations or fair then conducting a live race meet. The California Marketing Committee (CMC) is that organization.

Business and Professions Code section 19605.73(b) requires the CMC to annually, on November 1, submit a written report to the Board on a statewide marketing and promotion plan for the upcoming calendar year. In addition, the organization shall annually present to the Board at the Board's November meeting a verbal report on the statewide marketing and promotion plan for the upcoming year. The plan shall be implemented as determined by the organization. Business and Professions Code section 19605.73(b) also states that from the amount that would normally be available for commissions and purses, an amount not to exceed 0.25 percent of the total amount handled by each satellite wagering facility shall be distributed to the CMC. The amounts initially distributed to the CMC shall be 0.2 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The amount distributable to the CMC may be adjusted by the Board, in its discretion. However, the adjusted amounts may not exceed an aggregate of 0.25 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount.

Business and Professions Code section 19605.73(c) requires the CMC on a quarterly basis, to submit to the Board a written report that accounts for all receipts and expenditures of the promotion funds for the previous three months.

ANALYSIS

The overall 2013 CMC budget shows an increase from 2012 of eight percent. The 2013 CMC budget includes new categories of expenditures and eliminated others that were part of the 2012 budget. The areas of focus for the upcoming year are Handle Generation and Product Enhancement. The new categories of expenditures in the 2013 budget are the Pick Six Promotions and Racing Information. We noted that the Racing information category was part of the 2011 budget; it was classified as the Cal Racing Website. CMC plans to increase its Significant Player Program by 29 percent and Product Enhancement by 9 percent.

CMC eliminated from the 2013 budget the Branding and New Media activity. CMC also plans to reduce Satellite Marketing by 33 percent and Mini Satellite Support by 76 percent. However Administration cost of the CMC did not change.

CMC's 2012 vs. 2013 Budget

	2012	2013	% change
Significant Player Program	500,000	645,000	29%
New Mini Satellite Support	29,000	7,000	-76%
Product Enhancement	500,000	545,000	9%
Satellite Marketing	270,000	180,000	-33%
Administration	175,000	175,000	0%
New Items			
Pick Six Promotion		150,000	N/A
Racing Information		<u>87,000</u>	N/A
Items Eliminated			
Branding and New Media	<u>180,000</u>		N/A
TOTAL	<u>1,654,000</u>	<u>1,789,000</u>	8%

RECOMMENDATION

Staff recommends the Board hear from the CMC representatives and other interested parties on its marketing and promotion, and its receipts and expenditures plans.



California Marketing Committee
2013 Budget Summary
January 2, 2013

OVERVIEW

The California Marketing Committee (CMC) is a statewide organization formed to market and promote Thoroughbred horse racing pursuant to Business and Professions Code Section 19605.73. The CMC is funded by 0.25 percent of the total amount handled by each satellite wagering facility. Statute requires that CMC members include two representatives each from Thoroughbred racing associations, Thoroughbred horseman and from Fairs. The current board members of the CMC are as follows:

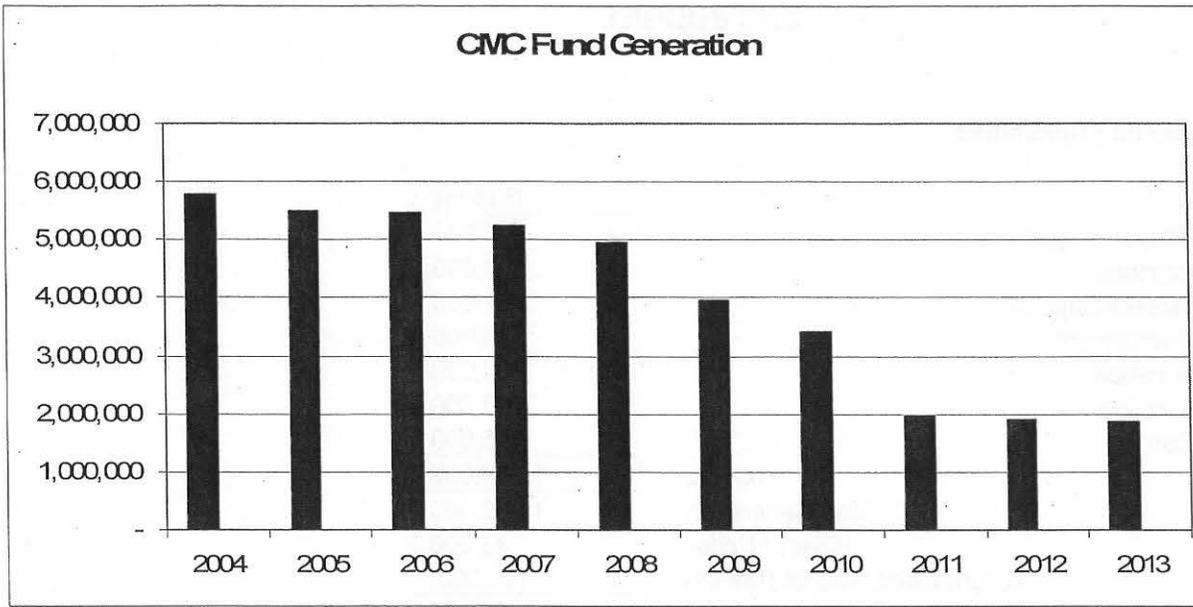
- Craig Dado, Chairman and Southern Thoroughbred track representative
- Joe Morris, Northern Thoroughbred track representative

- Lou Raffetto, Thoroughbred Owners of California representative
- Mike Wellman, Thoroughbred Owners of California representative

- Chris Korby, California Authority of Racing Fairs representative
- Kelly Violini, California Authority of Racing Fairs representative

The CMC meets regularly and encourages industry participation. The CMC has established marketing and racing subcommittees that include members from various racing associations and Fairs as well as horseman groups. In addition, the CMC works collaboratively with many additional industry representatives to solicit ideas and concepts that will promote California Thoroughbred racing and enhance our product. These groups and representatives include all Thoroughbred racing associations, California Authority of Racing Fairs (CARF), Thoroughbred Owners of California (TOC), California Thoroughbred Trainers (CTT), California Thoroughbred Breeders' Association (CTBA), Racing Secretaries and facility marketing personnel, CHRIMS, SCOTWinc, NCOTWinc. and others.

Since its inception in 1999, the CMC has served as an industry forum and funding source for a wide variety of statewide marketing initiatives and programs designed to promote and enhance Thoroughbred racing in California. It is important to note that changes in legislation substantially reduced the funding available to CMC. For example, as recently as 2004, the CMC received funding of over \$5.7 million; the 2013 budget reflects projected revenues of \$1.8 million.



The reductions in funding have made it increasingly important that CMC use available funds for targeted programs designed to have specific impacts. In past years, for example, the CMC has funded a wide array of projects from state wide branding campaigns to track media matching to television replay shows. The strategic focus of the CMC for 2013 is on two specific areas:

- 1) Handle Generation
- 2) Product Enhancement

The vast majority of funds will be spent supporting these strategies.

2013 BUDGET

California Marketing Committee

	<u>Budget</u>
Significant Player Program	645,000
Pick Six Promotion	150,000
New Mini Satellite Support	7,000
Product Enhancement	545,000
Racing Information	87,000
Satellite Marketing	180,000
Administration	175,000
TOTAL	<u>1,789,000</u>
Fund Generation	1,862,000
(Over) / Under	73,000
Accumulated Surplus (Deficit)	<u>(10,000)</u>
	63,000

Line Item Detail:		
Significant Player Program:		
Rewards	600,000	
CHRIMS fee	45,000	645,000
Product Enhancement:		
Two-Year-Old Stakes Supplements	280,000	
Southern Cal Out-of-State Track Recruitment	80,000	
Northern Cal Out-of-State Track & Fair Recruitment	140,000	
Paddock Sale	45,000	545,000
Racing Information:		
Website	77,000	
Race Results Line	10,000	87,000

2013 PROGRAM SUMMARIES

Significant Player Program

The Significant Player Program is an incentive program for players who wager a minimum of \$20,000 per calendar month. Players receive a tiered reward based on their play - varying from 1% to 3%. Players participate under a variety of track frequent fan programs by using a designated club card to place their wagers. This program allows us to identify and stay connected with our most valuable players as well as attract players to our pools who may be wagering elsewhere. Through November, over 94 unique players participated and qualified under the program in 2012, with \$28,400,000 in qualifying wagers. This correlates to approximately \$1,711,000 generated in track commissions and \$2,030,000 generated in purses. In addition, approximately \$2 million is generated for other industry programs such as stabling and vanning, workers' compensation support, and CHRB support.

\$645,000 is budgeted for the Significant Player Program

Pick 6 Promotion

Since the introduction of the low-takeout 50-cent Pick Five in 2011, the Pick Six pools for the Southern California race tracks have been decreasing at an alarming rate. For example, Hollywood Park's Pick Six pools are down 28%, and Del Mar's Pick Six pools are down 24%. Given that for decades the Southern California Pick Six, with its large pools and huge carryovers, has been considered the national Pick Six, these trends are very damaging to overall handle and purses.

In an effort to increase Pick Six handle and to drive players to the live facilities, a 20% bonus will be paid to all winning on-track Pick Six tickets on non-carryover days. Based on historical Pick Six data, it is estimated that the annual cost of such a promotion will be approximately \$300,000 plus advertising costs. Incremental revenues will be generated in three ways: 1) additional Pick Six handle, 2) the movement of current Pick Six handle from off-track sources to on-track, where the commissions for purses are maximized, and 3) movement from low-margin (racetrack commissions) Pick Five pools to high-margin Pick Six pools.

The CMC will co-fund this promotion with the racing associations and the TOC. The CMC funding for this promotion is capped at \$150,000.

New Mini Satellite Support

Mini Satellites have become popular at various locations throughout the state and have proven to be a steady source of new handle. Therefore, a co-op budget, with matching funds derived from new mini-satellite operators and Sportech has been created to assist in the advertising and promotion of these new facilities. Funds are used for print, outdoor, radio and direct mail media as well as database farming and localized promotions and special events.

\$7,000 is budgeted for New Mini Satellite Support

Product Enhancement

A very clear correlation exists between field size and handle. Further, as foal crops continue to decrease throughout the country, the competition among national racing circuits for horses to maintain and increase field size has never been more fierce. Therefore, the CMC is investing more resources than ever to enhance the California racing product statewide. After years of decline, field sizes have recently stabilized, and in some cases, increased in California. CMC Product Enhancement efforts have contributed to this shift.

Product Enhancement funding for 2013 will focus on the following programs:

- 1) The Two-Year-Old Stakes Program
- 2) The Golden State Series
- 3) The Del Mar Paddock Sale
- 4) Horse Recruitment Efforts

1. The Two-Year-Old Stakes Program was launched in 2012 and continues for 2013. The program was designed to create and expand racing opportunities in California for two-year-olds, particularly turf racing opportunities. As Santa Anita is the host track for both 2012 and 2013, this program also provides some Breeders' Cup prep race opportunities within the state. Some two-year-old new races were created while others received a boost in purses:

- Hollywood Park - \$70,000 CMC supplement
 - Landaluce Stakes, \$150,000 (from \$100,000 in 2011)
 - Hollywood Juvenile Championship, \$150,000 (from \$100,000 in 2011)
- Del Mar - \$70,000 CMC supplement
 - Oak Tree Juvenile Fillies (Turf), \$100,000 (new in 2012)
 - Oak Tree Juvenile (Turf), \$100,000 (new in 2012)
- Santa Anita - \$105,000 CMC supplement
 - Tim Conway Stakes, \$100,000 (from \$65,000 in 2011)
 - Surfer Girl Stakes (Turf), \$100,000 (new in 2012)
 - Zuma Beach Stakes (Turf) \$100,000 (new in 2012)
- Golden Gate Fields - \$35,000 CMC Supplement
 - The Pike Place Dancer Stakes (Turf), \$100,000 (new in 2012)

2. The Golden State Series is not part of the 2012 budget as funding was allocated in 2011 for both 2012 and 2013. However, the series remains a critical component of the CMC Product Enhancement efforts. The Golden State Series is a long-term initiative to encourage California breeding by offering new stakes and purse enhancements. The CMC funding of \$800,000 for this program was accrued in 2011 for disbursements in 2012 (\$400,000) and 2013 (\$400,000). Per the California Thoroughbred Breeders' Association, the program has already contributed to some key positive indicators of note:

- Stabilization of the breeding industry regarding mares bred and the live foal crop.
- Promising stallions retiring to CA as well as quality mares coming into the state.
- Significant increases in the results at the commercial sales as the demand for Cal-breds has soared. Buyers and Sales companies were quoted as saying that the Golden State Series was a chief reason for the continued upswing.

3. The Del Mar Paddock Sale in collaboration with Barretts, debuted in 2012 and was designed to encourage race-ready, out-of-state horses to come to California. Many horses also qualified for the DMTC Ship and Win program. It is expected that the Del Mar Paddock Sale will grow in both size and popularity in the second year. Some key stats of note from the inaugural sale:

- 35 horses in the sale
- 28 out-of-state horses in sale
- 24 horses sold
- 102 California starts to date from sale entries
- 17 winners from sales entries

4. Horse Recruitment Efforts – Both Hollywood Park and Santa Anita focus on recruitment for stakes races to increase field size and field quality. All recruitment activities must be approved by the CMC Racing Subcommittee, which is made up of track racing secretaries and TOC staff.

Golden Gate Fields and the Fairs will focus on Arizona and Northwest recruitment to increase their horse population via a starter series program. The starter program works by providing a \$300 payment to the owner or trainer for a first start and \$150 payment for a second start. All payments are made via paymaster accounts.

\$545,000 is budgeted for Product Enhancement

Racing Information

CalRacing.com, which is considered one of the most useful websites in racing, is funded and operated exclusively by the CMC. The free live video and race replays appeal to owners, trainers and fans alike. The site also continues to be a vehicle for posting positive stories on California racing.

Racing Information (cont.)

In 2012, the site has received over 320,000 unique visitors and over 6.4 million page views. Live video and race replays are consistently the top pages visited. CMC funding of the Race Results Line will not continue into 2013, but the CMC will work with the tracks to transition operation of the line to those associations who choose to maintain it.

\$87,000 is budgeted for Racing Information

Satellite Marketing

Handle generated at California satellite facilities is a significant portion of total handle, and, as such, it is important to communicate and reward the loyal satellite fan base. However, it is inefficient to target these fans via mass media techniques such as television and radio advertising. Therefore the CMC has implemented targeted promotions to utilize frequent fan tracking systems statewide. Efforts for 2013 will focus on growing our satellite e-mail database and generating consistent e-mail campaigns with redeemable offers to promote the best races of the year for each live facility.

\$180,000 is budgeted for Satellite Marketing

Administration

Administrative expenses include Directors and Officers insurance, accounting audit, operating expenses, business and legal expenses, staff salary and benefits. CMC relocated its office to Santa Anita in early 2012 to reduce operating costs.

Staff responsibilities include:

- Manage agencies and firms on marketing, advertising and other projects.
- Manage all billings, budgets, forecasts and reconciliation.
- Coordinate with tracks, horseman, Fairs and industry organizations on CMC budgets and programs.
- Supervise CHRIMS regarding significant player program and database management.
- Supervise SCOTWinc. on CMC accounts payable and accounts receivable.
- Work with accounting firm on year-end audit and tax documents.
- Organize and coordinate all items related to the board and board meetings including location and agenda details, meeting minutes and follow-through on agenda action items.
- Maintain office, phone and email correspondence and records management.
- Work with legal and insurance firms on items related to the CMC board or programs.
- Respond to technical support messages and other inquires from CalRacing.com.
- Update and upload stakes races on CalRacing.com as they are available.
- Update CalRacing.com web displays as race meets change.
- Monitor CalRacing.com trainer signups verifying licensed trainers, activating their trainer page, uploading their photos, monitoring their bio updates.
- Respond to advertising sales inquiries. Writing contracts and insertion orders, initiating invoicing, collecting ads and inserting into the ad server software.
- Maintain other sections of CalRacing that require updating.

\$175,000 is budgeted for Administration

STAFF ANALYSIS

January 17, 2013

Issue: APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY BY EAST VILLAGE KILT, LP DBA TILTED KILT PUB AND EATERY, SAN DIEGO.

East Village Kilt, LP (Tilted Kilt), filed an application for a license to operate a minisatellite wagering site in its Tilted Kilt restaurant in San Deigo. Southern California Off-Track Wagering Inc. (SCOTWINC) has acted as the coordinator during the application process. Tilted Kilt's minisatellite application proposes to begin operations February 1, 2013, through January 31, 2018, for a period of up to five years. Tilted Kilt's application has included a city approval from Civic San Diego provided certain conditions are met, some of which are: Civic San Diego reviewing and approving any proposed change in the use and/or expansion of the minisatellite wagering area and obtaining necessary permits and approvals from the Department of Alcoholic Beverage Control and the San Diego Police Department – Vice Unit.

- The Tilted Kilt is a restaurant located in San Diego, California. The proposed wagering site will be located in the Southern zone.

Business and Professions Code section 19605:25 (a) (1) provides no minisatellite may be within 20 miles of a racetrack, a satellite wagering facility, or a tribal casino that has a satellite wagering facility. If the proposed facility is within 20 miles of one of the above-referenced satellite facilities, then the consent of each facility within a 20-mile radius must be given before the proposed facility may be approved by the Board.

- SCOTWINC has provided that Del Mar racetrack and Surfside Satellite Wagering are located within 20 radius miles of the applicant. Per the applicant, both entities have waived the 20 mile radius provision. Del Mar racetrack has provided a copy of its consent; however, Surfside Satellite Wagering's consent is outstanding.
- Tilted Kilt has contracts/agreement with the following racing associations:
 - California Authority of Racing Fairs
 - Del Mar Thoroughbred Club
 - Hollywood Park Racing Association
 - Los Alamitos Quarter Horse Racing Association
 - Los Angeles County Fair
 - Los Angeles Turf Club
 - Pacific Racing Association
 - Watch and Wager LLC
- The simulcast organization engaged by the contracted association(s) to conduct simulcast wagering is Southern California Off Track Wagering, Inc. (SCOTWINC).
- Applicant proposes to operate the minisatellite wagering site 10 a.m. until 11:30 p.m. on race days and dark day simulcasting events, or as needed to accommodate the program of live and simulcast races as determined by the host track. Hours may be adjusted for

special events.

- Estimated number of pari-mutuel terminals machines available: 3 wagering flip terminals (can be flipped for clerk or self-serve), 4 dedicated self-service terminals, and 3 ADA height self-service terminals. Seating Capacity is 228; the number of tables in the minisatellite wagering area is 5. Twenty-six 55 inch LCD TVs, six 42 inch, five 36 inch, satellite by Dish Network and decoders by Roberts.
- Staffing: Restaurant Manager; Mutuel Supervisor; one or two clerks on most weekdays and two or three on most weekend days; one security officer daily and two or more as needed for age restriction.

Specific information still needed to complete this application include:

1. Harness Horsemen Agreement
2. Surfside Satellite Wagering consent of Tilted Kilt

RECOMMENDATION:

Staff recommends the Board hear from the applicant.

If the application is considered for approval, staff recommends a contingent approval upon the submission of outstanding items.

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

Application is hereby made to the California Horse Racing Board (CHRB/Board) for a license to operate a minisatellite wagering facility in connection with a horseracing meeting and/or parimutuel wagering in accordance with the Business and Professions Code, Chapter 4, Division 8 (Horse Racing Law) and the California Code of Regulations, Title 4, Division 4 (Rules and Regulations of the California Horse Racing Board).

Part I: To be completed by applicant seeking to operate a minisatellite wagering facility pursuant to Business and Professions Code section 19605.25.

Part II: To be completed by association(s) that has/have reached an agreement with the applicant to conduct minisatellite wagering.

Part III: To be completed by simulcast organization that has reached an agreement to provide services necessary for the conduct of minisatellite wagering pursuant to Business and Professions Code sections 19605.25 & 19605.3.

**PART I
MINISATELLITE WAGERING APPLICANT INFORMATION**

TILTED KILT

APPLICANT INFORMATION

Name of applicant: *EAST VILLAGE KILT, LP*

The applicant is:

Racing Association

Fair

Federally Recognized Indian Tribe

Card Room/Gambling Establishment

Restaurant/Bar

Other Business Entity

Facility street address: *350 Tenth Avenue, San Diego, CA 92101*

Mailing address (if different from above): *402 West Broadway, Suite 860*

E-mail address: *arl@lauretilaw.com*

City: *San Diego*

Phone: *(619) 236-8700*

County: *San Diego*

State: *California*

Fax: *(619) 236-1370*

Zip Code: *92101*

Website: *WWW.TILTEDKILT.COM*

Zone Location:

North

South

Central

(To be completed by CHRB staff)

CONTACT PERSON

(Authorized Representative)

Name and title of the contact person:

Anthony R. Laureti, owner/partner

Business street address:

Mailing address (if different from above): *402 West Broadway, Suite 860*

City: *San Diego*
County: *San Diego*

Phone: *(619) 236-8700*

State: *California*
E-mail: *arl@lauretilaw.com*

Zip Code: *92101*
Fax: *(619) 236-1370*

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

Dates during which the applicant proposes to operate as a minisatellite wagering facility:

MINI-SATELLITE WILL OPERATE FOR ~~1-2013~~ → ?
TERM OF CHRB LICENSE PROJECTED TO BE 2/1/2013 - 1/31/2018

NOTICE TO APPLICANT: If approved for license, the term of license shall not exceed two years pursuant to Business and Professions Code section 19605.25 (h).

Have you previously operated a licensed gaming operation in California or another state? Yes No

Do you currently operate a licensed gaming operation in California or another state? Yes No

If yes to either question above, provide the following:

Valid licensure period: Begin Date: End Date:

Facility name and address:

City: State: Zip Code:
County:

Zone Location:
North South Central
(To be completed by CHRB staff)

Have you had a gaming operation license that has been revoked or suspended. Yes No

If yes, provide the following if different from above:

Facility name and address:

City: State: Zip Code:
Racing Jurisdiction:

BUSINESS STRUCTURE

- Corporation
 - Public
 - Private
 - Sub-S
 - Sub-C
- Limited Partnership
- Limited Liability Company
- Partnership & Joint Venture
- Sole Proprietorship
- Other
If you have listed your company as other please identify your company structure:

Registered Business Name:

East Village Kilt, LP

Fictitious Business Name:

Tilted Kilt Pub & Eatery

Address:

402 West Broadway, Suite 860

E-mail Address:

City: arl@lauretilaw.com State: Zip Code:

San Diego California Fax: 92101

State of California: (619) 236-1370 Registry of File number: (619) 236-1370

Articles of Organization are filed:

California

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

Name of all officers, directors, and managers. For officers, directors, and managers that have no ownership, enter "0%" in the ownership column. For members of a Limited Liability Company, list membership interest in ownership column. For partners, following the individual's name indicate whether general or limited partners. (true names)

Entity/Individual Name and Title	Entity's Business Address/ Individual's Address of Residence	Ownership% (if any)	Compensation Agreement for ownership
Anthony R. Laureti	402 W Broadway #860 SD, CA 92101	35	Distributions based on ownership *
Jason Wood	402 W Broadway #860 SD, CA 92101	20	Distribution based on ownership *
William Reynolds	402 W Broadway #860 SD, CA 92101		

* DISTRIBUTION BASED ON OWNERSHIP %

Are shares listed for public trade? If yes on what stock exchange? N/A
Yes No

If more than 50 percent of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity.
All entities that own 5 percent or more must fulfill the instructions for Full Disclosure Statement.

Attach the most recent annual financial statement for the applicant, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.

MANAGEMENT AND STAFF
(Minisatellite Wagering Facility)

Name and title of the managing officer(s) and/or general manager(s) of the business.

Name	Title
Nick Santangelo	General Manager

ASSOCIATION CONTRACT/AGREEMENT

Name(s) of racing association(s) with whom you intend to have a contract or agreement:

EXHIBIT A, AMENDED, #2
SEE SCHEDULE 13
↳ SCOTWINC

13 See Schedule 13
Name(s) of racing association(s):

Racing association(s) phone numbers:

Proposed contract dates: From: To: (inclusive).

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

Attach a certified check payable to the Treasurer of the State of California in the amount of \$500 for the nonrefundable minisatellite application fee.

CHRB CERTIFICATION

Application filed on:	30-day Notice Letter:
Fee received by:	Approved on:
Reviewed by:	License number issued:

CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the applicant contractor to attest to this application on its behalf.

Name: Anthony R. Laureti

Title: Owner/Partner

Signature of Applicant Representative



Date:

11/15/12

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

APPROVAL OF TILTED KILT PROPOSED MINISATELLITE

Name of Association: Los Angeles Turf Club, Incorporated

Address: 285 West Huntington Drive, Arcadia, CA 91007

Telephone: 626-574-7223 Fax number: 626-821-1514

Racetrack name: Santa Anita Park

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

<hr/>	
Name <u></u> Title <u>PRESIDENT</u>	Signature of association representative: <u>GEORGE HAINES</u> Date: <u>12/20/12</u>

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

APPROVAL OF TILTED KILT PROPOSED MINISATELLITE

Name of Association: Pacific Racing Association

Address: 1100 Eastshore Highway, P. O. Box 6027, Albany, CA 94706

Telephone: 510-868-6600 Fax number: 510-559-7465

Racetrack name: Golden Gate Fields

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Signature of association representative:

Name *[Handwritten Signature]*

GEORGE HAINES

Title PRESIDENT

Date: 12/20/12

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

APPROVAL OF TILTED KILT PROPOSED MINISATELLITE

Name of Association: _____

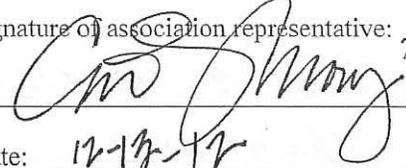
Address: 4961 Katella Avenue, Los Alamitos, CA 90720

Telephone: 714-820-2810 Fax number: 714-820-2811

Racetrack name: Los Alamitos Race Course

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name Cathy Monji
Title President

Signature of association representative: 
Date: 12-12-12

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

APPROVAL OF TILTED KILT PROPOSED MINISATELLITE

Name of Association: LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION

Address: 4961 KATELLA AVE, LOS ALAMITOS CA 90720

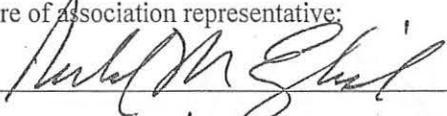
Telephone: (714) 820-2800 Fax number: (714) 820-2820

Racetrack name: LOS ALAMITOS RACE COURSE

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Signature of association representative:

Name RICHARD M. ENGLISH



Title CHAIRMAN

Date: 12/19/12

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

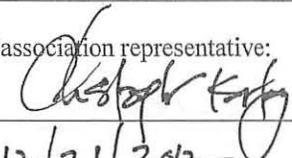
APPROVAL OF TILTED KILT PROPOSED MINISATELLITE

Name of Association: California Authority of Racing Fairs
Address: 1776 Tribute Rd Sacramento CA 95815
Telephone: 916-927-7223 Fax number: 916-263-3341
Racetrack name: Northern California Fairs

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

CHRISTOPHER KORB

Name CHRISTOPHER KORB
Title Executive Director

Signature of association representative: 
Date: 12/21/2012

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

APPROVAL OF TILTED KILT PROPOSED MINISATELLITE

Name of Association: Hollywood Park Racing Association

Address: 1050 So. Prairie Ave. Inglewood, Ca 90301

Telephone: 310-419-1520 Fax number: 310-671-4460

Racetrack name: Betfair Hollywood Park

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

F. JACK LIEBAU PRESIDENT

Name F. Jack Liebau

Title President

Signature of association representative:

F Jack Liebau

Date: 12-20-12

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

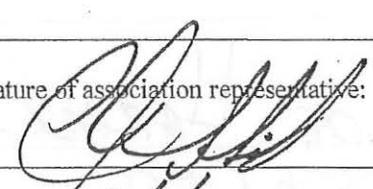
PART II
CONTRACTED ASSOCIATION INFORMATION
One copy of Part II shall be completed by each contracted association

~~APPROVAL OF TILTED KILT PROPOSED MINISATELLITE~~

Name of Association: WATCH AND WAGER LLC
Address: 2335 AMERICAN RIVER DR, Suite 301, SAC, CA 95825
Telephone: 916-800-1395 Fax number: _____
Racetrack name: CAL EXPO HARNESS

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

CHRISTOPHER J. SCHICK

Name CHRISTOPHER SCHICK Signature of association representative: 
Title General MGR Date: 12/9/2012

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

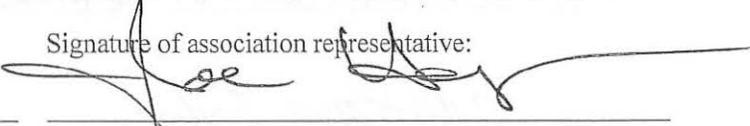
PART II
CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

APPROVAL OF TILTED KILT PROPOSED MINISATELLITE

Name of Association: DEL MAR THOROUGHBRED CLUB
Address: P.O. Box 700 · DEL MAR, CA 92014
Telephone: 858-792-4220 Fax number: 858-755-5384
Racetrack name: DEL MAR

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name JOE HARPER Signature of association representative: 
Title PRES & C.E.O. Date: 02-10-12

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

APPROVAL OF TILTED KILT PROPOSED MINISATELLITE

Name of Association: Los Angeles County Fair Association

Address: 1101 W. McKinley Ave., Pomona, CA 91768

Telephone: 909-865-4203 Fax number: 909-865-2481

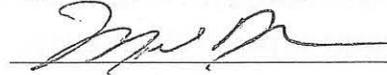
Racetrack name: Fairplex Park

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:



Signature of association representative:

Name Michael D. Seder



Title CFO

Date: 12/7/12

State of California
 California Horse Racing Board
 Application for License to Operate a Minisatellite Wagering Facility
 CHRB-88 (New 11/08)

**PART III
 SIMULCAST ORGANIZATION INFORMATION**

To be completed by approved simulcast organization that has executed an agreement approved by the CHRB with the association conducting a racing meeting with the minisatellite wagering facility pursuant to Business and Professions Code sections 19605.25 and 19605.3.

I. OPERATION OF THE MINISATELLITE WAGERING FACILITY

Simulcast organization engaged by the association to conduct simulcast wagering: *SCOTWINC*

Attach the agreement between the association and simulcast organization permitting the minisatellite wagering facility to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools. *TO COME*

Submit a copy of each horsemen's written approvals. *TO COME*

Hours for operation of the facility: *SEE EXHIBIT A*

Hours for operation of the minisatellite wagering site: *SEE EXHIBIT A*

Time periods during the calendar year the facility will not be utilized as a minisatellite wagering facility (explain why): *None except as per CHRB calendar.*

If approved, wagering will be offered on live race meetings being held or conducted by the following California racing association(s):

<i>SEE EXHIBIT A</i>		
----------------------	--	--

List the host track from which the minisatellite wagering facility proposes to import out-of-state and/or out-of-country races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

Estimated number of pari-mutuel terminals machines available: *EXHIBIT A*

Attach a proposed staffing plan for the facility and/or minisatellite wagering site, to include the number of security personnel and the number of pari-mutuel clerks pursuant to Business and Professions Code section 19605.25 (5)(b). *EXHIBIT A*

II. SUPERVISION, SECURITY AND FIRE PREVENTION

Changes to management personnel and minisatellite manager(s)
 must be immediately reported to the Board.

Name of the individual(s) responsible for the day-to-day operation of the minisatellite facility:

SEE EXHIBIT A, AMENDED, #5

Name and Title	CHRB License No. and Expiration Date
Rick Baedeker, Consultant, SCOTWinc	
Southern CA Host Track Mutuel Manager <i>13</i>	
<i>RANDY HARTZELL</i>	<i>306778, EXP 02/2014</i>

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II

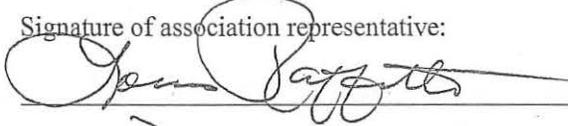
CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

APPROVAL OF TILTED KILT PROPOSED MINISATELLITE

Name of Association: THOROUGHBRED OWNERS OF CALIFORNIA
Address: 285 WEST HUNTINGTON DRIVE, ARCADIA, CA 91007
Telephone: (626) 574-6620 Fax number: (626) 821-1575
Racetrack name: N/A

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name LOUIS RAFFETTO Signature of association representative: 
Title PRESIDENT Date: DECEMBER 26, 2012

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II
CONTRACTED ASSOCIATION INFORMATION
One copy of Part II shall be completed by each contracted association

APPROVAL OF TILTED KILT PROPOSED MINISATELLITE

Name of Association: Pacific Coast Quarter Horse Racing Assoc.

Address: 4961 Katella Ave. Los Alamitos CA 90720

Telephone: (714) 236-1755 Fax number: (714) 236-1761

Racetrack name: Los Alamitos Race Course

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Signature of association representative:

Name Dominic Alessio

Dominic Alessio

Title President

Date: 12-20-12

State of California
 California Horse Racing Board
 Application for License to Operate a Minisatellite Wagering Facility
 CHRB-88 (New 11/08)

Attach a certificate of insurance for workers' compensation coverage including carrier and the policy number securing the applicant's liability for payment of workers' compensation is (if self-insured, provide details):

SEE EXHIBIT *B*

Attach a fire clearance from the fire authority having jurisdiction. *EXHIBIT C*

Attach a security plan to include: the name, title and phone number of the person having responsibility for security controls, the number of security officers and/or guards and the police or sheriff's department having jurisdiction for criminal law enforcement over the premises of the facility.

SEE EXHIBIT *A*

Is there a backup emergency plan for power failure? Yes No

If yes, describe. Tote battery backup; backup lighting as required by fire code.

III. MINISATELLITE WAGERING SITE

Attach a detailed scale plan of the facility indicating all points of access to facility, emergency exits, placement of offices, and food and beverage service location and detailing the location of the proposed minisatellite wagering site. Identify how the designated minisatellite wagering area will be restricted to patrons 21 years and over. Attach photos of the minisatellite wagering site.

NOTICE TO APPLICANT. Pursuant to Business and Professions Code section 19605.25(a)(4) wagers placed at a minisatellite site must be in an area that is restricted to those who are 21 years of age or older.

IV. FACILITY DESCRIPTION

Describe the food and beverage services to be offered (full meals served; cafeteria-style full meals; short-order counter service; pre-ordered prepared sandwiches and fast foods available; full bar services; or other description as appropriate): SEE EXHIBIT *A*

The seating capacity in the minisatellite wagering facility is: 228 (SEE EXHIBIT *D*)

The number of tables in the minisatellite wagering area is: 840sf *EXHIBIT A, AMENDED, #7*

Overall square footage in the minisatellite wagering area is: 840sf

Attach a photograph of the minisatellite wagering area. *EXHIBIT #D*

Describe occupancy restrictions, if any, imposed by the fire authority having jurisdiction:
 None

The total number of parking spaces available in the parking areas can accommodate (number of standard sized automobiles): SEE EXHIBIT *A*

Describe any other activities to be scheduled on or near the facility premises that may have a negative impact on available parking: Baseball games at Petco Park (day games generally start at 3pm).

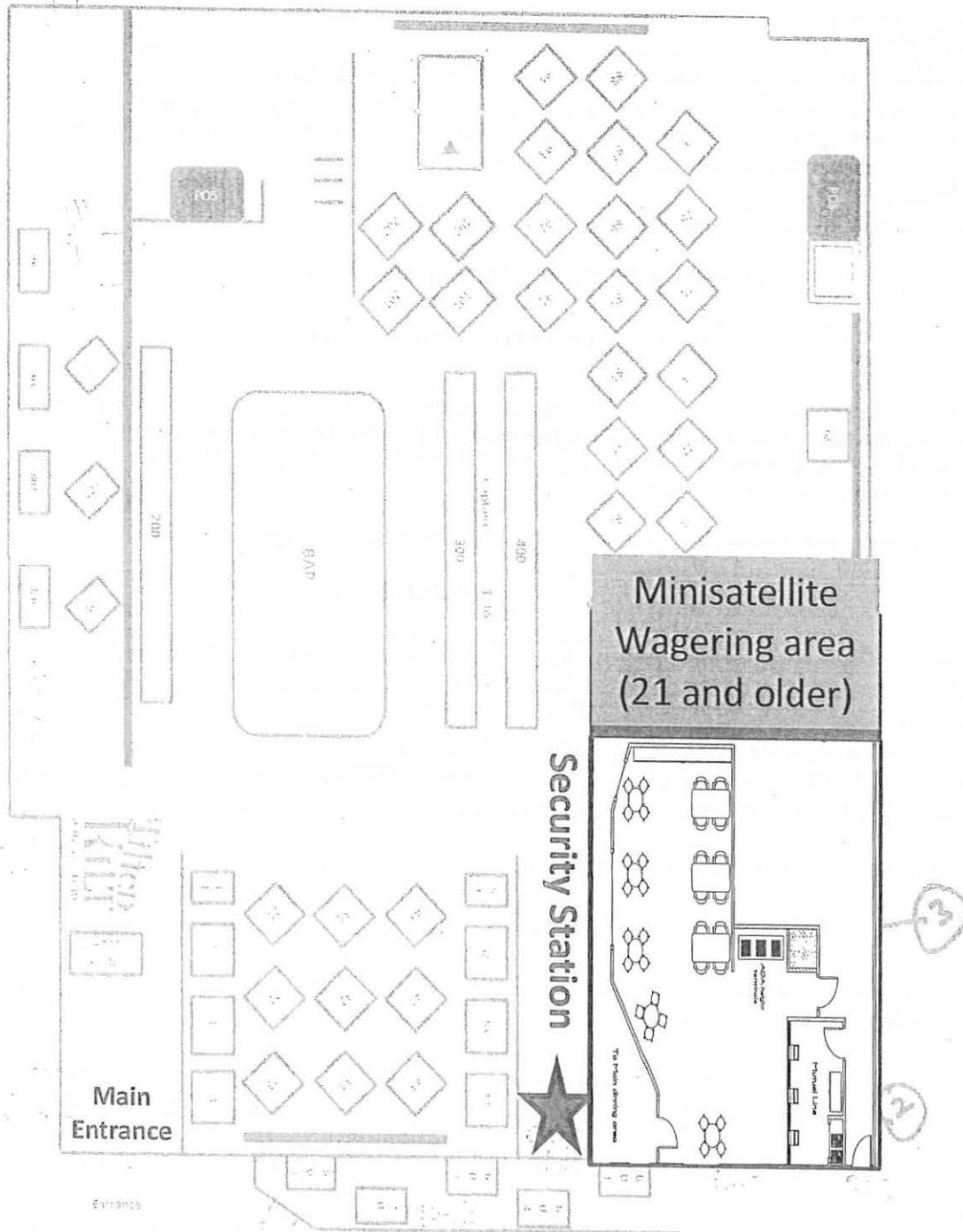
V. EQUIPMENT PROVIDED BY THE MINISATELLITE WAGERING FACILITY

Describe the television equipment (satellite receivers, decoders, controls, monitors, etc.) to be utilized at the facility: Modifications to former takeout area for dedicated wagering; additional TVs.
EXHIBIT A, #8

Describe the public address equipment (controls, microphones, speakers, etc.) to be utilized at the facility:

~~Modifications to former takeout area for dedicated wagering; additional televisions.~~ *13*
 EXISTING TV SYSTEM MASTER HAS P.A. CAPABILITY.
EXHIBIT A, AMENDED, #8

Tilted Kilt Dining Room & Mini-Satellite

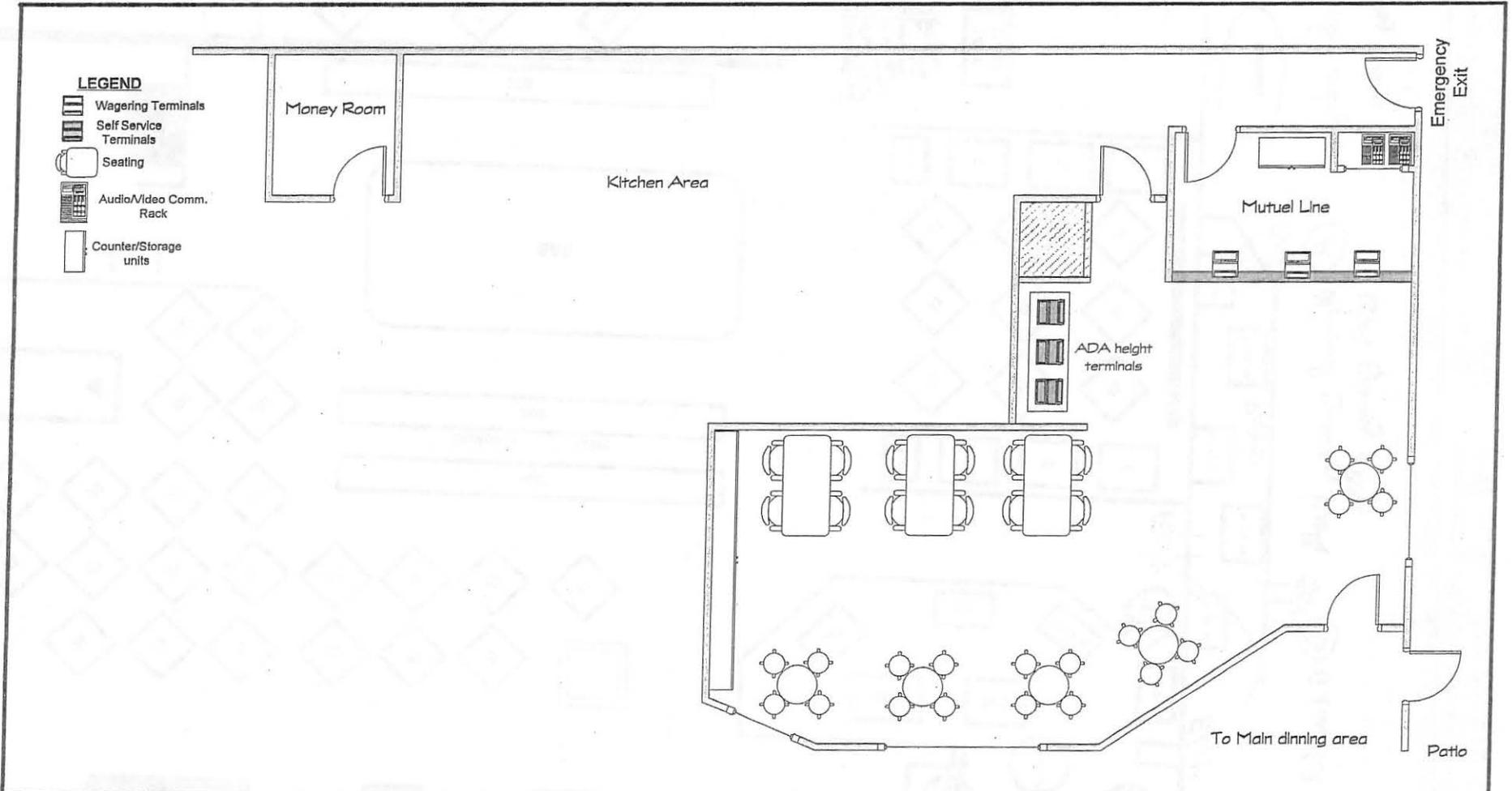


① Age restricted entry to VIP/Gaming Room

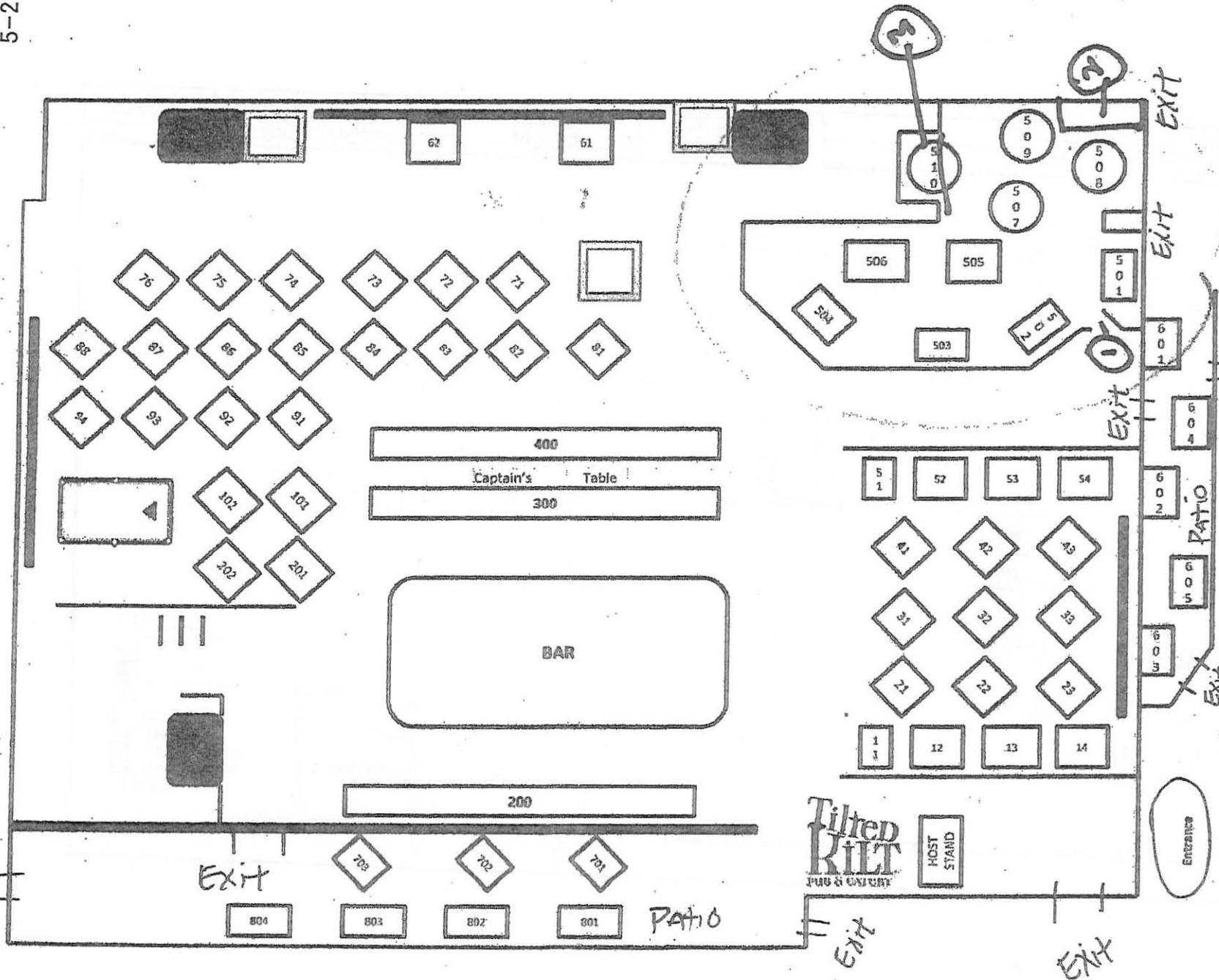
② Manual gaming booth with gaming machine

③ Automatic gaming machine

10th Avenue



Revision: A	Tilted Kilt SD_Concept 3	PROJECT	Sportech 4961 Katella Ave. Los Alamitos, CA 90270	Drawing by:	Lance Ku	Sheet:
Date: August 2 2012	PARTIAL FLOOR PLAN ADDED HORSE RACING SECTION	Tilted Kilt 310 10 th Ave. San Diego CA. 92101				1 of 9



- ① Age-restricted entry to VIP/Gaming Room
- ② Manned gaming booth with gaming office
- ③ Attended Gaming Machine

State of California
 California Horse Racing Board
 Application for License to Operate a Minisatellite Wagering Facility
 CHRB-88 (New 11/08)

VI. ADVERTISING AND PATRON DEVELOPMENT

Describe any advertising or promotional plans: SEE EXHIBIT *A*

Describe any improvements to the facility that will directly benefit minisatellite wagering:
 Modifications to former takeout area for dedicated wagering; additional televisions.
NOTICE TO APPLICANT: Pursuant to Board Rule 2066 all advertisement shall contain a statement that persons under 21 are not allowed to participate in minisatellite wagering. All advertisement shall contain contact information for a recognized problem-gambling support organization.

VII. ADMISSIONS, CHARGES AND SERVICE FEES

Complete if applicable and note N/A if not

Admissions charges, if any, are:	None
Parking charges, if any, are:	None, but local parking fees may apply.
Program charges, if any, are:	Retail cover price per host track
Seating charges, if any, are:	None except for food and beverage minimums as needed

VIII. RENEWAL

Complete this section only if renewing your license.

Is this a renewal application: Yes No

Have there been any changes since the submission of your last application for authorization to operate a minisatellite wagering facility? Yes No

Have any changes occurred affecting ownership or controlling interest in your business structure or establishment since your last application? Yes No

If you have answered, "Yes", to any of the questions above please attach a detailed statement describing the change.

How many years have you been an approved minisatellite wagering facility?

AGREEMENTS

Attach copies of all applicable county, city or agency agreements that may affect the minisatellite wagering facility.

NOTICES TO APPLICANT

Notice is given to the applicant that its application, if approved by the Board, authorizes the applicant to offer pari-mutuel wagering at its minisatellite wagering facility for a period of two years per Business and Professions Code section 19605.25(h).

Notice is given that retention of and control over all moneys generated from pari-mutuel wagering held or conducted at the facility is the responsibility of the simulcast organization(s) which contract(s) to provide the pari-mutuel equipment and pari-mutuel employees; and that such organization(s) is (are) responsible for its proper distribution in accordance with the law and the rules and regulations of the Board.

Notice is given that CHRB Rules 1870 and 1871 require that the Board be given 15 days notice in writing of any intention to terminate operations, engagements, or services by any licensee, or approved contractor.

Civic San Diego

SENT VIA EMAIL
Original via US Mail

November 27, 2012

Mr. Anthony Laureti
Laureti & Associates
402 W. Broadway, Suite 860
San Diego, CA 92101

RE: Mini Satellite Wagering at Tilted Kilt Pub and Eatery ("Tilted Kilt") located at 310 Tenth Avenue, San Diego, CA 92101

Dear Mr. Laureti:

The Centre City Planned District Ordinance (CCPDO) contains the zoning and development regulations for the Downtown Community Plan Area. The Tilted Kilt is located at 310 Tenth Avenue which is located within the Neighborhood Mixed-Use Center (NC) Land Use District. The NC District ensures development of distinctive centers around plazas, parks and/or "Main Streets" that provide a focus to the neighborhoods by supporting mixed-use (residential/non-residential) projects that contain active commercial uses on the ground-floor. A broad array of compatible uses, including retail, eating and drinking establishments, residential, office, cultural, educational, and indoor recreation are permitted.

The existing use on the property is a restaurant with on-site alcohol sales and entertainment which is permitted on-site under Conditional Use Permit (CUP) No. 2010-41.

Civic San Diego ("CivicSD") has reviewed your request to incorporate mini-satellite wagering within the establishment and has determined that the proposed use is permitted as an accessory use to the restaurant provided the following conditions are met:

1. The mini-satellite wagering shall be limited to a 700 square foot area within the establishment as shown in the attached project description and floor plans;
2. The primary use of the establishment shall be maintained as a bona-fide eating and drinking establishment in compliance with the conditions of CUP No. 2010-41;
3. Any proposed change in use and/or expansion of the mini-satellite wagering area shall be reviewed and approved by Civic SD.

Letter to Mr. Laureti
November 27, 2012
Page 2

4. The establishment shall be responsible for obtaining all the necessary permits and approvals from State of California Horse Racing Board, the Department of Alcoholic Beverage Control and the San Diego Police Department – Vice Unit, as required.

A copy of the proposed accessory use description and floor plan has been attached to this letter for reference. Please feel free to contact me should you have any questions. I can be reached at (619) 533-7171 or cordova@civicsd.com.

Sincerely,



Lorena Córdova
Assistant Planner

Enclosures: Project Description
 Floor Plan



Tilted Kilt, 310 10th Avenue, San Diego, CA 92101

Mini-Satellite Project Description

The proposal is to add mini-satellite pari-mutuel wagering as an accessory use to the existing primary restaurant and bar use. The project site is the Tilted Kilt located at 310 10th Avenue in San Diego, CA.

Tilted Kilt currently functions as a multi-use facility. In addition to the primary restaurant/bar use, accessory uses of the facility include broadcasting of sporting events in the main bar area, pool tables, shuffleboard table, and video games.

The proposed location within the restaurant for mini-satellite wagering is the separate VIP Room at the Northeast corner of the restaurant. No change to the occupancy limitation for Tilted Kilt (maximum 302 people) is proposed. No exterior alterations are proposed. The proposed interior improvements to the VIP Room include:

- Installation of large flat screen TVs on the interior walls,
- Relocation of certain dining tables as needed,
- Installation of a counter with teller-operated and self-service wagering terminals and provision for secure cash control and handling, and
- Installation of self-service wagering terminals on the interior walls.

See the enclosed floor plan and photos of wagering terminals for details.

Wagering System

The horse racing industry uses the pari-mutuel system of wagering wherein players wager against each other (a similar form of wagering is used by the California State Lottery for online games such as Powerball and MegaMillions). All bets of a particular type are placed together in a common pool which is redistributed to the holders of winning tickets with a portion withheld and shared by host tracks, purses for the races, cities, state regulatory agencies, etc.

In the pari-mutuel system of wagering, the bettors compete solely against each other and the odds and payoffs are determined by the differing amounts wagered on the individual horses in the race. The pari-mutuel system of wagering is in direct contrast to casino style games, such as blackjack and

craps, wherein the player is competing against the house, as opposed to the other players. This is known as banked gaming. Conversely, slot machines are programmed to return a certain percentage of play based over time and the player's success is determined solely by chance.

Horseracing is thus a game of skill and not a chance or banked event. A bettor can increase his/her chance of making a winning wager by reviewing previous race information available on each horse in a particular race and selecting the horse which he/she believes has the best chance of winning.

The wagering process for mini-satellite horserace wagering is nearly identical to the process for California Lottery keno (aka Hotspots) wagering, which occurs at locations throughout the downtown area. The primary difference between mini-satellite and keno wagering is that trained pari-mutuel personnel are continually present to conduct the operation of mini-satellite wagering whereas keno games are operated by the bar staff. All wagers made at the mini-satellite participate in the pari-mutuel pools of the host track. In other words, a wager placed at the Tilted Kilt is input in real time into the same betting pool as wagers made by patrons at Del Mar, Santa Anita, etc., and locations around the world.

State Licensing and Regulations

The California Horse Racing Act established the California Horse Racing Board (CHRB), whose charter is to regulate horseracing and pari-mutuel wagering on horseracing. The CHRB licenses operation of wagering facilities (including mini-satellite facilities), regulates and audits the technology and methods used to accept wagers and transmit odds and results. All prospective mini-satellite locations must submit an application to the CHRB for licensing approval. The CHRB staff reviews the application and prepares a report to the CHRB. The CHRB holds a public hearing at which the staff report and public comments are considered before action is taken on the application.

Wagering at mini-satellite facilities is further controlled, monitored and operated by organizations licensed by the state to do so. Since its inception in 1988, Southern California Off Track Wagering, Inc. (SCOTWINC) has been the sole licensed simulcast provider in central and southern California. For mini-satellites, SCOTWINC provides the wagering terminals and mutuel clerks who process wagers, assist patrons with self service terminals, distribute video signals to the designated TVs, and generally help new fans understand the sport of horse racing.

The program of races is determined by the host track at the time in southern California. The program includes all of the races from northern and southern California, select races from around the country, and major events such as the Kentucky Derby and Breeders' Cup.

In summary, the State of California regulates and audits wagering at a mini-satellite. SCOTWinc is licensed by the state to conduct the wagering. The restaurant/bar owner (Tilted Kilt) is licensed by the state to offer mini-satellite wagering but has no role in the wagering process itself, other than 1) to provide space for the mini-satellite and 2) ensure that patrons in the wagering areas are age 21 and over. Further details regarding security are provided below.

Hours of Operation

Mini-satellite operating hours are generally Wednesday through Sunday between 11 am and 10 pm. The wagering facilities will only be in operation when the rest of the facility is also open. The peak time for satellite wagering is typically 12 pm to 5 pm, which are off-peak hours for the other uses of Tilted Kilt. Weekday afternoon attendance for horseracing at Tilted Kilt is projected to total 100 people during these operating hours. Weekend attendance may be slightly higher. However, at no time will the number of people in the Tilted Kilt be permitted to exceed the maximum occupancy of 302 people.

Security

State law restricts wagering at mini-satellite facilities to persons 21 years and over. The area to be used as the mini-satellite wagering facility is in a separate room adjoining an enclosed dining room (the VIP Room). Prominent signage will be located at the entrances to the mini-satellite wagering area indicating the age restriction for entrance.

It is the responsibility of Tilted Kilt management to restrict access to the wagering areas to persons 21 years of age or older. Failure to do so could result in the revocation of the mini-satellite license by the State (CHRB). Security personnel plus bartenders and wait staff will verify the legal age of patrons in these areas. SCOTWINC personnel will continually monitor compliance with the age restriction inside the mini-satellite wagering area as well.

In addition to the monitoring and security provided by Tilted Kilt and SCOTWINC personnel, the CHRB conducts regular monitoring of the operations and security of mini-satellite facilities in much the same way as the State Department of Alcoholic Beverage Control monitors facilities serving alcohol.

Historically, there has been no increase in illegal activity as a result of the operation of satellite or mini-satellite wagering at more than 30 such locations in the state, including new mini-satellites in San Clemente and Santa Maria.

Noise

The mini-satellite operation will install ceiling mounted speakers in the wagering area and adjoining dining room and will utilize existing sound equipment in the remainder of the restaurant. The volumes will be similar to that already occurring in the restaurant for sporting events. Typically, the decibel level of a sporting event broadcast is 60-80 dB. Therefore, there will be no new noise impacts resulting from the addition of the mini-satellite operation to the existing uses at Tilted Kilt.

Traffic

As stated above, the peak time for mini-satellite wagering is during the off-peak time for other uses at the Tilted Kilt. Satellite wagering involves relatively short races and spectators will come and go at various times throughout the day. As a result, there are no significant peaks in traffic. This is in contrast to the other existing uses of the facility including baseball games at Petco Park, in which

patrons tend to arrive and leave within the same, short time period. Further, the average number of attendees is projected to be lower for satellite wagering than for these other uses. Therefore, the proposed use will not increase traffic congestion in the area or result in any new traffic impacts.

Radius Restriction

SWOTWINC and the Del Mar Race track have agreed with Tilted Kilt to have a radius restriction around the Tilted Kilt which will prohibit a 2nd such facility from being developed in downtown San Diego so no other bar, restaurant or other facility will be permitted to submit an application to the CHRB.

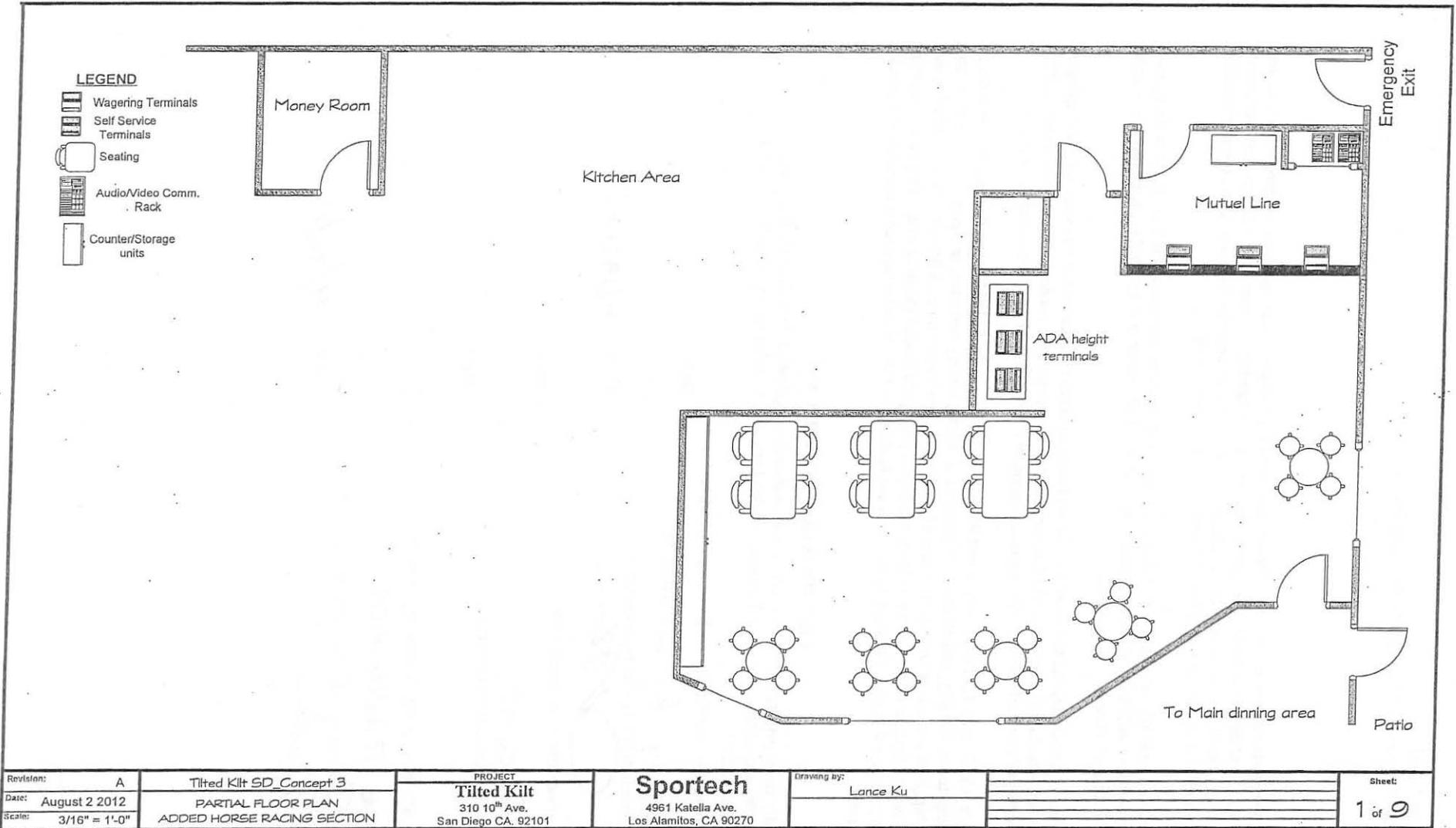
Local Tax Benefits

The City of San Diego will benefit financially from the mini-satellite wagering in two ways. First, from the sales tax receipts on the incremental food and beverage sales generated from horseracing patrons. Second, from a statutory tax of one-third of one percent of the total amount wagered at the Tilted Kilt mini-satellite facility. In addition, operation of the mini-satellite will create new jobs and increased hours for current employees while delivering a unique and exciting experience for downtown patrons at a successful local restaurant.

Conclusion

The proposed addition of mini-satellite wagering on horseracing from California and around the world is an accessory use at Tilted Kilt and is compatible with and similar in nature to the existing uses of the facility. Further, the use is very similar to California Lottery keno operations already occurring at other sports bars in San Diego. There will not be increased impacts to the community with regard to traffic, parking, air quality, noise, safety or other negative impacts. By approving the proposed accessory use, the City of San Diego would allow a unique, new entertainment opportunity for residents and visitors that is not available elsewhere in the area and would only be available at the Tilted Kilt. Finally, mini-satellite wagering will bring additional tax revenue to the city, support an existing local business, and help to enliven the heritage of horse racing in California.

To date, mini-satellites in restaurants/sports bars have received state and local approval in San Clemente, Santa Maria and Santa Clarita.



State of California
 California Horse Racing Board
 Application for License to Operate a Minisatellite Wagering Facility
 CHRB-88 (New 11/08)

DECLARATIONS

All labor agreements, concession contracts, service contracts, horsemen's agreements, lease agreements, agreements with the simulcast organization(s) necessary to conduct and operate the simulcast wagering program at the facility, lease or rental agreement with the facility landlord and all applicable county, city or agency agreements that may affect the minisatellite wagering facility have been finalized except as follows (if there are no exceptions, so state):

All service contractors and concessionaires have valid State, County or City licenses authorizing each to engage in the type of service to be provided and have valid labor agreements (when applicable) which remain in effect for the entire term of the license except as follows (if there are no exceptions, so state):

Absent natural disasters or causes beyond the control of the applicant, its service contractors, concessionaires or employees engaged at the facility, no reasons are believed to exist that may result in a stoppage to the conduct of pari-mutuel wagering at the facility or the withholding of any vital service to the applicant except as follows (if there are no exceptions, so state):

By authority of Article 9.2, Chapter 4, of the Business and Professions Code; and the Federal Indian Gaming Act; to allow an evaluation of the competence, integrity, and character of potential simulcast facility operators, any person, corporation, trust association, partnership, joint venture, or management firm who submits an application for such license or who is named in such application and who is not a State or County entity, or has not previously completed such disclosure when filing for a horseracing application pursuant to Article 4, section 19480 of the Business and Professions Code shall be required to complete and submit a full disclosure statement.

CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the applicant to attest to this application on its behalf.

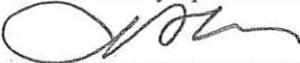
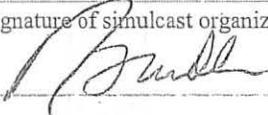
Print name of minisatellite facility applicant representative: <i>Anthony R. Laureti</i>	Date:
Signature of minisatellite facility representative: 	Date: <i>11/19/12</i>
Print name of association representative: <i>To come</i>	Date:
Signature of association representative:	Date:
Print name of simulcast organization representative: <i>RICK BAEOEKER</i>	Date:
Signature of simulcast organization representative: 	Date: <i>11/30/12</i>

EXHIBIT A Fact Sheet

1. California Statewide Assessment Program - This program is designed to assess the performance of students in the state of California. It is a comprehensive assessment program that covers a wide range of subjects and skills.

2. California Statewide Assessment Program - This program is designed to assess the performance of students in the state of California. It is a comprehensive assessment program that covers a wide range of subjects and skills.

3. California Statewide Assessment Program - This program is designed to assess the performance of students in the state of California. It is a comprehensive assessment program that covers a wide range of subjects and skills.

4. California Statewide Assessment Program - This program is designed to assess the performance of students in the state of California. It is a comprehensive assessment program that covers a wide range of subjects and skills.

5. California Statewide Assessment Program - This program is designed to assess the performance of students in the state of California. It is a comprehensive assessment program that covers a wide range of subjects and skills.

6. California Statewide Assessment Program - This program is designed to assess the performance of students in the state of California. It is a comprehensive assessment program that covers a wide range of subjects and skills.

7. California Statewide Assessment Program - This program is designed to assess the performance of students in the state of California. It is a comprehensive assessment program that covers a wide range of subjects and skills.

8. California Statewide Assessment Program - This program is designed to assess the performance of students in the state of California. It is a comprehensive assessment program that covers a wide range of subjects and skills.

TILTED KILT Pub & Eatery
Mini-Satellite Application
 November 28, 2012

EXHIBIT A

1. **Applicant/Dates.** Tilted Kilt Pub & Eatery, applying for a five-year license to operate a mini-satellite beginning January 17, 2013 through January 16, 2018, or as modified by CHRB.

2. **Simulcast Organization.**
 Southern California Off-Track Wagering, Inc.
 4961 Katella Avenue
 Los Alamitos, CA 90720
 Jack Liebau, Chairman (310) 419-1526

3. **Hours of Operation of the minisatellite wagering site:** From 10 a.m. until 11:30 p.m. on race days and dark day simulcasting events, or as needed to accommodate the program of live and simulcast races as determined by the host track. Hours may be adjusted for special events, such as Breeders' Cup and Triple Crown. Minisatellite licensee understands and agrees by virtue of its SCOTWinc contract that it has no control whatsoever over the live and simulcast races that comprise each day's program. Those decisions rely solely with the host track.

4. **California Racing Associations.** The Mini-Satellite will offer the same program of California races as all other California Satellites as determined by the local day/night host track and approved by the CHRB, as follows:

Cal Expo 1600 Exposition Blvd. Sacramento, CA 95815 (916) 263-3000	CARF 1776 Tribute Rd. Suite 205 Sacramento, CA 95815 (916) 927-7223
Del Mar Thoroughbred Club 2260 Jimmy Durante Blvd. Del Mar, CA 92014 (858) 755-1141	Fairplex (L.A. County Fair) 1101 W. McKinley Ave. Pomona, CA 91768 (909) 426-7600
Golden Gate Fields 1100 E. Shore Highway Albany, CA 94710 (510) 559-7430	Hollywood Park 1050 S. Prairie Ave. Inglewood, CA 90301 (310) 419-1500
Los Alamitos 4961 Katella Ave. Los Alamitos, CA 90720 (714) 820-2760	Los Angeles Turf Club (Santa Anita) 285 W. Huntington Dr. Arcadia, CA 91007 (626) 574-7223

5. **Imports.** The Mini-Satellite will offer the same program of out-of-state and out-of-country races as all other California Satellites as determined by the local day/night host track and approved by the CHRB.

Arlington/Hawthorne
 Balmoral/Maywood
 Calder/Gulfstream
 Churchill Downs/Keeneland/Turfway
 Laurel/Pimlico
 Meadowlands/Monmouth
 Northfield
 NYRA
 Remington
 Retama/Sam Houston/Lone Star
 Turfway Park
 Turf Paradise
 Woodbine
 Hastings
 South America

***NOTE: The mini-satellite will offer the same imports that the host track and other satellites offer and the Host Racing Association will determine the schedule and signals.

6. **Staffing Plan.**

- **Management:** The restaurant manager will be responsible for seating, sale of the Forms and Programs, and the entire food & beverage operation.
- **Mutuels:** The host track mutuel manager will assign a mutuel supervisor and clerk(s) according to the projected daily handle. On most weekdays, one or two clerks will be assigned, with two or three on most weekend days. The mutuel line proper will accommodate three clerks. The mutuel supervisor will be responsible for all aspects of the wagering.

7. **Security Plan.**

- **Responsible Party:** Anthony Laureti, Owner/Partner
- **Number of security personnel:** One daily, two or more as needed for age restriction.
- **Security Plan:** The security station will be at the entrance to the minisatellite area (see Sportech drawing: "Security Here"). Security personnel will restrict access by minors to the entire wagering area. Security personnel will be unarmed. Should any criminal activity occur, security personnel will summon local police. The Security location will be staffed at all times during wagering hours and without exception.
- **Local Police:** The San Diego Police Department is responsible for providing Law Enforcement services to the City of San Diego; Headquarters located at 1401 Broadway, San Diego, CA 92101; Phone: (619) 531-2000

8. **Television Equipment.**

- New from Sportech; (26) 55" LCD TVs; (6) 42" LCD TVs; (5) 36 LCD TVs

- Satellite by Dish Network;
- Decoders by Roberts

9. **Parking.** The Tilted Kilt has no parking per se, but because the facility is adjacent to Petco Park there are thousands of parking spaces in the immediate area, including ample street parking which are readily available except during baseball games.

10. **Advertising and Promotional Plans.** Subject to approval, a co-op advertising budget (minimum \$15,000) comprised of \$3,750 CMC, \$3,750 from Sportech and \$7,500 from Tilted Kilt will be available for advertising and promotion of the opening of the new mini-satellite. Frequent customer databases from all sources will be combined for direct mail and new media, and an advertising campaign using local radio stations will be the primary promotional vehicles. The restaurant employs a marketing consultant who will design and implement the launch campaign.

11. **Mutuel Machines (see Vizio drawing).**

- 3 wagering flip terminals (can be flipped for clerk or self-serve)
- 4 self-service terminals
- 3 ADA height self-service terminals

12. **20 Mile Radius.** Tilted Kilt is located within the protective circles of both Del Mar racetrack and Surfside Satellite Wagering. Both entities have agreed to grant waivers; the Del Mar racetrack waiver is included as Exhibit F

TILTED KILT Pub & Eatery
Mini-Satellite Application
Updated December 28, 2012

EXHIBIT A, AMENDED

Changes, Corrections & Explanations

1. **Dates of Operation.** The applicant proposes to operate as a minisatellite from January 17, 1013 until January 16, 1018, or five years from the date of CHRB licensing if different from January 17, 2013. The applicant will likely be ready to open for business within two weeks of licensing.
2. **Association Contract/Agreement.** The applicant will have a contract/agreement with the SCOTWinc, the applicable simulcast organization, and racetracks as listed in Exhibit A, paragraph 4. The reference to "Seatwine" was a typo.
3. **Restaurant Hours of Operation:** Sun-Thu 11am-Midnight; Fri-Sat 11am-2am.
4. **List of Host Tracks, dates and full cards, etc.** Per the simulcast agreement between the minisatellite and SCOTWinc, the minisatellite operator has no control over or input into the cards. The minisatellite is required to take all full cards delivered by the host track and must notify and receive approval from SCOTWinc to do otherwise. Thus the dates of operation match the live racing calendar for the year as approved by the CHRB.
5. **Supervision.** Randy Hartzell, Director of Mutuels at Santa Anita, has been designated by SCOTWinc as supervisor of satellite and minisatellite wagering. His CHRB license number is 306778, expires 02/2014.
6. **Security Plan.** Responsible party is Anthony Laureti, (619) 607-0769.
7. **Tables.** There will be five tables in the minisatellite wagering area itself; 52 tables in the dining and patio areas; and 42 bar seats in the bar area.
8. **Public Address Equipment.** The audio/visual system currently installed in the restaurant includes microphone input, with separate audio for the entire facility through dedicated speakers.
9. **Certification by Applicant.** The space allocated for signature representative is vague. No single association can sign for any other than itself. Rather, each racing association's information and authorized signature is included under Part II. For previous minisatellite applications, these signatures sufficed.
10. **Phone Numbers:**
 - Anthony Laureti: (619) 607-0769
 - Jason Wood: (858) 204-9858
 - William Reynolds: (619) 818-0798
11. **20 Mile Radius.** Waivers are required from both the Surfside Satellite Facility and the Del Mar racetrack. A copy of the racetrack waiver is in the packet. Surfside will send a copy directly to CHRB.

**CONSENT TO ESTABLISHMENT OF MINI-SATELLITE WAGERING
FACILITY**

WHEREAS, Southern California Off Track Wagering, Inc., a California Corporation ("Scotwinc") has entered, or is about to enter, into an agreement with Tilted Kilt Pub and Eatery with respect to the establishment of a Minisatellite Wagering facility at 310 10th Ave San Diego, CA 92101 (the "San Diego Minisatellite"), and

WHEREAS, such facility will be located within twenty (20) statute miles of the Del Mar Thoroughbred Club racetrack ("DMTC"), and

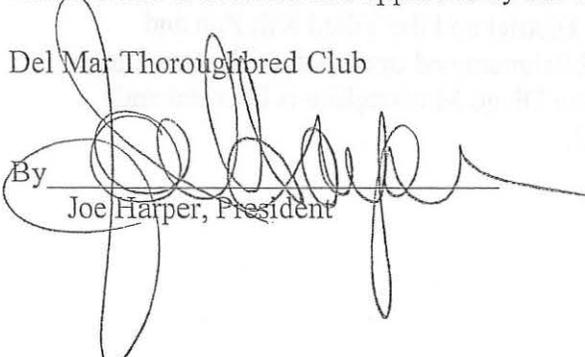
WHEREAS, Section 19605.25(a)(1) of the California Business and Professions Code prohibits, absent the consent of the operator of the racetrack, the location of a Minisatellite within twenty (20) statute miles of an existing racetrack.

NOW THEREFORE, DMTC gives its consent to the establishment and operation of the San Diego Minisatellite for such period of time that said San Diego Minisatellite is licensed and approved by the California Horse Racing Board.

Del Mar Thoroughbred Club

By

Joe Harper, President



**CONSENT TO ESTABLISHMENT OF MINI-SATELLITE WAGERING
FACILITY**

WHEREAS, Southern California Off Track Wagering, Inc., a California Corporation ("Scotwinc") has entered, or is about to enter, into an agreement with Tilted Kilt Pub and Eatery with respect to the establishment of a Minisatellite Wagering facility at 310 10th Avenue, San Diego, California (the "San Diego Minisatellite"), and

WHEREAS, such facility will be located within twenty (20) statute miles of the Del Mar Fairgrounds where the 22nd District Agricultural Association ("District") operates Surfside Race Place ("Surfside"), a satellite wagering facility, and

WHEREAS, Section 19605.25(a)(1) of the California Business and Professions Code prohibits, absent the consent of the operator of the Satellite Wagering Facility, the location of a Minisatellite within twenty (20) statute miles of an existing Satellite Wagering facility.

NOW THEREFORE, subject to approval by the District's Board of Directors and the execution of an agreement between the District and the Tilted Kilt Pub and Eatery, the District gives its consent to the establishment and operation of the San Diego Minisatellite for such period of time that said San Diego Minisatellite is licensed and approved by the California Horse Racing Board.

22nd District Agricultural Association

By _____

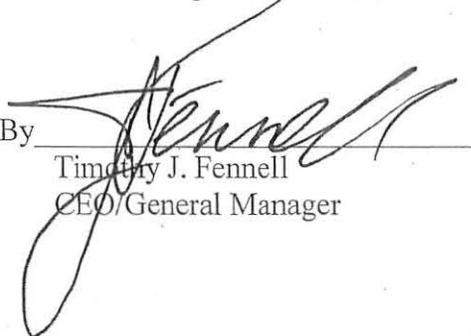

Timothy J. Fennell
CEO/General Manager

EXHIBIT A

5-39

"FACE SHEET"



PUB Menu

TILTED *easeers*

TK IRISH NACHOS

Fresh-cooked crispy Potato Chips covered with Cheese Sauce, seasoned Ground Beef and Tomatoes.

CLASSIC NACHOS

House-made Tortilla Chips covered with lots of Cheese, Refried Beans, Jalapeños, Tomatoes, Black Olives and fresh Salsa.

Order them Fully Loaded with seasoned Ground Beef or grilled Chicken, Sour Cream and Guacamole.

DRUNKEN CLAMS

"We didn't even know they drank!" Steamed in Beer and served with Garlic Bread.

Twice the Clams for an additional

MOZZARELLA STICKS

Battered Mozzarella Sticks served with a side of Marinara Sauce.

FIVE QUID SQUID

Tender fried Calamari served with a side of Marinara Sauce.

POTATO SKINS

Crispy Potato Skins filled with Cheddar and Jack Cheese, diced Bacon, Green Onions and served with your choice of a Horseradish Cream Dipping Sauce or Sour Cream.

GRILLED CHICKEN QUESADILLA

Grilled Chicken, Cheddar and Jack Cheese, Peppers and Onions, Guacamole, Sour Cream and fresh Salsa.

ROASTED GARLIC FRIES

Tossed in sautéed Garlic Butter and Parmesan Cheese. *Breath mints not included.

SPINACH ARTICHOKE DIP

Served with house-made Tortilla Chips.

CHIPS AND SALSA

Served with house-made Tortilla Chips and fresh Salsa.

Add Guacamole for an additional

FRESH *Salads*

THE SCOTTISH CHEESESTEAK SALAD

Fresh Romaine and diced Tomatoes, topped with, you guessed it...shaved Rib Eye Steak, sautéed Peppers and Onions and melted Provolone Cheese.

BRAVEHEART'S CHOPPED SALAD

Romaine Lettuce with roasted Turkey, oven-roasted Vegetables, Bacon, Tomatoes and Mozzarella Cheese.

CHICKEN TENDER SALAD

Lightly battered Chicken Breast Tenders served on fresh Romaine tossed in your choice of Dressing. Topped with Tomatoes, Cucumbers, Mandarin Orange slices and Red Onions.

TK HOUSE SALAD

Fresh Romaine topped with Tomatoes, Cucumbers, Red Onions and Croutons.

Half-Sized Portion.

CLASSIC CAESAR SALAD

Made the classic way (minus the Anchovies) with Romaine, Caesar Dressing, Parmesan Cheese and Croutons.

Half-Sized Portion.

Add Grilled Chicken.

BLEU CHEESE STEAK SALAD*

Fresh Romaine tossed with Tomatoes, Cucumbers and your choice of Dressing. Topped with tender slices of grilled Flat Iron Steak, caramelized Red Onions and Bleu Cheese Crumbles.

BIG ARSE Burgers™

Served with your choice of French Fries, Potato Chips or Coleslaw.
Upgrade to Sweet Potato Fries, Garlic Fries, Onion Rings, Cottage Cheese or a Side Salad.

● CLASSIC "BIG ARSE™" HAMBURGER *

10 oz. of delicious Sterling Silver® USDA Choice Ground Chuck grilled to perfection and served on a fresh Bun.

ADD YOUR CHOICE OF CHEESE

American, Cheddar, Swiss, Bleu, Provolone or Pepper Jack.

MAKE IT A DUBLIN® *

Add a second 10 oz. Beef patty and double the Cheese for an additional

MAKE IT A "SKINNY ARSE"

Substitute a 7 oz. Turkey Burger or Spicy Black Bean patty.

● BBQ BACON CHEESEBURGER *

Smoked Bacon, Cheddar Cheese, crispy Shoestring Onions and Guinness® BBQ Sauce.

"THE FRENCH CONNECTION" BURGER *

Melted Swiss Cheese, sautéed Mushrooms, Onions and Gene Hackman - we mean Au Jus.

BLACK & BLEU BURGER *

The perfect combination of Blackened Seasoning and melted Bleu Cheese Crumbles topped with crispy Shoestring Onions.

CALIFORNIA BURGER *

The classic California Burger with Swiss Cheese, Guacamole, Lettuce, Tomato and Red Onion.

● TK JALAPEÑO INFERNO BURGER *

Grilled Jalapeños, Pepper Jack Cheese and our very own hot Kilt Burner Mayo.

THE TK SLIDER BASKET *

Three Cheeseburger Sliders with grilled Onions, Pickles and Mustard. Served with Potato Chips.

TILTED KILT SIGNATURE ITEM. ●

MIGHT "STING" YOUR TASTEBUDS A LITTLE. ●

*CONSUMING RAW OR UNDERCOOKED FOODS MAY INCREASE YOUR RISK OF FOODBORNE ILLNESS, ESPECIALLY IF YOU FALL INTO A HIGH RISK GROUP OR HAVE A MEDICAL CONDITION.



TK'S SIGNATURE Wings

SERVED WITH CELERY & CHOICE OF ONE DIPPING SAUCE.

ORDER **TRADITIONAL STYLE** OR **GRILLED**

Make it twice the Wings for an additional

Tossed in your choice of one of our three Wing Sauces.

TK SIGNATURE SAUCE

Sweet & Spicy

TILTED SAUCE

Medium Heat

KILT BURNER SAUCE

Hot



PUB Favorites

Served with your choice of French Fries, Potato Chips or Coleslaw.

Upgrade to Sweet Potato Fries, Garlic Fries, Onion Rings, Cottage Cheese or a Side Salad.

CHICKEN TENDERS

Lightly battered Chicken Breast Tenders served "Naked" with Cayenne Ranch Dipping Sauce and house-made Coleslaw. Like them hotter? Have them tossed in one of our three Wing Sauces (TK Signature, Tilted or Kilt Burner).

IAN'S SHRIMP BASKET

A basket of crispy battered Shrimp served with a spicy Cocktail Sauce and a side of house-made Coleslaw.

MAGGIE MAE'S FISH & CHIPS

A true English Pub classic of battered Cod Filets with a creamy Tartar Dipping Sauce and a side of house-made Coleslaw.

OLDE DUBLIN IRISH STEW

Tender Beef Pot Roast, Carrots, Celery and Onions slow-cooked in a rich and hearty Guinness® Beef Stock, topped with a scoop of Colcannon Potatoes. Served with a side of Garlic Bread.

FRESH Wraps

Served with your choice of French Fries, Potato Chips or Coleslaw.

Upgrade to Sweet Potato Fries, Garlic Fries, Onion Rings, Cottage Cheese or a Side Salad.

GRILLED CHICKEN CAESAR WRAP

A classic Caesar Salad with grilled Chicken, wrapped in a Spinach Tortilla.

CHICKEN TENDER WRAP

Lightly battered Chicken Breast Tenders served "Naked" or tossed in one of our three Wing Sauces (TK Signature, Tilted or Kilt Burner) with Provolone Cheese, Lettuce, Tomato and Ranch Dressing in a Jalapeño Tortilla.

THE ULTIMATE CLUB WRAP

Roasted Turkey, smoked Bacon, Swiss Cheese, Lettuce, Tomato and Sun-Dried Tomato Pesto Mayo all wrapped up in a Spinach Tortilla with no place to go... but your mouth.

SPICY BLACK BEAN VEGGIE WRAP

A Spinach Tortilla filled with a spicy Black Bean, Corn and Tomato combination, Lettuce, marinated Veggies, Cheddar and Jack Cheese and a spicy Cayenne Ranch Sauce. Served with Sweet Potato Fries.

HOT Sandwiches

Served with your choice of French Fries, Potato Chips or Coleslaw.
Upgrade to Sweet Potato Fries, Garlic Fries, Onion Rings, Cottage Cheese or a Side Salad.

THE FRENCH, WE MEAN IRISH DIP

Shaved Rib Eye Steak topped with melted Swiss Cheese and a side of piping hot Au Jus for dipping.

BBQ PULLED PORK SANDWICH

Slow-cooked Pulled Pork covered in our delicious Guinness® BBQ Sauce and topped with house-made Coleslaw.

THE KILT CLUB

Thick-cut Sourdough Bread, roasted Turkey, smoked Bacon, Swiss Cheese, Lettuce, Tomato and Sun-Dried Tomato Pesto Mayo.

THE SCOTTISH CHEESESTEAK

Shaved Rib Eye Steak topped with grilled Peppers, Onions and melted Provolone Cheese.

FAT BASTARD'S MEATLOAF SANDWICH

"Get in my Belly!"

A generous portion of our made-from-scratch Meatloaf served open faced on a Hoagie, drizzled with our delicious Guinness® BBQ Sauce and topped with shoestring Onions. Served with French Fries or Garlic Mashed Potatoes.

THE SLOPPY JANE

It seems that "messy" runs in the family!

Choose from roasted Turkey or shaved Rib Eye, served hot or cold on a Bun with Thousand Island Dressing, Swiss Cheese and topped with house-made Coleslaw... that's what makes it sloppy.

SPICY SAUSAGE SANDWICH

Grilled spicy Sausage topped with sautéed Peppers, Onions, Provolone Cheese and Kilt Burner Mayo.

GRILLED CHICKEN CLUB

A tender, juicy grilled Chicken Breast topped with Swiss Cheese, smoked Bacon, Lettuce, Tomato and Basil Pesto Mayo.

PASTRAMI SANDWICH

Thinly sliced hot Pastrami and Swiss Cheese served on thick-cut Marble Rye. Order it "Traditional Style" with Spicy Mustard or "Reuben Style" with grilled Sauerkraut and Thousand Island Dressing.

TILTED KILT SIGNATURE ITEM.

MIGHT "STING" YOUR TASTERUDS A LITTLE.

CONSUMING RAW OR UNDERCOOKED FOODS MAY INCREASE YOUR RISK OF FOODBORNE ILLNESS, ESPECIALLY IF YOU FALL INTO A HIGH RISK GROUP OR HAVE A MEDICAL CONDITION.



PUB Entrées

DANNY BOY'S SHEPHERD'S PIE

"Oh, Danny Boy, the pie is calling."
Seasoned Ground Beef, Carrots, Peas and Mushroom Gravy topped with Garlic Mashed Potatoes and Parmesan Cheese. Served with Garlic Bread.

FISH TACOS

Three delicious, soft Flour Tortillas stuffed with battered Cod, shredded Cabbage, Tomatoes, Cilantro and Cayenne Ranch Sauce. Served with house-made Tortilla Chips and fresh Salsa.

GRILLED SALMON*

A grilled Salmon fillet served with steamed seasonal Vegetables and a Whiskey Cream Sauce.

BLACKENED CHICKEN FETTUCCINI

A mouth-watering combination of Blackened Chicken, Peppers, Onions, Spinach and Artichoke Hearts tossed with Fettuccini in a Sun-Dried Tomato Pesto Sauce. Served with Garlic Bread.

We dare you to substitute spicy Sausage.

ITALIAN HERB CHICKEN

Tender and juicy grilled Chicken Breasts seasoned with Italian Herbs and served with a side of steamed seasonal Vegetables.

CHICKEN FRIED CHICKEN

House-made Chicken Fried Chicken, a generous portion of Garlic Mashed Potatoes covered in a Black Pepper Country Gravy and a side of steamed seasonal Vegetables. Served with Cheesy Garlic Bread.

CHEF FLANNERY'S STEAK*

A USDA Choice Center-Cut 12 oz. NY Strip Steak grilled to your liking and served with either French Fries or Garlic Mashed Potatoes, steamed seasonal Vegetables and Garlic Bread.

GAELIC CHICKEN

That's "Gaelic" not "Garlic"... Pan seared Chicken Breasts with sautéed Mushrooms and Onions served with a to-die-for Irish Whiskey Cream Sauce served over Garlic Mashed Potatoes or Fettuccini and Garlic Bread.

LASAGNA

Layers of Pasta filled with Ricotta Cheese and Meat Sauce. Served with Garlic Bread.



TK Sides

TK CHILI

Our famous Chili topped with diced Onions and Cheddar and Jack Cheese.

Bowl -

BASKET OF FRENCH FRIES

BASKET BATTERED ONION RINGS

Served with Cayenne Ranch Dipping Sauce.

GARLIC MASHED POTATOES

COLESLAW

OLDE DUBLIN IRISH STEW

Bowl -

BASKET OF SWEET POTATO FRIES

BASKET OF CRISPY POTATO CHIPS

STEAMED SEASONAL VEGETABLES

COTTAGE CHEESE

GARLIC BREAD

Additional Dressings & Sauces are extra.

FLATBREAD *Pizza*

CHICKEN FLORENTINE

Alfredo Sauce topped with seasoned Chicken, sautéed Spinach, smoked Bacon, diced Tomatoes and Mozzarella Cheese.

ROASTED GARLIC CHICKEN

Basil Pesto Sauce topped with roasted Garlic Chicken, Artichoke Hearts, Red Onions and Mozzarella Cheese.

SCOTTISH CHEESESTEAK

Marinara Sauce, shaved Rib Eye, roasted Peppers and Onions, Cheese Sauce and Mozzarella Cheese.

MCKAYLA'S GARDEN

Sun-Dried Tomato Pesto Sauce topped with sautéed Spinach, Garlic, roasted Peppers, Mushrooms, Tomatoes and Mozzarella Cheese.

● "ONE SHOT" JOHNNY

A TK favorite. Sun-Dried Tomato Pesto Sauce topped with Pepperoni, Sausage, smoked Bacon and Mozzarella Cheese.

BBQ CHICKEN

Guinness' BBQ Sauce, diced Chicken, shaved Red Onions, Cilantro and Mozzarella Cheese.

QUINLAN'S FIVE CHEESE

Basil Pesto Sauce covered with Mozzarella, Parmesan, Romano and Cheddar & Jack Cheeses.

● BYOP (BUILD YOUR OWN PIZZA)

Start out with the classic Flatbread Pizza (Your choice of Sauce & Mozzarella Cheese)

Pepperoni, Sausage, Smoked Bacon, Grilled Chicken, Fresh Mushrooms, Black Olives, Jalapeño Peppers, Red Onions, Roasted Garlic, Artichoke Hearts, Tomatoes, Red & Green Peppers, Sautéed Spinach, Extra Cheese

SWEET *Things*

● TILTED GUILT

No guilt here...a partially baked Chocolate Chip or White Chocolate Macadamia Nut Cookie served hot from the oven, topped with Vanilla Ice Cream and Chocolate Syrup.

BROWNIE GUILT

A decadent warm Chocolate Brownie topped with Vanilla Ice Cream and Monin Caramel Sauce.

NEW YORK STYLE CHEESECAKE

A rich and creamy slice of a traditional favorite.

COLD *Drinks*

Coca-Cola & ASSORTED COKE PRODUCTS

RED BULL® ENERGY DRINK, RED BULL® SUGAR FREE

COFFEE, ICED TEA, LEMONADE, ARNOLD PALMER & ASSORTED JUICES

TILTED KILT SIGNATURE ITEM. ●

MIGHT "STING" YOUR TASTEBUDS A LITTLE. ●

*CONSUMING RAW OR UNDERCOOKED FOODS MAY INCREASE YOUR RISK OF FOODBORNE ILLNESS, ESPECIALLY IF YOU FALL INTO A HIGH RISK GROUP OR HAVE A MEDICAL CONDITION.

**“A COLD BEER
NEVER *Looked*
SO GOOD.”[®]**

TILTEDKILT.COM



[FACEBOOK.COM/TILTEDKILTPUBANDEATERY](https://www.facebook.com/TiltedKiltPubandEatery)



[@TILTEDKILTPUB](https://twitter.com/TiltedKiltPub)

EXHIBIT C Fire Clearance

Faint, illegible text, likely bleed-through from the reverse side of the page.

Faint, illegible text, likely bleed-through from the reverse side of the page.



City of San Diego Fire Rescue Department
 1010 Second Ave., Suite 400, San Diego, California
 92101
 (619) 533-4300
www.sandiego.gov/fireandems

HIGH RISE BLDG FINAL Assigned To Castiglione, Mark on 10/4/2012

Start Date: 10/4/2012 12:00:00AM
Finish Date: 10/4/2012 12:00:00AM

Notice

Notice of Fire and Safety Hazards You are hereby notified that an inspection of your premises has disclosed the following fire safety hazards and/or violations of the provisions of appropriate local or state codes.

Order to Comply As such conditions are contrary to law you are hereby required to correct these conditions immediately upon receipt of this notice. An inspection to determine whether you have complied will be conducted on or before the next inspection date. Failure to comply with the foregoing order before the date of the next inspection may subject you to further enforcement action and penalties as provided by law.

Potential Enforcement Consequences for Failure to Timely Comply with this Notice Misdemeanor criminal prosecution (maximum fine of \$1,000 per day for each violation plus six months in jail), civil injunction, administrative abatement, revocation of permits, recordation of Notice of Violation, civil penalties (maximum of \$2,500 per day for each violation).

Occupancy ID: 08000180
Address: 350 10TH AV Unit No: HR-OFFICE
Business Name: DIAMOND VIEW TOWER
City/State/Zip: SAN DIEGO, CA 92101
Occupancy Use: B - OFFICE EATING/DRINKING W/OCC LOAD < 50
Property Uses: 599 - Business office

Violations Found:

<u>Date Found</u>	<u>Date Cleared</u>	<u>Standard/Reference</u>
VIOLATION		
Code Section:	F703.2.3	DOORS SHALL CLOSE/LATCH AUTOMATICALLY
08/28/2012	10/04/2012	

Occupancy ID: 08000180
Address: 350 10TH AV Unit No: HR-OFFICE
Business Name: DIAMOND VIEW TOWER
City/State/Zip: SAN DIEGO, CA 92101
Occupancy Use: B - OFFICE EATING/DRINKING W/OCC LOAD < 50
Property Uses: 599 - Business office

FIRE DOOR SEALS REQUIRED (FLOOR 15, 11, 10, 9, 8, 6, 2)

FIRE DOORS SHALL CLOSE CORRECTLY (FLOOR 11 - RED DOOR ENTRANCE / FLOOR 3)

REMOVE ALL DOOR STOPS ON FIRE DOORS (FLOOR 4)

Code Section: F605.1

ABATE ELECTRICAL HAZARD

08/28/2012 10/04/2012

REMOVE ALL EXTENSION CORDS USED AS PERMANENT WIRING (FLOOR 12)

NO PIGGYBACKING OF SURGE PROTECTORS (FLOOR 12)

Code Section: F605.3

MIN 30" CLEAR AROUND ELECT PANEL

08/28/2012 10/04/2012

PROVIDE 30" CLEARANCE IN FRONT OF ELECTRICAL PANELS (FLOOR 3 / POOL STORAGE ROOM)

PROVIDE 30" CLEARANCE FROM TRANSFORMER AND DISCONNECT HANDLE (TOAST OFFICE)

Code Section: F903.1

AUTOMATIC SPRINKLER SYSTEMS - GENERAL

08/28/2012 10/04/2012

REMOVE HANGING ART WORK FROM CEILING (FLOOR 6)

Code Section: F315.2.3

NO COMBUSTIBLE STORAGE EQUIPMENT ROOMS

08/28/2012 10/04/2012

REMOVE STORAGE FROM ELECTRICAL ROOM AND ELEVATOR HALLWAY (FIT GYM)

Occupancy ID: 08000180
Address: 350 10TH AV Unit No: HR-OFFICE
Business Name: DIAMOND VIEW TOWER
City/State/Zip: SAN DIEGO, CA 92101
Occupancy Use: B - OFFICE EATING/DRINKING W/OCC LOAD < 50
Property Uses: 599 - Business office

Code Section: F1003.6
PRVD APPRVD MEANS OF EGRESS CONTINUITY

08/28/2012 10/04/2012
 REMOVE STORAGE IN EXIT CORRIDOR (EXIT TO
 LOADING DOCK)

Code Section: F904.11
PRVD APPRVD A.F.E.S.-COMM COOKING SYS

08/28/2012 10/04/2012
 SIX MONTH SERVICE IS REQUIRED FOR THE U/L 300
 SUPPRESSION SYSTEM AND HANG FIRE EXTINGUISHER
 3'-5' (TOAST KITCHEN)

Code Section: F904.11
PRVD APPRVD A.F.E.S.-COMM COOKING SYS

08/28/2012 10/04/2012
 SIX MONTH SERVICE IS REQUIRED FOR THE U/L 300 FIRE
 SUPPRESSION SYSTEM (TILTED KILT)

HANG ABC EXTINGUISHER 3' - 5' (TILTED KILT)

REMOVE ALL STORAGE IN THE ELECTRICAL ROOM
(TILTED KILT)

REMOVE ALL OBSTRUCTIONS FROM THE KITCHEN EXIT
CORRIDOR (TILTED KILT)

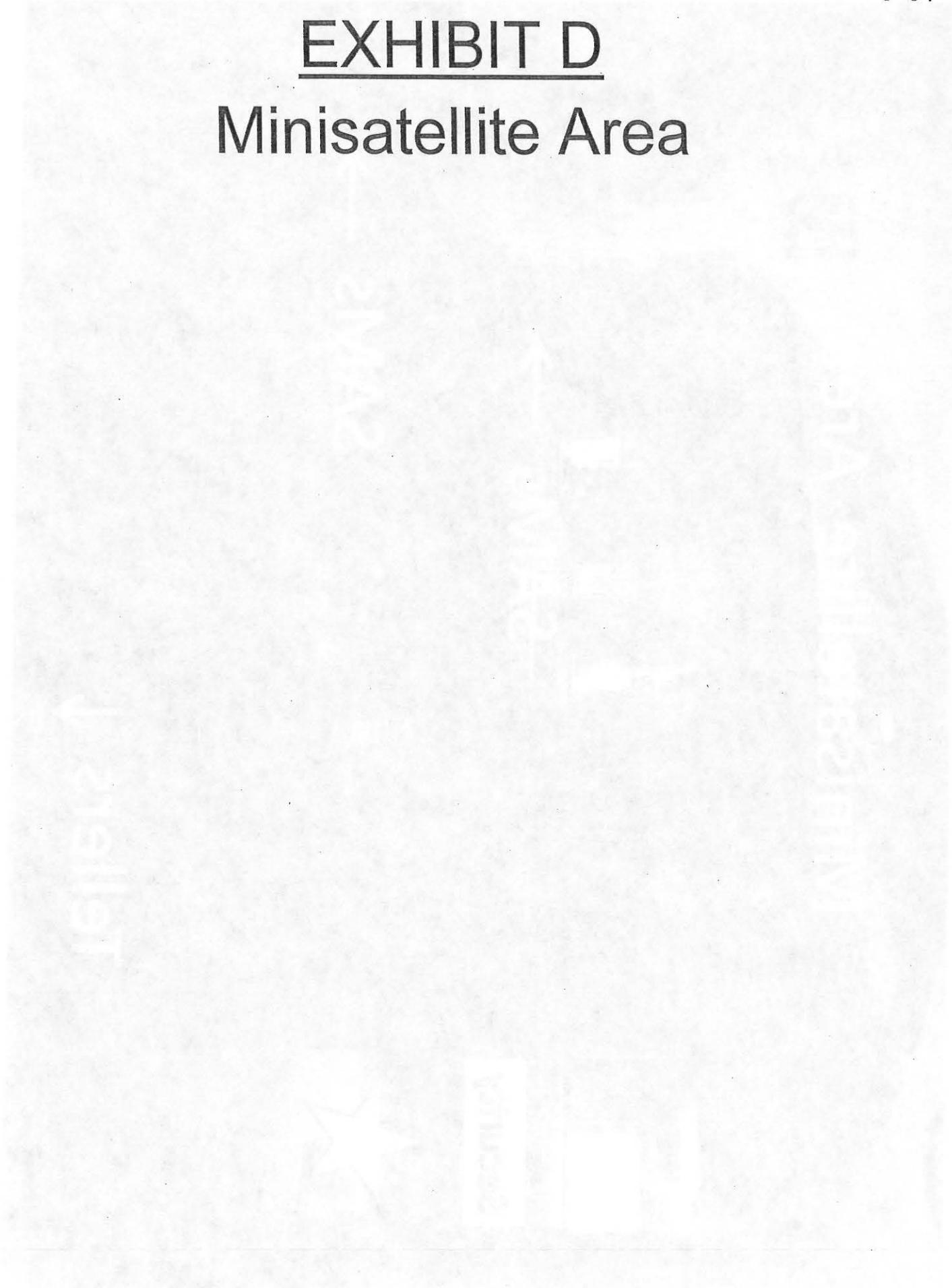
30 GALLON MAXIMUM INSIDE PROPANE STORAGE -
EMPTY OR FULL (TILTED KILT)

REMOVE THE EXTENSION CORD USED AS PERMANENT
WIRING IN THE KITCHEN EXIT CORRIDOR (TILTED KILT)

Code Section: F315.2.1
PRVD APPRVD CEILING CLEARANCE

08/28/2012 10/04/2012
 PROVIDE 18" OF CEILING CLEARANCE (LAW, KIRBY
 STORAGE)

EXHIBIT D
Minisatellite Area



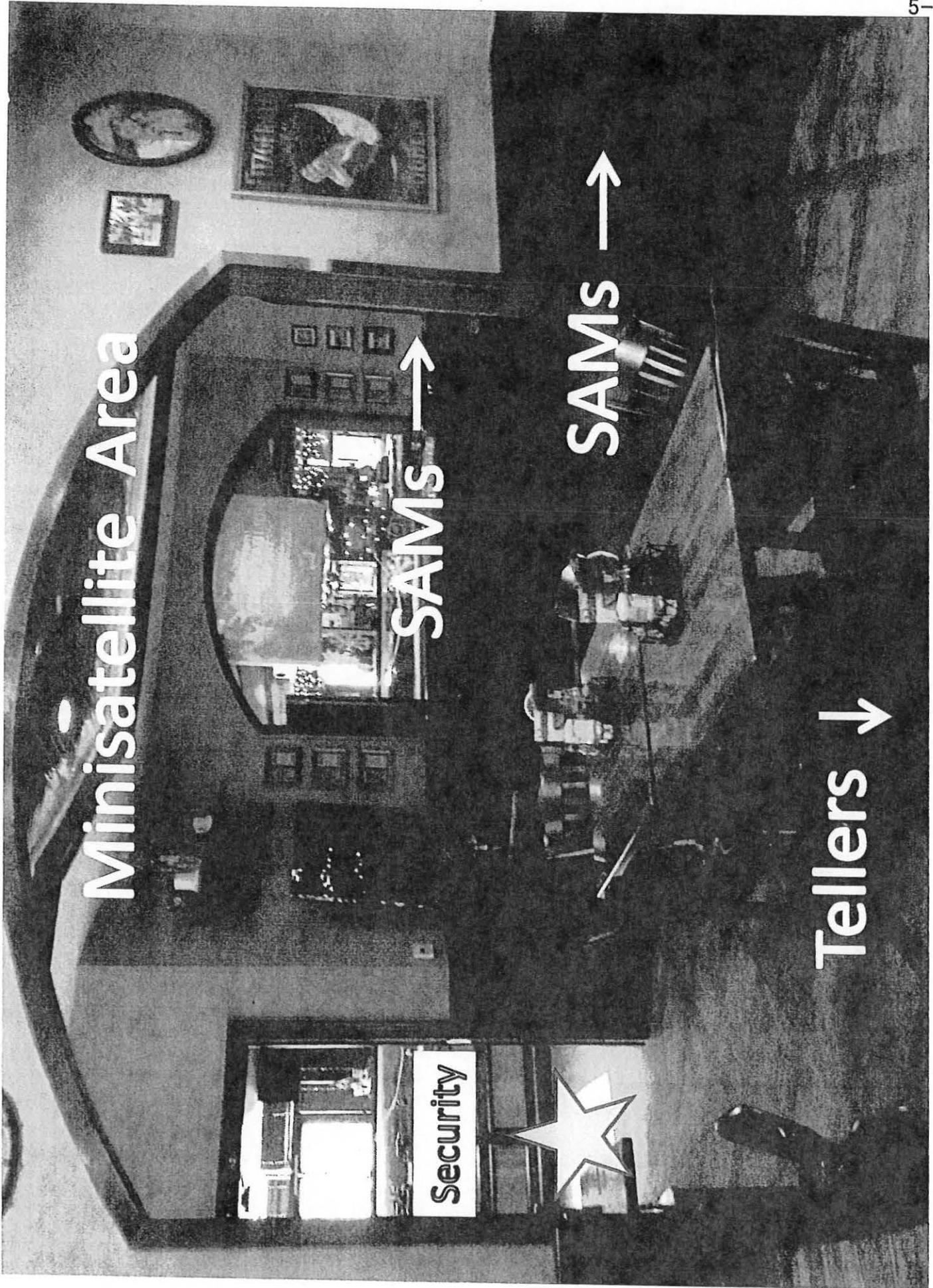
Minisatellite Area

SAMS →

SAMS →

Tellers ↓

Security



DISCUSSION AND ACTION BY THE BOARD
REGARDING THE
BETFAIR HOLLYWOOD PARK
2013 ALLOCATED FALL RACE DATES

Regular Board Meeting
January 17, 2013

BACKGROUND

Business and Professions Code section 19530 provides the Board with the authority to allocate racing weeks to an applicant pursuant to the provisions of the Horse Racing Law and to specify such racing days, dates and hours for horse racing meetings as will be in the public interest, and will subserve the purposes of the law. Business and Professions Code section 19531 states the Board shall make allocation for racing weeks, including simultaneous racing between zones as it deems appropriate.

Board Rule 1430, Allocation of Racing Weeks and Dates, states the Board shall allocate racing weeks and dates for the conduct of horse racing in this State for such time periods and at such racing facilities as the Board determines will best subserve the purposes of the Horse Racing Law and which will be in the best interests of the people of California in accord with the intent of the Horse Racing Law.

At its August 2012 Regular Meeting the Board allocated race dates for 2013. During the discussion regarding the proposed Betfair Hollywood Park (BHP) race dates the issue as to whether BHP would run the proposed fall 2013 race dates was raised. After discussion, the Board approved a motion to grant the BHP 2013 race dates conditioned on the racing association returning to the Board by January 2013 with a commitment to run its allocated fall 2013 race dates.

RECOMMENDATION

Staff recommends the Board hear from a BHP representative.