

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

of the California Horse Racing Board will be held on Thursday, July 22, 2010, commencing at 9:30 a.m., at the Del Mar Surfside Race Place (Downstairs General Admission Area), 2260 Jimmy Durante Blvd., Del Mar, 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 the regular meeting of June 22, 2010.
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 on the nomination of members to the Board of Directors of the California Thoroughbred Horsemen's Foundation, Inc.
4. Discussion and action by the Board regarding the distribution of race day charity proceeds of the Los Angeles Turf Club in the amount of \$83,008 to 16 beneficiaries.
5. Discussion and action by the Board regarding the amendment to the YouBet Application for License to Conduct Advance Deposit Wagering (ADW) of YouBet, Inc., for a California multi-jurisdictional wagering hub, to update the application to reflect Churchill Downs as the current parent company of YouBet, Inc.
6. Discussion and action by the Board regarding the proposed amendment to CHRB Rule 1974, Wagering Interest, to 1) provide that the withdrawal of one horse from a wagering interest that consists of more than one horse constitutes the withdrawal of the coupled entry or field and any horse remaining in the coupled entry or field shall run as a non-wagering interest for the purse only, and 2) to provide that a horse that is removed from the wagering pool in error shall run as a non-wagering interest for purse only.
7. Discussion and action by the Board regarding the proposed amendment to CHRB Rule 1876, Financial Responsibility, to add financial responsibility complaints from equine medical hospitals, and services provided by horse farms that are directly related to horseracing where the debt exceeds \$1,000.00.

8. Discussion and action by the Board regarding the feasibility of amending CHRB Rule 1634, Claiming Option Entry.
9. Discussion and action by the Board regarding the feasibility of adding CHRB Rule, 1581.2, Suspended Trainer May Enter Horses, to allow suspended trainers to enter a horse to race during the time of suspension provided the race occurs subsequent to the last day of suspension.
10. Report from the Chairman of the Board regarding legislative industry developments.
11. Discussion and action by the Board regarding a report from the Thoroughbred Owners of California (TOC) regarding the results of its recent Board election and TOC's plans for 2010 and beyond.
12. Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Los Angeles County Fair (F) at Fairplex, commencing September 9, 2010 through September 27, 2010, inclusive.
13. Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Oak Tree Racing Association (T) at Santa Anita, commencing September 29, 2010 through October 31, 2010, inclusive.
14. Discussion and action by the Board on the approval of the 2010/2011 Agreement providing funding support for the Board.
15. Discussion and action by the Board regarding a report from Los Alamitos Racing Association regarding the impact the two percent increase in the take-out on conventional and exotic wagers on races conducted by the racing association has had on handle, and if the take-out increase should continue until September 8, 2010 as approved by the Board.
16. Discussion by the Board regarding a report concerning the revenue stream; the takeout dollar in California, where it goes, and how it is used and the sources of handle.
17. Discussion and action by the Board regarding a comprehensive report from MI Developments Inc., as requested by the Board at its May 2010 Regular Meeting, concerning its future plans for California racing and its plans for racing at Santa Anita Park Race Track and Golden Gate Fields.
18. Discussion and action by the Board regarding a finding pursuant to Business and Professions Codes sections 19483 and 19484 that MI Developments Inc. ownership of Santa Anita Park Race Track, Golden Gate Fields and XpressBet is in the best interest of horse racing, and whether such ownership better serves the purposes of Business and Professions Code Division 8 Chapter 4 (Horse Racing Law).

19. Discussion and action by the Board regarding the amendment to Pacific Racing Association's Application for Authorization to Operate a Simulcast Wagering Facility to update the application to reflect MI Developments, Inc. as the current parent company of the Pacific Racing Association.
20. Discussion and action by the Board regarding the amendment to Los Angeles Turf Club's Application for Authorization to Operate a Simulcast Wagering Facility to update the application to reflect MI Developments, Inc. as the current parent company of the Los Angeles Turf Club.
21. Discussion and action by the Board regarding the amendment to the XpressBet Application for License to Conduct Advance Deposit Wagering (ADW) of XpressBet, Inc., for a California multi-jurisdictional wagering hub, to update the application to reflect MI Developments Inc. as the current parent company of XpressBet.
22. Discussion and action by the Board regarding 1) reallocation of August 25, 2010 through October 3, 2010 race dates from Pacific Racing Association to the Los Angeles Turf Club, and 2) the Application for License to Conduct a Horse Racing Meeting of the Los Angeles Turf Club (T) at Golden Gate Fields, commencing August 25, 2010 through October 3, 2010, inclusive.
23. **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).

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
Jesse H. Choper, Member
Bo Derek, Member
John C. Harris, Member
Jerry Moss, Member
Richard Rosenberg, Member
Kirk E. Breed, Executive Director

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PENDING ADMINISTRATIVE ADJUDICATIONS
JULY 2010

CASE

- A. Reconsideration for Licensure
Patrick Valenzuela
- B. Appeal of the Board of Stewards Official Ruling #90, Pacific Racing Association,
Dated June 6, 2010
Hector Romero
- C. MI Development, Inc.

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PENDING LITIGATION
JULY 2010

CASE

- A. Frank Petrelli v. California Horse Racing Board**
Superior Court of California, County of Sacramento, Case No. 34-2010-80000444

- B. Magna Entertainment Corporation (MEC)**

PROCEEDINGS of the Regular Meeting of the California Horse Racing Board held at the Hollywood Park Race Track Sunset Room, 3883 West Century Boulevard, Inglewood, California, on June 22, 2010.

Present: Keith Brackpool, Chairman
David Israel, Vice-Chairman
Jesse H. Choper, Member
Bo Derek, Member
John C. Harris, Member
Jerry Moss, Member
Kirk E. Breed, Executive Director
Robert Miller, Staff Counsel

PRESENTATION OF THE CALIFORNIA HORSE RACING BOARD
RESOLUTION TO JOHN ANDREINI.

Chairman Brackpool presented ex-Commissioner John Andreini with a resolution from the California Horse Racing Board. Mr. Andreini expressed his appreciation for the resolution.

MINUTES

Chairman Brackpool asked for approval of the minutes of the Regular Meeting of May 20, 2010. Vice-Chairman Israel **motioned** to approve the minutes. Commissioner Harris **seconded** the motion, which was **unanimously carried**.

PUBLIC COMMENT

Jerry Jamgotchian, a horse owner, spoke about his concerns regarding horse racing in California. John Bucalo of the Barona Casino off track wagering facility spoke about his organization's desire to offer full card wagering.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENT TO CHRB RULE 1844, AUTHORIZED MEDICATION, TO MODIFY THE LEVELS PERMITTED FOR PROCAINE SUBSEQUENT TO PROCAINE PENICILLIN ADMINISTRATION.

Jacqueline Wagner, CHRB staff, said the proposed amendment to Board Rule 1844, Authorized Medication, would increase the amount of procaine that may be present in an official urine test sample from ten nanograms per milliliter to 50 nanograms per milliliter. The proposed amendment would also add a new subsection 1844(h), which would – under specific conditions - authorize procaine as a medication following administration of procaine penicillin. Ms. Wagner stated the proposed amendment was discussed at the May 2010 Medication and Track Safety Committee (committee) meeting. The committee determined it would recommend that the Board direct staff to initiate a 45-day public comment period. Commissioner Derek said she would normally not be in favor of raising the level of any medication; however, procaine was a therapeutic drug that was important to racing. Commissioner Harris commented procaine penicillin was an old medication that was more effective than some of the newer antibiotics. He added the proposal could save money and offer better care of race horses. Chairman Brackpool **motioned** to direct staff to initiate a 45-day public comment period for the proposed amendment to Board Rule 1844. Commissioner Derek **seconded** the motion, which was **unanimously carried**.

PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENT TO CHRB RULE 1766, DESIGNATED RACES, TO REQUIRE A JOCKEY OR DRIVER TO SERVE ADDITIONAL SUSPENSION DAYS, SIMILAR TO THE CALIBER OF THE DESIGNATED RACES, SHOULD A SUSPENDED JOCKEY OR DRIVER PARTICIPATE IN MORE THAN ONE DESIGNATED RACE PER DAY IN CALIFORNIA.

Jacqueline Wagner, CHRB staff, said the proposed amendment to Board Rule 1766, Designated Races, would provide that suspended jockeys or drivers, who participated in more than one designated race in California, or in one or more designated race in another jurisdiction while under suspension in California, shall be required to complete their term of suspension on the equivalent day of the week following the day on which they participated in the designated race(s). Ms. Wagner stated the proposed regulation was noticed to the public for a 45-day comment period. Letters of support for the amendment were received from the stewards at Golden Gate Fields and Hollywood Park Race Track. Ms. Wagner read into the record the letter from the Golden Gate Fields stewards. Chairman Brackpool stated he believed the amendment would be good for horse racing, as it prevented the appearance of suspended jockeys and drivers taking advantage of the system by trading days. Vice-Chairman Israel **motioned** to adopt the proposed amendment to Board Rule 1766. Commissioner Choper **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF THE LOS ANGELES TURF CLUB IN THE AMOUNT OF \$83,000 TO 14 BENEFICIARIES.

Chairman Brackpool stated the item was **put over** to the July 2010 Regular Board Meeting.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF THE OAK TREE RACING ASSOCIATION IN THE AMOUNT OF \$48,365 TO EIGHT BENEFICIARIES.

Jacqueline Wagner, CHRB staff, said the Oak Tree Racing Association (OTRA) was requesting to distribute \$48,365 in race day charity proceeds to eight beneficiaries. She stated 100 percent of the proceeds would benefit horse racing related organizations. Staff recommended the Board approve the OTRA request as presented. Commissioner Derek **motioned** to approve the request by OTRA to distribute race day charity proceeds. Commissioner Moss **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING 1) A REPORT FROM REPRESENTATIVES OF SOUTHERN CALIFORNIA OFF-TRACK WAGERING, INC. (SCOTWINC) CONCERNING OPERATING RESULTS, FINANCIAL CONDITION, AND STRATEGIC PLANNING AND 2) FOR WAGERING CONDUCTED BY THOROUGHBRED RACING ASSOCIATIONS, THE REQUEST TO MODIFY THE DISTRIBUTION OF TAKEOUT AS PERMITTED BY BUSINESS AND PROFESSIONS CODE SECTION 19601.01 AND TO MODIFY THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCE DEPOSIT WAGERING (ADW) AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE SECTION 19604(F)(5)(E).

Craig Fravel, representing Southern California Off-Track Wagering, Inc. (SCOTWINC), said a report to the Board regarding the issue was provided for inclusion in the materials for the Regular Meeting, as well as a comprehensive site-by-site analysis of the factors involved in each SCOTWINC and Northern California Off-Track Wagering (NCOTWINC) location. Mr. Fravel stated a task force comprised of persons from various facets of the racing industry was appointed to conduct a comprehensive review of SCOTWINC and NCOTWINC operations, and to identify operating efficiencies; make recommendations on future improvements; and develop short-term and long-term recommendations on improving the operating system. Phase one, which was a snapshot

of the operating systems' present condition, and a variety of recommendations for improving operating efficiencies and delivery of product to the customer, was completed and included in the report provided to the Board. Mr. Fravel commented the report demonstrated the importance of SCOTWINC and NCOTWINC to California. It also demonstrated that the operating systems needed extensive work to improve operations, to deliver customer service and to increase distributions of the product beyond the traditional locations. One of the critical items identified was the establishment of standards and operating processes there would be uniform across the various facilities. There were some very nice facilities and others that were not as nice. Mr. Fravel added that some of the not-so-nice facilities actually delivered more net return than one might expect. On a short-term basis the request before the Board was to modify the current reduction in the distribution of market access fees from Advance Deposit Wagering (ADW) to continue to balance the operating expenses versus the operating revenues attributed to the SCOTWINC and NCOTWINC sites. The second request before the Board was to reduce the current ADW deduction of 4 percent to 1.75 percent in the south and 2.9 percent in the north, and to continue the deduction for a period of one year. Chairman Brackpool stated when the issue was raised in February 2010 the Board was not pleased with the status of the operating systems. However, since that time, the industry has responded well to the Board's concerns, and the report that was presented was useful. While there may be a continuing operating deficit in a couple of the operations, it was important to remember what they contributed to the overall handle. Commissioner Harris said he would like to clarify that the requests did not impact takeout, which would remain the same. Mr. Fravel stated the wagering fans would not be

affected by any of the requests. Commissioner Choper asked how the operating systems would balance their own budgets. Mr. Fravel said there was a 2.5 percent deduction from the brick-and-mortar locations that paid all the pari-mutuel costs, which were really the direct costs of distributing the signal and taking wagers. The deficit was balanced by creating a deduction from the ADW revenues to balance against projected expenses. Mr. Fravel added expenses had been reduced by \$5 million, which was a huge positive. Commissioner Choper asked if the ADW providers participated in the discussions. Mr. Fravel said they did not participate. He commented that long term goals were improving ADW and expanding distribution. The work group would look at such issues and return to the Board with detailed recommendations. Commissioner Choper asked how the ADW contribution took place. Mr. Fravel said the enabling statute was modified to allow the deduction with approval of the represented parties and the Board. Vice-Chairman Israel asked if the operating organizations had any standards they imposed on member facilities. Mr. Fravel said there were no standards for various operations. However, SCOTWINC and NCOTWINC needed to start looking at the facilities as franchises. He indicated the Board was initiating the process to develop standards. SCOTWINC and NCOTWINC only controlled the distribution of the signal and the acceptance of wagers. They did not control food and beverages, janitorial services, or the capital expense budget for the facilities. The operating organizations' ability to enforce standards was probably not as great as the Board's. Additionally, there were questions about the operating organizations' ability to cut off individual facilities. Vice-Chairman Israel said the operating organizations might consider legislation that would enable them to exert greater influence and set a bar for substandard facilities. Mr. Fravel said the industry needed to

work with the Board on such issues, as the Board had the ability to set standards. Commissioner Choper said it would be helpful if the operating organizations would make a report to the Board if it concluded an off-track site was inadequate. Mr. Fravel stated that could be part of the ongoing managerial responsibilities. Vice-Chairman Israel said the industry needed to help the Board establish what was necessary to serve the public. Mr. Fravel said the work group completed its survey to determine current conditions at the facilities. The next step was to work with the industry and the Board to implement uniform standards. Chairman Brackpool motioned that effective for a one-year period commencing July 1, 2010 and ending June 30, 2010, the Board approved, pursuant to Business and Professions Code section 19604(f)(5)(E) and subject to the parties whose distributions would be affected filing the prescribed agreement with the Board, that the distribution of market access fees from the ADW wagers made by California residents on races conducted and hosted by thoroughbred associations be modified to 1.75 percent of ADW wagers in central and southern zones of SCOTWINC, and 2.9 percent of ADW wagers in the northern zone of NCOTWINC. Effective for a one-year period commencing July 1, 2010 and ending June 30, 2011, the Board would approve pursuant to Business and Professions Code section 19601.1 and subject to the parties whose distributions were being affected filing a prescribed agreement with the Board, that the distribution prescribed in Business and Professions Code section 19605(a)(2)(A) to the entity described in Business and Professions Code section 19608.2 be altered from 2.5 percent to 2.9 percent of the handle in the northern zone on races conducted and hosted by the thoroughbred association in the northern zone. Jerry Jamgotchian, a horse owner,

spoke about his concerns regarding satellite wagering facilities and the industry. Vice-Chairman Israel seconded the motion, which was unanimously carried.

DISCUSSION BY THE BOARD REGARDING SENATE BILL 1439 (PRICE), WHICH WOULD HAVE CHANGED THE 20 MILE RADIUS REQUIREMENT TO 15 MILES; AUTHORIZED THE CHRB TO CONDUCT A ONE YEAR TEST AT THE PROPOSED SITE IF A SATELLITE WAGERING FACILITY OR TRIBAL CASINO DID NOT CONSENT TO A MINISATELLITE WAGERING FACILITY (MSW); AND WOULD HAVE PROHIBITED AN MSW FROM BEING WITHIN 20 MILES OF AN INDIAN CASINO.

Chairman Brackpool said Senate Bill 1439 (SB 1439) occupied a considerable amount of the Board's time over the past several months. The Legislative, Legal and Regulations Committee (committee) held a hearing at which SB 1439 was one of the main focuses. The committee asked the parties to try to work out their differences, but the San Mateo County Fair (SMCF) and the California Authority of Racing Fairs (CARF) believed it was in their interest to oppose the issue, rather than to find a resolution. Chairman Brackpool said the participants had been asked to come before the Board to their opposition to SB 1439. He stated the Board was interested in understanding what horse racing interests CARF believed it was advancing by its significant efforts to oppose passage of SB 1439. Chris Korby of CARF said his organization was in favor of the expansion of the satellite and minisatellite network. However, CARF believed SB 1439 was flawed and it might have hurt CARF's interests and the interests of the existing satellite network. John Alkire of CARF stated the reason CARF opposed SB 1439 was that it created inequalities amongst fairs, tribes, and tracks. The legislation was motivated primarily by a desire to punish SMCF for its opposition to the two Golden Gate Fields minisatellite wagering facility concepts for San Francisco. Mr. Alkire said

there was no business plan or economic criteria for the implementation of the legislation. Satellite wagering facilities were struggling, and SB 1439 would allow further cannibalization that would have a harmful impact on such facilities. Furthermore, expansion could take place within existing statute. Vice-Chairman Israel asked if Los Angeles county or Kern county decided that they did not want Fresno County to have a fair, and ran legislation that gave them the right to interfere, what would CARF do? Mr. Alkire stated CARF would oppose such legislation. Vice-Chairman Israel asked why, then, was it okay for SMCF to determine what businesses could operate in San Francisco County? San Francisco was not trying to operate in San Mateo County; it was a separate county with its own interests and population that needed to be served. If San Francisco had minisatellite wagering facilities, it would benefit the whole of horse racing by generating revenue and increasing interest in the sport. Vice-Chairman Israel said Golden Gate Fields was not going to operate a facility that was bad for horse racing. Mr. Alkire stated SMCF and Golden Gate Fields reached an agreement that would allow minisatellite wagering facilities in San Francisco. Chairman Brackpool said if that was the case, why did CARF spend so much time and effort to oppose the legislation? If an agreement was reached, who was CARF protecting? No one else opposed the bill. Chairman Brackpool said the message from Sacramento was loud and clear; the Governor of California publically stated he wanted to support a significant piece of legislation that would promote horse racing. The Board's mandate included the promotion of horse racing. The Board implored CARF and SMCF to sit down with interested parties and to work out the issues. However, the only message the legislature heard was that once again, horse racing had warring factions over an issue that the parties

were telling the Board was resolved. If the issue was resolved, CARF needed to inform the Board as to why it continued to oppose the bill. Mr. Alkire said he wished to defer to Mr. Korby because he was not included in the meetings in Sacramento. Chairman Brackpool said the Board was not interested in the Sacramento meetings. A statement was made that Golden Gate Fields and SMCF reached an agreement on an issue and resolved the issue. Then how could CARF authorize its executive director to continue to expend its funds lobbying against the bill when the issue was resolved? Mr. Alkire said the resolution of the issues did not negate the fact that SMCF was still attempting to pay off its debt. SMCF wanted to guarantee that taking care of its financial obligations was ensured. Chairman Brackpool said CARF was prepared to hold the remainder of California horse racing hostage to allow SMCF to expedite its debt payoff. Mr. Alkire stated SMCF was a member of CARF, so CARF was trying to support the fair. Vice-Chairman Israel asked if CARF had any marketing surveys that demonstrated minisatellite wagering facilities in San Francisco would adversely impact SMCF. Mr. Alkire said he had not seen any such surveys. Mr. Korby stated that was a critical point with regards to the legislation. There was no plan or economic criteria in the bill. Vice-Chairman Israel stated the enabling legislation contained a plan for expansion of minisatellite wagering facilities into the various zones. Only 15 minisatellites were allowed in each zone. Mr. Korby said there were no economic criteria for determining the impact of a minisatellite. Chairman Brackpool stated there were no economic criteria for maintaining an existing satellite facility. Mr. Korby said CARF would be in favor of such criteria for both types of facilities, and since the demise of SB 1439 CARF had reached out to other industry groups such as Thoroughbred Owners of California (TOC),

Del Mar Thoroughbred Club (DMTC) and representatives of MI Developments. The aim of the meetings was to arrive at language to replace the flawed language of SB 1439 to allow the expansion of minisatellite wagering facilities in an orderly, business-like fashion. Commissioner Moss asked what CARF considered orderly. Did CARF have any province over the Commerce Club? Did CARF have anything to do with the opening of the Commerce Club minisatellite? Mr. Korby said CARF did not have a connection with the Commerce Club. Commissioner Moss asked why a state of monopoly existed; why could not other entities open and run a minisatellite. Mr. Korby said CARF encouraged expansion of the satellite network, but in a way that benefited horse racing and did not inure existing facilities. Chairman Brackpool asked if CARF was prepared to give the Board a proposal regarding legislative language that would be acceptable. Mr. Korby said there was language. He stated the language would require a business plan for implementation of statewide expansion of the satellite wagering network to be completed not later than January 31, 2011. Vice-Chairman Israel said that was absurd. Commissioner Harris stated it seemed the requirement was tailored to the needs of CARF's constituency. He asked who would draft the plan. Mr. Korby said it would be Southern California Off-Track Wagering, Inc., Northern California Off-Track Wagering, Inc., or the California Marketing Committee. The race tracks, the horsemen and the fairs would approve the plan, but CARF would welcome Board involvement. Chairman Brackpool asked if CARF would have veto rights. Mr. Korby said CARF was only asking for a collaborative effort. CARF was looking for an empirical, business-like analysis of where the underserved markets were, and which under served areas of the state could support satellite wagering. Mr. Korby stated the second point was defining

market area by population density or other demographic metric, and apply mileage radius based on that demographic metric. The third point was that CARF would eliminate a district-wide protection for fairs in Northern California on January 1, 2011. Current law provided that the fairs in Northern California would have more than the 20-mile radius and would have such protection in their Agricultural districts until 2013. The fourth point was the creation of an impartial third party arbitration process to intervene if a race track or fair could not reach an agreement on a proposed minisatellite. The fifth point was an industry established streamlined procedure for review of requests for minisatellite approval and license applications. Chairman Brackpool asked if the plan was widely distributed – because no Commissioner had received one. Mr. Korby said TOC and DMTC received copies. Commissioner Choper suggested mediation be included with arbitration, as under the circumstances it might be a better process. He asked what the status of the proposed San Francisco minisatellite wagering facilities was. Robert Hartman of Golden Gate Fields said the SMCF/Golden Gate Fields agreement would allow SMCF to open minisatellites in San Mateo County and allow Golden Gate Fields to open minisatellites in the County of San Francisco. The parties would support each other in such efforts and would not oppose any facilities that were within 20 miles. The agreement was executed. Chairman Brackpool said SMCF's issues with San Francisco were resolved, yet CARF continued to oppose SB 1439; he asked what he was missing. SMCF could open minisatellites in San Mateo County, and in return, Golden Gate Fields could open minisatellites in San Francisco County. So, could CARF or SMCF explain why they continued to oppose SB 1439, when the only opposing parties reached an agreement? Porter Goltz, representing San Mateo County, said SMCF borrowed \$6

million of state funds to build a satellite wagering facility. To the extent that San Mateo County believed that other minisatellites would cannibalize SMCF patrons, it was firm in its position that the statutory protection zone should remain in place. He added SMCF was proposing the creation of another minisatellite in Northern California. Vice-Chairman Israel asked if SMCF did not believe the proposed minisatellite would cannibalize its patrons. Mr. Goltz said SMCF believed the strategic placement of the minisatellite would not affect its business. Vice-Chairman Israel commented in other words, SMCF got a piece of the action. Chairman Brackpool said the distinction was that SMCF would open as many minisatellites in San Mateo as it wished; it just did not want any other entity to open one. Commissioner Choper said SB 1439 was defeated, and the parties had developed an alternative plan. He urged the parties to widely share the plan. Vice-Chairman Israel asked if the Lucky Chances minisatellite was resolved. Mr. Hartman said Lucky Chances was in San Mateo, so that would be up to SMCF. Mr. Hartman added there were other areas in California where the issue could become a problem. A proposed minisatellite in Pleasant Hill was only 19.8 miles from the Solano County Fair, but a waiver had been granted. Commissioner Choper said he understood the competing interest involved with the minisatellites. What happened could not be changed, but the industry could try to avoid a similar situation, and to facilitate the opening of minisatellites in a way that would benefit everyone concerned. There was only one major racetrack in Northern California, so the industry had to do what it could to keep it going. The five point plan was the beginnings of something that should be moved forward, and anything the Board could do to facilitate that, should be done. Vice-Chairman Israel said the industry needed to conduct market research because sometimes

density drives business for all concerned. Without market research, the industry simply took the 20-mile protection radius as an article of faith. If there was a facility that was within the 20-mile zone, it would be bad for business. That notion was not based on evidence and it was hurting the industry. Commissioner Moss said he agreed with Vice-Chairman Israel. Without a computer or telephone one could not make a wager in many areas of California. That was ridiculous, and the existing satellite facilities were acting like monopolies. He stated the industry needed to promulgate a plan that would allow the system to accommodate facilities what would appeal to persons who wished to wager on horse racing. Chairman Brackpool said he looked forward to learning about CARF's market research, how many parties CARF had reached out to, and the distribution of CARF's five-point plan. Jerry Jamgotchian, a horse owner, spoke about his concerns regarding the implementation of minisatellite wagering facilities, and the economic viability of existing satellites.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST FROM THE CALIFORNIA AUTHORITY OF RACING FAIRS (CARF) TO ENACT CHRB RULE 1406, SUSPENSION OF RULE, TO WAIVE THE PROVISIONS OF CHRB RULE 1976.9, PICK (N) POOL, TO ALLOW A PICK SIX CARRY OVER TO ROLL FROM THE ALAMEDA COUNTY FAIR CONTINUING TO THE CALIFORNIA STATE FAIR, THE SONOMA COUNTY FAIR, AND THE HUMBOLDT COUNTY FAIR WITH THE PAYOUT CONCLUDING ON THE LAST DAY OF THE BIG FRESNO FAIR.

Chris Korby of the California Authority of Racing Fairs (CARF) said his organization was requesting that the Board enact Rule 1406, Suspension of Rule, to waive the provisions of Rule 1976.9, Pick (n) Pool. He stated the Pick Six was one of the racing fairs' most popular wagers. This was due to the carry over of the pool if a winning selection was not paid out. Because the racing fairs ran for a short period of time –

between one and three weeks each in 2010 – there was little opportunity for the Pick Six carry over pool to grow. CARF believed a terrific way to promote horse racing interest was to allow the Pick Six carry over to roll from the Alameda county Fair through the California State Fair, the Sonoma County Fair, and the Humboldt County Fair with the payout concluding on the last day of the Big Fresno Fair. Commissioner Harris asked if CARF had many big Pick Six carry overs at racing fairs. He said he did not think there were many, and the request was unnecessary and perhaps counter-productive. Paying out a Pick Six at the end of a meeting was simple, and it provided finality to the wager. With the request before the Board, a carry over at Humboldt County Fair might not be paid out until a month and a half later at the Big Fresno Fair. The idea seemed to be rearranging the deck chairs on the Titanic, and not something that would move the sport forward. Mr. Korby said he understood the logic of paying out the Pick Six at the end of each meeting; however, the interest in a Pick Six increased when the carry over reached a certain threshold. CARF would like the opportunity to have that occur during the racing fair circuit. That would not be possible due to the short duration of each racing fair meeting. Commissioner Choper asked if Mr. Korby was aware of that Humboldt County Fair would not have six thoroughbred races on a particular day. Mr. Korby said the Pick Six would be offered on the six races available at Humboldt County Fair. It would not be the first time multiple leg wagers were offered on different breeds. Commissioner Choper commented he thought that would be a deterrent to wagering. Commissioner Harris said another concern was that when the Pick Six pool did go big, it was really a redistribution of wealth to an offshore mega better; the payout did not necessarily stay in California. Vice-Chairman Israel **motioned** to deny the request by CARF to enact Rule

1406 to waive the provisions of Rule 1976.9. Commissioner Harris seconded the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY BY THE SAN MATEO COUNTY EVENT CENTER AT THE ARTICHOKE JOE'S CASINO, SAN BRUNO, FOR A PERIOD OF UP TO BUT NOT EXCEEDING TWO YEARS.

Jacqueline Wagner, CHRB staff, said the San Mateo County Event Center (SMCEC) submitted an application to operate a minisatellite wagering facility at Artichoke Joe's Casino, which was located approximately eight miles from the SMCEC in San Mateo. Ms. Wagner stated the SMCEC indicated Artichoke Joe's was merely the location of the minisatellite and that the Jockey Club would operate the facility. Artichoke Joe's personnel would not handle any of the minisatellite funds, nor would they handle the equipment for the signal or wagering. Ms. Wagner said the applicant proposed to operate the minisatellite wagering facility Wednesday through Sunday and selected Mondays and holidays. The estimated number of terminals was 10; the seating capacity 66; the number of tables 20; and 19 television monitors. Ms. Wagner said a number of items were listed as outstanding for the application. However, the financials and the description of the public address system had been received by staff. In addition a new application was received, but a quick review showed only minor changes in language that did not affect outstanding items. Ms. Wagner listed the outstanding items. Chairman Brackpool asked if there was a business plan that worked through the projections on the California Authority of Racing Fair's five point plan. Chris Carnegie of the SMCEC asked if that was a requirement for all other minisatellite applications. If it were required, SMCEC

would provide it, but so far, it was not a requirement. He stated that SMCEC was requesting approval of the minisatellite contingent on some items SMCEC would provide. Chairman Brackpool asked if SMCEC believed that any minisatellite that opened within 20 miles of its facility should be controlled and operated by the San Mateo County Fair. Mr. Carnegie said SMCEC believed that minisatellite wagering facilities would work if strategically located in the bay area and Northern California. Chairman Brackpool said that did not answer his question. He asked if it was the philosophy and intent of the SMCEC that it would only allow minisatellite facilities if the San Mateo County Fair was the operator or effectively the franchisor of the system. Mr. Carnegie said SMCEC would look at any proposal, and its application was bringing a partnership proposal to the Board. Vice-Chairman Israel asked what the financial relationship was between Artichoke Joe's and San Mateo. Mr. Carnegie said as the operator SMCEC would receive 2 percent of the handle. All the monies from the handle would go to Artichoke Joe's to pay for the improvements. Once the improvements were paid, there would be a 50/50 split between San Mateo County and Artichoke Joe's. Vice-Chairman Israel asked how long SMCEC's projections showed it would take to pay for the improvements. Mr. Carnegie said if the minisatellite were as successful as the Commerce Club, it would take six months. Vice-Chairman Israel asked why SMCEC did not think Artichoke Joe's would cannibalize its business. Mr. Carnegie said SMCEC met with various locations but was not able to reach an agreement. It was able to come to terms with Artichoke Joe's. Vice-Chairman Israel asked why Artichoke Joe's was not present to represent itself. Mr. Carnegie said Artichoke Joe's was not the applicant. Commissioner Harris asked if Artichoke Joe's charged admission. Mr. Carnegie said it

did not charge admission. Commissioner Harris said he did not know why SMCEC was not concerned the minisatellite would not cannibalize its customer base, as it did charge admission. Mr. Carnegie said the size of the minisatellite location led SMCEC to believe the majority of the patrons would come from Artichoke Joe's. He admitted, however, that some SMCEC patrons could defect, as Artichoke Joe's was in a good location. Vice-Chairman Israel stated the Lucky Chance casino was within approximately 15 miles of SMCEC. It served a population predisposed to wager, and those people could help increase handle in California. However, because SMCEC could not shake a point out of Lucky Chance, it would not let it operate. Porter Goltz, representing SMCEC, said the arrangement with Artichoke Joe's was a business deal agreed upon by all parties. The terms for Lucky Chance casino were not acceptable, so SMCEC choose a partner and applied to operate a minisatellite wagering facility; it was a fair deal. Vice-Chairman Israel said a fair deal was good for all of California horse racing, not what was good for one particular element. A fair deal would benefit the whole and generate the most revenue for all parties involved. SMCEC still had not proved through any kind of market surveys that opening any of the other facilities would result in cannibalization. Mr. Goltz said SMCEC was before the Board asking to do the very thing it was accused of trying to stop. It was asking to open a minisatellite wagering facility within 20-miles of the San Mateo County Fair. Vice-Chairman Israel said that was because SMCEC got a cut of the action. Commissioner Choper stated the core question was if SMCEC wished to have veto power over any facility within 20 miles. In around six months there would be a plan that would deal with all of those questions. Commissioner Choper said he agreed with Vice-Chairman Israel regarding market research. It would make a big difference in the

calculus. Sherwood Chillingworth of Oak Tree Racing Association stated he did not think the Board should permit the current situation to continue. It only allowed a conflicted entity with the 20-mile range determine who would open a franchise, which was not appropriate. In addition, demanding half of the profits took away the motivation for opening new franchises. It would be much better to open new satellites and within a year or two make a determination as to whether the conflicted party was damaged. The determination should be done on the basis of data, not mileage. Jerry Jamgotchian, a horse owner, spoke about his concerns regarding satellite wagering facilities. Commissioner Moss said the real question was who owned the right to determine who opened a facility. Was it SMCEC or was it the State of California? The Board was supposed to regulate the industry for the State of California – in the interest of the entire State. He stated he would like to make a **motion** to disapprove the application by SMCEC to operate a minisatellite wagering facility at Artichoke Joe's. Vice-Chairman Israel **seconded** the motion, which was **carried** with Commissioner Moss and Commissioner Harris voting "no." Commissioner Choper stated he voted "no" because although the proposed facility might not be the best model, California needed such facilities.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY AT THE OC TAVERN, SAN CLEMENTE, FOR A PERIOD OF UP TO BUT NOT EXCEEDING TWO YEARS.

Jacqueline Wagner, CHRB staff, said Southern California Off-Track Wagering, Inc. (SCOTWINC) filed an application to operate a minisatellite wagering facility on behalf of the OC Tavern (OCT) in San Clemente, California. SCOTWINC acted as a

coordinator during the application process. Ms. Wagner stated OCT proposed to operate from July 16, 2010 through July 15, 2012. OCT was working with the City of San Clemente to resolve various issues associated with the minisatellite. On June 2, 2010, the San Clemente City Planning Commission voted unanimously to consider minisatellite wagering as a form of entertainment and to require OCT to file an accessory use amendment to its conditional use permit. Staff was waiting for the final approval of that use permit. Ms. Wagner said OCT was a restaurant, bar and concert hall located in San Clement, California, which was the southern zone. The final use permit was missing from the application and the workers' compensation insurance needed to be renewed, as it would expire on June 30, 2010. Chairman Brackpool asked where the nearest satellite wagering facility was in relation to OCT. Tom Verala of SCOTWINC said the Del Mar Surfside Race Place and the Los Alamitos satellite wagering facility were the nearest facilities. They were more than 30 miles from OCT. Chairman Brackpool asked if there was any opposition to OCT. Ms. Wagner stated there had been no opposition to the OCT application. Michael Merrigan of OCT stated his facility was a restaurant and sports bar. Mr. Merrigan spoke about OCT, the sports it offered its patrons, and the potential for success with a minisatellite wagering facility. Commissioner Derek asked how long it would take OCT to open if it received a license. Mr. Verala said OCT would open in early June 2010. Vice-Chairman Israel asked if there were any revenue sharing deals with OCT. Mr. Verala said OCT would keep the 2 percent commission. SCOTWINC had some internal build out costs and so would OCT. SCOTWINC could provide a business plan and amortization schedule if requested. Vice-Chairman Israel asked how long it would take for OCT to operate in the black. Mr. Verala said OCT would operate

at a profit within a short time of opening. He added SCOTWINC would meet with the pari-mutuel union to determine the manning of the facility. He stated there would be a room dedicated to satellite wagering, but there would be no admission or parking charges. Commissioner Choper said it would be helpful within the next couple of months for some type of market research to find out about the OCT customers, and if the OCT were attracting new people to horse racing, or if those who wagered were wagering more. Jerry Jamgotchian, a horse owner, spoke about his concerns regarding satellite wagering. Chairman Brackpool **motioned** to approve the application of OCT to operate a minisatellite wagering facility for a period not to exceed two years, and contingent upon the remaining documents being submitted to staff. Commissioner Derek **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE HUMBOLDT COUNTY FAIR (F) AT FERNDALE, COMMENCING AUGUST 12, 2010 THROUGH AUGUST 22, 2010, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said the Humboldt County Fair (HCF) proposed to run eight days, the same number of days as in 2009, for a total of 68 races, the same number of races as in 2009. HCF was initially allocated nine race days for 2010, but the application eliminated a race day on August 12, 2010, which would be the opening day. Ms. Wagner stated HCF would run concurrent with Del Mar Thoroughbred Club from August 13, 2010 through August 15, 2010. The first post time would be 2:15 p.m. The advance deposit wagering providers were TVG, ExpressBet, Twin Spires and Youbet. Two items were missing from the application: the fire clearance and the concessionaire's approvals. Ms. Wagner said staff recommended the Board approve the application

contingent upon receipt of the missing items. Commissioner Harris said it looked like the 2010 purses were lower than the 2009 purses. He stated with HCF being host during its second week, it should generate more purses. Stuart Titus of HCF there was a lot of speculation that went into the purse estimates. If one looked at the numbers expected to be generated to the various beneficiaries the projections for 2010 were substantially more than those for 2009. The formula used to determine purses paid was based on an agreed-upon formula applied to all fairs. The formula predicted a 15 percent to 20 percent reduction in handle due to the trends in the industry. However, HCF believed there was a possibility of generating more purse monies in 2010 than in 2009. Commissioner Harris said he could not see the fairs being off 15 percent in 2010. HCF had a good chance of being up, especially because it was a host during its second week. Commissioner Harris **motioned** to approve the application for license to conduct a horse racing meeting of HCF, contingent upon receipt of the items missing from the application. Commissioner Choper seconded the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE CALIFORNIA EXPOSITION AND STATE FAIR HARNESS ASSOCIATION (H) AT CAL-EXPO, COMMENCING AUGUST 13, 2010 THROUGH DECEMBER 18, 2010 INCLUSIVE.

Jacqueline Wagner, CHRB staff, said the California Exposition and State Fair (Cal-Expo) Harness Association proposed to conduct a harness fair race meeting from August 13, 2010 through December 18, 2010, or 55 days, 12 more days than in 2009, for a total of 725 races. Ms. Wagner stated the proposed race dates were different from the allocated dates in that Cal-Expo was requesting to drop the August 19, 2010 race date, and to add a

race day on November 24, 2010. The applicant would run three days a week with a first post time of 5:45 p.m. The advance deposit wagering providers were XpressBet, Youbet, Twin spires and TVG. The items missing from the application were a renewed workers' compensation insurance policy and two track inspections. Ms. Wagner stated if the Board considered the application for approval, staff recommended it be done contingent on receipt of the missing items. Vice-Chairman Israel asked how the standardbred horse population was fairing. David Elliott of Cal-Expo said the standardbred horse population was in decline, although it was a little better in 2010 than in 2009. He stated there were probably 230 harness horses in California. Mr. Elliott said the harness handle had also declined. Vice-Chairman Israel asked how the harness industry did during the heart of its season. Mr. Elliott said Cal-Expo managed over 360 starters per week, and it went to four days. However, the handle did not follow the four days, so there was a bit of an overpayment of purses. The overpayment was being worked down, and Cal-Expo would like to stay at three days a week for the proposed meeting. Vice-Chairman Israel **motioned** to approve the application for license to conduct a horse racing meeting of Cal-Expo, contingent on receipt of the missing items. Commissioner Moss **seconded** the motion, which was **unanimously carried**.

DISCUSSION BY THE BOARD REGARDING A REPORT FROM MI DEVELOPMENTS, INC. CONCERNING ITS FUTURE PLANS FOR HORSE RACING AT SANTA ANITA PARK RACE TRACK AND GOLDEN GATE FIELDS.

Chairman Brackpool said over the past 60 days there had been a lot of concern regarding the plans of MI Developments, Inc. (MID) for horse racing at Santa Anita Park Race Track (SA) and Golden Gate Fields (GGF). At the June 22, 2010 Regular Board Meeting

representatives of MID informed the Board that MID had been in possession of SA and GGF for only a short time and were not in a position to discuss MID's full plans. The Board granted MID a conditional license to operate SA and GGF. The term of the license would expire on July 22, 2010, which was the date of the Regular Board Meeting at the Del Mar Race Track. Chairman Brackpool stated the issue of whether it was in the best interest of horse racing to permit MID to operate/own more than one racing facility in California. The California Business and Professions Code prohibited an entity from owning an interest in more than one racing facility without a waiver from the Board. MID requested that it be given time to craft a full plan of operation. The Board granted the MID request provided the plan was submitted to CHRB headquarters offices by July 1, 2010. Frank Stronach, Chairman of MID, said he was appearing before the Board to bring forward ideas that could be beneficial to horse racing in California. He stated he understood there were those who thought he might close SA, but that was true. Magna Entertainment Corporation (MEC) invested close to 250 million in California, and did not pull out a cent. MID was prepared to make further investments in California if such an investment made business sense. He added SA and GGF were managed by Californians without restrictions. With regards to the ideas for horse racing in California: if one had a problem, but did not know one had a problem, one really had a problem. So, problems had to be identified. Mr. Stronach stated nothing worked without free enterprise. If one had a store, one should be able to open that store when one could get the most customers. One should be able to sell a product customers wanted. He added we lived in a civilized society, which had rules and regulations to protect the public and the integrity of the sport. MID would go out of its way to support the rules. However, if one met all the

regulations, one should be able to get a license. The best people who put on the best show should survive. All the others who did not invest and did not run a good show should fall by the wayside. That did not mean one should run any time one wanted to run. It had to be done on a commercial basis, but it was not a good idea when government officials were appointed. They required a business plan, market research and that kind of stuff, which did not lead to anything. Mr. Stronach said MID wanted to work closely with the California racing fairs, which were part of the basic fabric of horse racing in California. He stated he met with the racing fairs, and MID and the fairs would shortly devise a formula whereby the California fairs would once more be viable. When one operated a business, one had to look at one's competitors. In the case of California horse racing, the competitors were the casinos, which did not create the number of jobs that horse racing created. Another competitor was the lottery, which was nothing but taxation of the poor with very little job creation. Horse racing jobs were deteriorating, which should be of concern. If California did the right thing, horse racing could create a lot of jobs. California horse racing has deteriorated because it was over-regulated, it has not kept up with the technologies, and the law just stood by while billions of wagering dollars were going off-shore. Mr. Stronach said the lotteries had increased their business while horse racing income declined. That should be of concern. The lottery was a dream path. A lottery player did not spend a dollar to get \$10 or \$20 back; he wanted to change his lifestyle. Horse racing could not ignore the public; it had to cater to the public and give it what it wanted. By trading jackpots horse racing would be able to make a lot of money and the fairs could be rejuvenated. Mr. Stronach stated the industry was trapped by laws. It had to sit down review the laws and create a structure that would attract the

public and bring back customers. He concluded by stating MID would sit down with the industry and it would try to be flexible. Chairman Brackpool asked if Mr. Stronach's talk was a summation of MID's future plans for SA and GGF. Mr. Stronach said it was a condensed version. He stated a full dissertation would take hours and would involve the industry and the Board. Chairman Brackpool asked if MID had any specific plans to change the operations of SA or GGF. He added the Board held multiple meetings about changes in the law, but given that the Legislative session was about to end, it was not likely new ideas that would be acceptable to MID would be created. Given that dilemma, what changes did MID foresee in its operations at SA and GGF? Mr. Stronach said he could only bring forward ideas. He did not fully accept that MID had to exist within the laws; instead it should work to change some of the laws because some of them had been in place for over 70 years. The industry needed to come to a consensus. Chairman Brackpool said he thought Mr. Stronach misspoke and did not mean to state MID did not need to exist with the law. Mr. Stronach stated he knew exactly what he said. Chairman Brackpool said the industry needed to exist within the law until the law was changed. The industry was working towards various changes it thought would benefit horse racing. What specific proposals for change in the operations of SA and GGF did MID propose? Mr. Stronach said he had ideas, and he brought forward the ideas, but the industry must sit down because there were existing laws. He stated he had never heard any constructive proposals from the Board to preserve racing in California. Vice Chairman Israel asked if it was true GGF and SA were self-sustaining during the MEC tenure. Mr. Stronach said he was the controlling shareholder, and when one ran a large company, one had to make sure one's actions made business sense. If the industry worked together horse racing

would be viable. MEC invested close to \$230 - \$240 million, but did not get a cent out of it. Vice-Chairman Israel asked how Mr. Stronach, who had espoused the free enterprise system, reconciled his belief in the system with his apparent affection for bankruptcy laws that protected MEC from actually bearing the results of that system. Mr. Stronach stated MEC did not fail. What failed were the rules and regulations and inflexibility of the bureaucrats and racing commissions to bring forward changes. Vice-Chairman Israel said that meant MEC's failure was the fault of outside forces, not its management. Mr. Stronach stated MEC was in changes. Its failure was due to regulatory authorities not stopping the flow of huge amounts of money to the offshore wagering entities. Vice-Chairman Israel asked what about the \$250 million that was spent on Gulf Stream Park and the \$100 million on Palm Meadows that would not be returned. Mr. Stronach said at Palm Meadows MEC wanted to set an example of how a training center could be with dorms and other amenities. The \$250 million was invested in Gulfstream Park because there would be a reasonable return. Vice-Chairman Israel said Mr. Stronach indicated it was ashamed the way backstretch employees had to live. However, MEC owned and operated SA since 1998. When MEC bought SA it offered to spend \$18 million making the backstretch more habitable. It appeared MEC never spent the money, so after a dozen years, who was really responsible for the deplorable conditions? Mr. Stronach said plans were drawn up, but there was no help from the Board or Oak Tree Racing Association. About \$300 million was earmarked for SA, but not a single finger was lifted to help, so the funds went to Gulf Stream Park. Vice-Chairman Israel said he was confused. Did MID want government help, or did it not want such help? Mr. Stronach said the government put up roadblocks that prevented MEC from improving SA. Commissioner

Derek asked Mr. Stronach what he wanted the CHRB to do in relation to the improvement of the SA backstretch? Mr. Stronach said the CHRB should do work for free enterprise, if it believed in free enterprise. If one owned a store, one should be able to open the store when one thought one would get the most customers. There should not be regulations that impeded one from putting up anything new. Chairman Brackpool said in 2007 – then MEC Chief Operating Officer, Michael Newman, wrote a letter to the City of Arcadia regarding the barn area at SA. In his letter, Mr. Newman stated there were never any plans to build the barns at SA. In response, a letter from Mr. Stronach refuted Mr. Newman's statement, and added MEC was always committed to repairing, renovating and rebuilding the barns and dorms at SA. Chairman Brackpool stated that nowhere in the Stronach letter did it require or ask or request the CHRB, or any other entity to participate with MEC. That was why the Board was asking about the barn area. Mr. Stronach said Mr. Newman did write a letter, and he was fired for it. The MEC promise to repair the SA barns was kept. Chairman Brackpool asked if that meant money was invested and all the barns were renovated according to the promise. Mr. Stronach said the barns were renovated. However, in 2007 everything deteriorated. The CHRB mandated synthetic racing surfaces. Mr. Stronach said he was not in favor of the synthetic surfaces, but SA put in the track in good faith. Commissioner Choper said no one questioned MID's commitment to the success of California horse racing. The difficulty was in trying to figure out how California horse racing could be saved. The horse population was shrinking, there were fewer races and wagering was down. One reason horses were leaving was because of larger purses in other jurisdictions. Unfortunately, that was outside the control of the Board, and it did involve regulation and

other sources of income at race tracks that was not from horse racing. Chairman Brackpool did create a committee that brought together the industry – and that committee met twice. The issue discussed was legislation to help horse racing that could be brought to a sympathetic legislature. There were a series of ideas brought forward and there were certainly representatives from SA and GGF at the meetings. However, the legislation proved very difficult. The Board just demonstrated its ire at a failed legislative attempt (Senate Bill 1439), but there still could be time to put forward an idea. Commissioner Choper said the industry needed to stop speaking in generalities and arrive at something specific. Bringing everyone to the table was a good idea, but the Board tried it and came up with relatively little that would work under the California Constitution. The level of anger and hostility needed to be reduced. Was there anything the Board and the industry could realistically do to put a dent in the very serious problems facing horse racing? Mr. Stronach said he made a fairly clear statement. First there had to be a concept that would describe the ideal structure and conditions. However, there were realities like laws and rules and regulations. If one was flexible and had time some of those could be changed. But first, the industry and the Board must identify what it would fight for and then remove one block at a time. Chairman Brackpool said Commissioner Choper made a concise statement regarding where the Board and the industry had been. The Board had held multiple meetings, and there had been interviews with the media to state the need for legislative change to increase purses. In California there were certain constraints such as tribal compacts. There were certain things the Board could do, and could not do, and it was trying to make the industry work together towards a better future. A piece of legislation was recently defeated by what some on the Board believed was a sense of

protectionism. Unless the industry moved forward, then the time anyone spent on the Board was not well used. Chairman Brackpool asked if there was a piece of legislation, and idea that could be tacked onto a bill that the industry could unite behind and that would move forward. Mr. Stronach said he brought forward some ideas, but the industry needed to sit down and massage them. One of the ideas was to have a big jackpot wager where someone would win \$10 million. However, one had to be careful because of the very sophisticated computer bettors. If a customer wanted a quick pick based on racing, he should be able to get one. Another specific idea was a quadruple quad factor. Another idea would be opening racing when one could get the best customers. That would require legislation, but one had to aim high. Commissioner Derek commented the uncertainty around the Oak Tree Racing Association meeting was cited as a reason the Breeders' Cup would move to Kentucky in 2011. Mr. Stronach said it was quite clear that the Oak Tree lease did not make business sense. SA would never make money and one could not run a business like a club. The lease was cancelled because it did not make business sense. MID did not drive away the Breeders' Cup; it wanted the meeting. Vice-Chairman Israel said he agreed the conversion to synthetic racing surfaces was not well handled. He added he would like to see sports wagering at racetracks, as well as slot machines. The movement towards those ideas would be long and hard. However, Vice-Chairman Israel said he did not see race tracks as a store; to him, they were a public trust. There were few racetracks in California and new racetracks were expensive to build. Vice-Chairman Israel spoke extensively about how horse racing compared with the National Football League model, and stated sometimes one had to do what was good for the whole, and what would benefit everyone. That was not what MID was saying to the

Board. Mr. Stronach said it would be nice if SA were owned by a trust. Others had a chance to buy SA, but no one came forward. It was easy to say things when someone else was paying for it. One could recommend that the State buy SA, or get a new piece of land to build a racetrack. Commissioner Harris said everyone appreciated the fact that MID invested a lot of money in California. A lot of the MEC thrust over the years was towards deregulation, which most people agreed with. However, horse racing was a lot more complicated. MEC might have spent a lot of money in Sacramento on lobbyists, but in never put in a bill that was purely deregulation, which was what it would take. It would take a Legislator saying that a track could run whenever it wanted, which would be tough to get through. So, in the interim there should be other things that could be done. There had been a lot of mistakes made, but going forward the industry and the Board needed to work together to reinvent the distribution network and to take on other issues. However, it did not look like racing would go anywhere if the industry thought its problems could be solved by deregulating race dates. Mr. Stronach said that was Commissioner Harris's opinion. MID did not believe it would happen overnight. Everyone must sit down to develop a structure a plan for achieving goals and milestones. Chairman Brackpool said in June 2007 MEC delivered a mini manifesto at Hollywood Park. The manifesto espoused deregulation and how critical it was, but MEC never introduced legislation to deregulate. He asked why that did not occur. Mr. Stronach said unless there was horse owners the racetrack was no good. On the other hand, horse owners needed to realize a race horse was not any good if there was no track. If one had 20 horses, and wanted to cut one's losses, one could get rid of some horses. A racetrack could only use a quarter of the track, so it had a gigantic overhead. MEC did not propose

legislation. With horse owners and breeders, and the racing fairs, something would be developed – not right away, but the industry must be committed to follow certain steps. The steps had to be marked down. When one wanted to open a racetrack one should be able to open a racetrack when one thought one would get the most customers, and every other track could do the same thing. Commissioner Moss said he knew Mr. Stronach had discussed his ideas with Governor Schwarzenegger, but he did not know if anything had been done. In the mean time, there were laws and regulations that had to be dealt with, and that took a long time to change. The Board was looking for an interim idea, before the industry was able to present ideas to the legislature. He asked if Mr. Stronach believed having the Breeder's Cup at SA for five years would be helpful to Santa Anita in the long run and California in general. SA was the greatest racetrack in the country. Mr. Stronach stated it was up to the Board to say if SA had the Breeders' Cup. Commissioner Moss said the Board did not own SA. Mr. Stronach stated the Board handed out race dates. Currently, the Board allocated the dates to Oak Tree Racing Association and not to SA so that SA could run the Breeders' Cup; it was in the Board's hands. Chairman Brackpool said SA did not request the dates; it cancelled the Oak Tree Racing Association lease. Mr. Stronach said indications were made. The Board should be part of getting things done. Someone could have telephoned to discuss what could be done. Vice-Chairman Israel said Oak Tree Racing Association was important for California. At the May 2010 Regular Meeting the Board implored MID to reach an agreement with Oak Tree Racing Association. But now MID was apparently stating it would not negotiate a lease. Mr. Stronach said it did not make economic sense. Commissioner Choper asked if it were true that Mr. Stronach would remain in Southern California for a few days. He

stated he would urge Mr. Stronach to make some time to meet with the Chairman and Vice-Chairman to discuss some forward-looking development. Mr. Stronach said he would be available. Chairman Brackpool reiterated the July 1, 2010 deadline for submitting a plan for SA and GGF. Mr. Stronach said MID did not wish to dominate racing. To that effect, MID would distribute the Horse Racing Charter of Rights. Terry Bingham spoke about her concerns regarding Arabian horse racing. Mace Siegel of Oak Tree Racing Association spoke about his background in the California horse racing industry. He stated the only solution for both sides of the SA/Oak Tree Racing Association dilemma was to run the Oak Tree meeting at SA in 2010 and then sit down and come to a conclusion without emotions. Mr. Stronach said he had a lot of respect for Mr. Siegel, but he did not wish to dictate, he only wanted to be a partner. Michael Wellman spoke about his concerns for horse racing in California. Jerry Jamgotchian, a horse owner, spoke about his concerns regarding horse racing. John Bucalo of the Barona Casino spoke about his concerns regarding live horse racing in California.

DISCUSSION AND ACTION BY THE BOARD REGARDING AN UPDATE FROM OAK TREE RACING ASSOCIATION CONCERNING WHERE IT WILL RUN ITS SEPTEMBER 29, 2010 THROUGH OCTOBER 31, 2010 ALLOCATED RACE DATES.

Sherwood Chillingworth of Oak Tree Racing Association (OTRA) said MID was to make a proposal to OTRA on June 4, 2010; however, on June 3, 2010 the meeting was postponed until June 24, 2010. In the mean time, the OTRA lease was negated on May 14, 2010 and since that date there had been no conversation between the parties. An MID represent did suggest OTRA proceed to move its race dates to Del Mar Thoroughbred Club or Hollywood Park Race Track. OTRA was prepared to make such a move. It

would rather stay at SA, which had been its home for 41 years. In addition, the City of Arcadia would be impacted, as well as the staff at SA. Mr. Chillingworth said OTRA did not understand the economics of the issue, as audited statements demonstrated that over an 11 year period, OTRA gave SA over \$50 million in payments. Chairman Brackpool said at the May 2010 Regular Meeting the MID purchase of SA was discussed, as well as the cancellation of the OTRA lease. The inference was that the specific terms of the lease needed to be reworked. However, during the MID chairman's presentation, that did not seem to be the same message. Instead, it appeared as if the issue was dead. Dennis Mills of MID said an effort was made to hold a meeting on June 4, 2010. OTRA indicated that if there was no answer to the issue by that date, it would have to consider going elsewhere. MID informed OTRA it could not meet its deadline, and that was the end of the effort. Frank Stronach of MID said MID was a public company. Major items were handled by the company board, and after a presentation was made to the board it decided the lease did not make economic sense. Vice-Chairman Israel asked if MID made a counter offer on the lease. Mr. Stronach said MID did not counter. It wished to go forward and devise a good brand where SA would have a lot of meetings to attract more customers. SA would have one operator because down the road MID wished to accomplish certain objectives, and it had to have the right to do so. Vice-Chairman Israel asked if the MID board meeting was a formal meeting, and when it occurred. Mr. Stronach said the meeting was informal that took place at the end of May or the beginning of June 2010. Chairman Brackpool stated MID's chief executive officer told the Board that MID would go back and talk with OTRA on June 4, 2010, and it was hoped the parties would arrive at a constructive agreement. On June 3, 2010, OTRA was

informed MID could not meet on June 4. OTRA responded that it needed an answer by June 4, 2010. MID responded it could not comply, so there was nothing to do. That scenario seemed completely at odds with what the Board heard from the MID chairman, which was it did not matter what OTRA said, a decision had been reached prior to June 4 2010, and there never would be a lease with OTRA. Mr. Stronach stated sometimes a chief executive officer thinks an idea might be workable, but the board thinks otherwise. In the final analysis, the deal did not happen. Chairman Brackpool said a function of the Board was to award dates. Would it be better for SA not to have a tenant during the OTRA meeting – unless and until the legislature approved a change in the law that allowed SA to race whenever it liked? Mr. Stronach said SA would prefer to have racing, but the current arrangement was not good for MID's long-term plans. Vice-Chairman Israel asked if the lease would work just for October 2010. Mr. Stronach said it was up to the Board. Vice-Chairman Israel said OTRA had the race dates and it preferred to stay at SA. Mr. Stronach stated that was not approved by the MID board. Chairman Brackpool said that meant there would be no racing at SA in 2010 because the law would not change. Was it better to have no racing at SA in 2010 – under the existing terms of the lease – or other terms agreeable to the parties? Mr. Stronach said sometimes one was better off losing a tenant and missing the rent for a while. The situation did not fit MID's long-term plans. Vice-Chairman Israel said MID's plans were a zero-sum game for SA. Mr. Stronach stated in the long run SA did not want a tenant. Chairman Brackpool said MID had the legal right to cancel the OTRA lease. At some point the MID board met and decided to cancel the OTRA lease. As far as MID was concerned that was the end of the situation. Mr. Stronach said that was correct. Mr. Chillingworth stated if MID

believed the OTRA lease was void, and it would not renew it in any shape or form, OTRA would like to hear that from the MID chairman, and receive a written statement to that effect. OTRA needed to make arrangements with other venues. Mr. Stronach said he assumed the MID legal department sent a letter to OTRA. MID would be happy to send a letter to OTRA, and the cancellation of the OTRA lease was just discussed in a public forum. Commissioner Harris commented he could understand the long-term business plan, but in the short term, a lot of damage would be done by SA not hosting OTRA in October. Mr. Stronach said it was the Board's decision. Chairman Brackpool stated it was not the Board's decision. He asked Mr. Stronach to state specifically what he meant by implicating the Board. SA was owned by MID, and it was the party with the right to terminate the OTRA lease. MID terminated the OTRA lease for longer-term value. That was not a decision of the Board. Mr. Stronach said the Board had the authority to allocate race dates. It was in the Board's power to give the dates to SA or not to allocate the dates. Chairman Brackpool said SA did not apply for the race dates. The application for the race dates was submitted by OTRA to conduct a meeting at SA. No one at SA opposed the OTRA application. At the May 20, 2010 Regular Meeting, no one from SA opposed OTRA when the Board voted to allow OTRA to run at another venue. The dates were allocated to OTRA for 2010. The Board could not force SA to allow OTRA to run at its facility; that power was in the hands of MID. So, MID had to decide what it wanted to do. Mr. Stronach said he was clear that the lease had to cease at some point. That was part of SA's long-term plans. Mace Siegel, a horse owner, said the argument was a case of non-communication. The Board owned the dates, and it desired that MID would accommodate OTRA, so it could operate the dates in 2010, until the

industry could meet and work on a plan. He stated he believed MID would work with the Board. Mr. Stronach said he wanted to find a solution. MID would commit that it would allow OTRA to run at SA in 2010, but not beyond 2010. Chairman Brackpool stated he heard Mr. Stronach say that in the better interests of horse racing in general, MID would permit OTRA to race at SA in 2010. Chairman Brackpool said he assumed that would be under the existing terms of the lease. He asked OTRA if a one-year arrangement would work under the old terms and conditions of the lease. Mr. Chillingworth said he would have to discuss the offer with the OTRA board, which was present. He stated he would return within minutes with an answer. Jack Robbins of OTRA said the OTRA board would agree to a one-year extension of the OTRA lease with SA. Mr. Chillingworth thanked Hollywood Park and Del Mar Thoroughbred Club for working with OTRA when it appeared OTRA would need to find a new race venue. He stated OTRA understood the lease extension would only be for 2010, which was not OTRA's first choice, but it would be better for OTRA to run at SA. Chairman Brackpool said he hoped the agreement would be the start of a dialog that would become the first step of the parties working together. Jerry Jamgotchian, a horse owner, spoke about his concerns regarding SA and horse racing in California.

DISCUSSION AND ACTION BY THE BOARD REGARDING 1) REALLOCATION OF AUGUST 25, 2010 THROUGH OCTOBER 3, 2010 RACE DATES FROM PACIFIC RACING ASSOCIATION TO THE LOS ANGELES TURF CLUB, AND 2) THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES TURF CLUB (T) AT GOLDEN GATE FIELDS, COMMENCING AUGUST 25, 2010 THROUGH OCTOBER 3, 2010, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said the Los Angeles Turf Club (LATC) was proposing to conduct a race meeting at Golden Gate Fields (GGF), which would necessitate the reallocation of race dates. The Pacific Racing Association (PRA) was allocated five weeks over the 35-week allocation that it was allowed under Business and Professions Code section 19532(a). For the race meeting to take place at GGF, LATC would have to run the meeting. To accomplish that, LATC submitted an application to run a race meeting at GGF from August 23, 2010 through October 3, 2010. Vice-Chairman Israel asked if action on the item was premature considering a waiver that allowed MID to operate two racetracks had not been granted. Chairman Brackpool stated the license would be conditioned on the waiver. Ms. Wagner said the item was on the agenda because the race meeting was scheduled to commence in August 2010. The Board could put the item over until its July 22, 2010 Regular Meeting. Commissioner Harris said he was concerned about guaranteeing the financial viability of the applicant. Chairman Brackpool said he had no problem authorizing a reallocation of race dates. He stated that action would be conditioned on the Board granting a waiver to MID to operate two racing venues. Ms. Wagner said that was correct. She stated staff recommended the Board put the item over until its July 2010 Regular Meeting when the issue of the waiver would be addressed. Commissioner Choper **motioned** to table the item until the July 2010 Regular Board Meeting. Commissioner Harris **seconded** the motion, which was **unanimously**

carried. Jerry Jamgotchian, a horse owner, spoke about his concerns regarding horse racing.

MEETING ADJOURNED AT 2:52 P.M.

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

JULY 22, 2010
REGULAR BOARD MEETING

There is no board package material for Item 2

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD
ON THE NOMINATION OF MEMBERS TO THE
BOARD OF DIRECTORS OF THE
CALIFORNIA THOROUGHBRED HORSEMEN'S FOUNDATION, INC.

Regular Board Meeting
July 22, 2010

BACKGROUND

Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper for it to carry out the purposes of the Horse Racing Law. Board Rule 2049, Designation and Approval of Horsemen's Welfare Fund, sets forth the requirements for the establishment and designation of a charitable corporation to administer the horsemen's welfare fund for the benefit of horsemen. Rule 2049 requires that the charitable corporation have a minimum of five, and a maximum of nine directors who are subject to Board approval. At least 40 percent of the directors must have no financial interest in horse racing as a licensed horse owner, trainer, or assistant trainer. Additionally, they may not be current members of the horsemen's organization.

ANALYSIS

The California Thoroughbred Horsemen's Foundation (CTHF) has nominated four individuals for open board member positions. The four nominations will bring the CTHF board to a total of nine members, which is the maximum under the provisions of Rule 2049. In accordance with Rule 2049(a) the nominations have been submitted to the CHRB for approval.

The following individuals were nominated for a two-year term, which will expire on June 30, 2012:

Randall Browning, MD
Mary Forney
Richard Guth, MD
Ed Halpern, Licensed Thoroughbred Owner/Trainer

RECOMMENDATION

This item is presented for Board discussion and action.

Staff recommends the Board approve the nominations as submitted.

CALIFORNIA THOROUGHBRED HORSEMEN'S FOUNDATION, INC.

"Assisting Horsemen in Need"

June 11, 2010

NOBLE THREEWITT
President

KEN SMOLE
Chair

RANDALL BROWNING, M.D.
Vice Chair

BARBARA SCURFIELD
Secretary

Board of Directors

RICK ARTHUR, D.V.M.
ROBERT BEAN
RANDALL BROWNING, M.D.
ED MOGER
DAVID NAFTZGER
GEORGE NICHOLAW
LYNDA ROSS
BARBARA SCURFIELD
KEN SMOLE
NOBLE THREEWITT

LEONARD DORFMAN
Director Emeritus

KEVIN BOLLING
Executive Director

ROBERT FORGNONE
Counsel

Kirk Breed
Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Mr. Breed,

During the June Board of Directors' meeting of the California Thoroughbred Horsemen's Foundation, Inc., nominations were held for open board member positions. The following individuals were nominated for a two-year term, expiring June 30, 2012:

Randall Browning, MD

Mary Forney

Richard Guth, MD

Ed Halpern

Licensed Thoroughbred Owner/Trainer

Pursuant to Rule 2049(a) of the California Horse Racing Board Rules and Regulations, the nominations are submitted to the CHRB for approval. These nominations bring the board to a total of nine members.

Please let me know if there is anything we can do to assist in the process. I look forward to hearing from you.

Sincerely,



Kevin Bolling
Executive Director

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING THE
DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF
LOS ANGELES TURF CLUB IN THE
AMOUNT OF \$83,008 TO 16 BENEFICIARIES

Regular Board Meeting
July 22, 2010

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 (LATC) is requesting approval to distribute race day charity proceeds generated at its December 26, 2008 through April 19, 2009 race meeting at Santa Anita. According to LATC, 2/10 of 1% of total handle in the amount of \$199,212 would ordinarily be available for charity distributions however the sum of \$116,203 was recorded prior to the Chapter 11 filing and the sum of \$83,008 was recorded after the Chapter 11 filing. LATC was advised by bankruptcy counsel that pursuant to the Bankruptcy Act only that portion of the handle received after the filing date can legally be distributed as Charity Day funds. Therefore, from the net proceeds LATC is proposing to distribute \$83,008. LATC is actively pursuing the approval to distribute the \$116,203. The list of organizations selected and amount to be distributed is listed on the attachment. Staff notes that approximately 90.24% 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 request as presented.



Frank De Marco, Jr., Esq.
General Counsel &
Assistant Secretary

July 6, 2010

Mr. Kirk Breed
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Re: Los Angeles Turf Club, Incorporated Charity Days

Dear Mr. Breed:

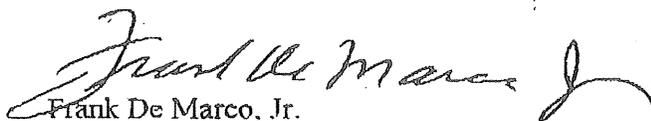
This letter will amend our letter of April 30, 2010 respecting distribution of Charity Day proceeds from the Santa Anita Park Winter 2008-2009 Race Meet so as to correct typographical errors set forth in the fourth full paragraph on Page 1 of said letter.

In that connection, the said fourth full paragraph on Page 1 of the April 30, 2010 letter should be amended to read as follows:

“The total on-track handle for the 2008-2009 Meet was \$99,606,009.00. Accordingly, two tenths of one percent of that handle, in the amount of \$199,212.00 would ordinarily be available for charity distributions. Of the \$199,212.00 total, the sum of \$116,203.00 was recorded prior to the Chapter 11 filing (“Pre-Petition Funds”) and the sum of \$83,008.00 was recorded after the Chapter 11 filing (“Post Petition Funds”). We are advised by bankruptcy counsel that pursuant to the Bankruptcy Act only that portion of the handle received after March 5, 2010 (Post Petition Funds) can legally be distributed as Charity Day Funds at this time.”

In all other respects, our April 30, 2010 letter remains in full force and effect and we propose to distribute Charity Day Funds in the amount of \$83,008.00 to the 16 beneficiaries set forth in our April 30, 2010 letter.

Very truly yours,


Frank De Marco, Jr.

FDM:sm

Los Angeles Turf Club, Incorporated
 Distribution of Charity Day Proceeds
 2008-2009 Meet

<u>I. Horse Related Charities – BP 19556(b) (20% minimum)</u>	<u>Amounts</u>	<u>Subtotals</u>
California Equine Retirement Foundation, Inc.	\$ 1,000	
California Thoroughbred Horsemen's Foundation	5,000	
Edwin Gregson Foundation	25,000	
Holy Angels Church (Backside Permanent Deacon)	2,000	
Racetrack Chaplaincy of America (Southern California Council)	4,000	
Southern California Equine Foundation, Inc.	1,000	
Tranquility Farm	1,000	
United Pegasus Foundation	1,000	
Winners Foundation	10,000	\$ 50,000
<u>II. Welfare Fund for Backside Personnel – BP 19641(b) (5%)</u>		
California Thoroughbred Horsemen's Foundation	4,151	4,151
<u>III. Fund for Substance or Alcohol Abuse – BP 19556(b) (5%)</u>		
Winners Foundation	4,151	4,151
<u>IV. Disabled Jockeys Fund – BP 19556(c) (20%)</u>		
Disabled Riders Endowment	16,601	16,601

Los Angeles Turf Club, Incorporated
Distribution of Charity Day Proceeds
2008-2009 Meet

<u>V. Other Qualified Charities</u>	<u>Amounts</u>	<u>Subtotals</u>
Arcadia Mounted Enforcement Team	2,000	
Methodist Hospital Foundation	1,105	
Santa Anita Family YMCA	1,000	
USC Norris Cancer Hospital for Andrew Kure Memorial Fund	4,000	8,105
Total		<u>\$ 83,008</u>

STAFF ANALYSIS

July 22, 2010

ISSUE: DISCUSSION AND ACTION BY THE BOARD REGARDING THE AMENDMENT TO THE YUBET APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF YUBET, LLC., FOR A CALIFORNIA MULTI-JURISDICTIONAL WAGERING HUB, TO UPDATE THE APPLICATION TO REFLECT CHURCHILL DOWNS AS THE CURRENT PARENT COMPANY OF YUBET.

On Wednesday, June 2, 2010, Churchill Downs Incorporated announced the finalization of their acquisition of Youbet.com. Rule 2072 (I) provides that changes or amendments to information or operating procedures contained in an advance deposit wagering (ADW) application are required to be submitted to the Board in writing by the applicant for approval. Subsequent to this change in ownership, Youbet.com has filed an amended ADW application to reflect Churchill Downs Incorporated as the current parent company of Youbet.com. The applicant has provided that "*Churchill Downs Incorporated owns 100% of Youbet.com, LLC.*" Churchill Downs Incorporated also owns TwinSpires a current ADW licensed provider with the California Horse Racing Board.

Youbet.com, Inc. (Youbet) filed its application as a California multi-jurisdiction wagering hub and an out-of-state multi-jurisdictional wagering hub to provide Advance Deposit Wagering (ADW). It is currently licensed through December 31, 2010 as a California multi-jurisdiction wager hub and an out-of-state multi-jurisdictional wagering hub.

A bond or other form of financial security in the amount of \$500,000 must be submitted with an application for license to conduct ADW. Youbet, as a current ADW provider, has on file a \$500,000 bond that is continuous until cancelled.

This application provides for:

- Operation through December 31, 2010, normally 16.5 hours a day, 7 days a week. Hours are 5:00 am – 9:30 pm (Pacific Standard Time).

Specific changes from the 2010 Youbet.com, Inc. ADW license application:

- Youbet has altered its business structure from a corporation to a limited liability company. Consequently changing the company name from Youbet.com, Inc. to Youbet.com, LLC.
- Rohit Thukral, Mike Cody and Brad Blackwell have been added as new management personnel. Mr. Blackwell will require licensing by CHRB.
- David Goldberg, Michael Brodsky, James Edgar, Frederick Jack Liebau, Michael Sands, Michael Soenen, Ray Anderson and Gary Adelson have been removed from the listing of management personnel.
- Robert Evans, Bill Carstanjen, Rebecca Reed, Rohit Thukral, Mike Cody and Brad Blackwell have been added as new officers/directors.
- Michael Sands, Michael Soenen, James Edgar, Gary Adelson, Ray Anderson, Michael Brodsky, Frederick Jack Liebau and David Goldberg have been removed as officers/directors.

19604 (b)(1) and (2)

No ADW provider may accept wagers on races conducted in California from a resident of California unless all of the following conditions are met:

1. The ADW provider must be licensed by the Board.
2. A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.
3. The agreement referenced in subparagraph (2) shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made in accordance with the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of those wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider. For purposes of this subdivision, the substantive provisions of the Interstate Horseracing Act shall be taken into account without regard to whether, by its own terms, that act is applicable to advance deposit wagering on races conducted in California accepted from residents of California.

No ADW provider may accept wagers on races conducted outside of California from a resident of California unless all of the following conditions are met:

1. The ADW provider must be licensed by the Board.
2. There is a hub agreement between the ADW provider and one or both of (i) one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wager is placed, and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

19604 (a)(7)

““Hub agreement” as a written agreement providing for contractual compensation paid with respect to advance deposit wagers placed by California residents on a particular breed of racing conducted outside of California. In the event a hub agreement exceeds a term of two years, then an ADW provider, one or more racing associations or fairs that together conduct no fewer than five weeks of live racing for the breed covered by the hub agreement, and the horsemen's organization responsible for negotiating purse agreements for the breed covered by the hub agreement shall be signatories to the hub agreement. A hub agreement is required for an ADW provider to receive contractual compensation for races conducted outside of California.”

19604 (d)(1) (B)

“The board shall not approve an application for an original or renewal license as an ADW provider unless the entity, if requested in writing by a bona fide labor organization no later than ninety days prior to licensing, has entered into a contractual agreement with that labor organization . . .”

Documents received in compliance with Business and Professions code 19604:

- TVG – YouBet: License Content Agreement
- Thoroughbred Owners of California, Inc. (TOC) -Los Angeles County Fair agreement to transmit audio visual signal

- TOC – Oak Tree Racing Association agreement to transmit audio visual signal
- CARF – YouBet Simulcast Wagering Agreement
- YouBet – Los Alamitos Hub Agreement
- California Exposition and State Fair – YouBet simulcast wagering agreement
- Hollywood Park – Youbet hub agreement
- Local 280 – Youbet Labor agreement

The following items are outstanding and will need to be submitted and/or resolved before ADW wagers can be accepted:

1. Licensing of management

RECOMMENDATION:

Staff recommends the Board approve the applicant contingent upon the submission of the outstanding item and recommends the applicant be required to appear again before the Board to address the status of the outstanding item and to remove the contingency status from the Board's approval.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD (CHRB)
APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING
CHRB-132 (New 9/01)

Application is made to the CHRB for a license to conduct Advance Deposit Wagering in accordance with the California Business and Professions (B&P) Code and CHRB Rules and Regulations (Rule) and the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

Application must be filed not later than 90 days in advance of the date scheduled to conduct Advance Deposit Wagering and must be accompanied by a bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000.

1. APPLICANT

- A. Racing Association (Licensee) Racing Fair (Licensee)
- Betting System CA Multi-jurisdictional Wagering Hub (CA Hub)

B. Name, mailing address, telephone and fax numbers:

Youbet.com, LLC
5901 De Soto Avenue
Woodland Hills, California 91367
(818) 668-2100 Telephone
(818) 668-2101 Fax

With a copy to:
Youbet.com, LLC
700 Central Avenue
Louisville, Kentucky 40208
(502) 636-4439 Fax

C. Names and titles of all management personnel:
Rohit Thukral, President
Mike Cody, Vice President and Treasurer
Brad Blackwell, Vice President and Secretary

NOTICE – All management personnel must be CHRB licensed.

- D. Racing Fairs are not required to complete Section 3, Business Structure.
- E. Betting Systems and CA Hubs - attach the contract with the Licensee and the required horse men's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the Licensee for access to the California market for wagering purposes.

See Attachments 1-5 to Youbet's Application For Approval to Conduct Advance Deposit Wagering filed with the CHRB.

CHRB CERTIFICATION		Approval date:
Application received: 10/21/10		License number:
Reviewed: <i>CPA</i>		
Hearing date: 7/22/10		

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:
Through December 31, 2010.

- B. Hours Advance Deposit Wagering will be conducted:
Service is normally available 14.5 hours a day, 7 days a week with hours of operation being approximately 5:00 a.m. – 9:30 p.m. PT

3. BUSINESS STRUCTURE

- A. Corporation (complete subsection B)
- LLC (complete subsection C)
- Other (specify, and complete subsection D)

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation:
2. State where incorporated:
3. Registry or file number for the corporation:
4. Name of all officers and directors, titles, and number of shares of the corporation held by each:
5. Names (true names) of all persons, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
6. Number of outstanding shares in the corporation:
7. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
9. If more than 50% 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:
10. Attach the most recent annual financial statement for the corporation, 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.
11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

C. LLC

1. Registered name of the LLC:
Youbet.com, LLC
2. State where articles of organization are filed:
Delaware
3. Registry or file number for the LLC:
4751610
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
Robert Evans, Director
Bill Carstanjen, Director
Rebecca Reed, Director
Rohit Thukral, Director and President

Mike Cody, Vice President
Brad Blackwell, Vice President

No officer or director owns any shares of the LLC

5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
N/A
6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
Youbet.com, LLC is a wholly-owned subsidiary of Churchill Downs Incorporated which is a publicly traded company on the NASDAQ under the symbol CHDN.
7. If more than 50% 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:
Churchill Downs Incorporated owns 100% of Youbet.com, LLC.
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.
Please see the Annual Report on Form 10-K for Churchill Downs Incorporated which is an attachment to the TwinSpires 2010 Application For Approval to Conduct Advance Deposit Wagering filed with the CHRB.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.
Please see Attachment 8 to the Youbet 2010 Application For Approval to Conduct Advance Deposit Wagering filed with the CHRB.

D. OTHER

1. Name(s) of partners/sole proprietor:
 2. If a partnership, attach partnership agreement.
 3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.
4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2074.

- A. List the procedures to establish an Account:
An interested individual must complete several steps in order to become a Youbet.com customer and to open a wagering account.

To become a Youbet ADW customer, an applicant must be a resident in one of the jurisdictions in which Youbet provides service and must meet the applicable minimum age requirement.

Youbet may elect to accept wagers and/or open new wagering accounts for residents of the jurisdictions listed on Attachment 9 to Youbet's 2010 Application to Conduct Advance Deposit Wagering filed with the CHRB.

Currently, an applicant must contact us either via the youbet.com website or telephonically to open an account. When the necessary information is provided, Youbet uses a third party electronic verification service to verify the customer's state of residence and age. Once verified, the customer becomes an ADW customer. In the event the third party verification service is unable to verify the information provided by the customer, Youbet may secure additional documentation (e.g., government issued identification and utility bills) to verify the information provided.

For more details see the Operation Plan filed as Attachment 10 to Youbet's 2010 Application For Approval to Conduct Advance Deposit Wagering.

- B. If an application form is used to establish an Account attach a copy of the form. See Attachment 11 to Youbet's 2010 Application to Conduct Advance Deposit Wagering filed with the CHRB.
- C. Name and address of the third party you will use to verify identity, residence and age verification:
Equifax Credit Information Systems, Inc.
P.O. Box 740006
Atlanta, GA 30374

5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2073.

- A. Submit a copy of your plan for operation.
See Attachment 11 to Youbet's Application For Approval to Conduct Advance Deposit Wagering file with the CHRB.
- B. List the type of deposits you will accept:
Credit card, electronic check, check, money order, wire transfer.
- C. Identify any fees or transaction-related charges and the amount that will be assessed:
Certain customers are charged \$10.95 per month for up to ten hours of live video per month or \$17.95 for unlimited video per month.

Customers are charged a service fee of \$2.50 for an account withdrawal in an amount equal to or less than \$25.00. The service fee will be automatically withdrawn from the subscriber's wagering account. If the subscriber's withdrawal is equal to or less than \$2.50, the amount of the withdrawal will be applied to the service fee.

6. SECURITY ACCESS

- A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

1. Description of the technology to ensure identity, residence, and age verification when an Account is established:

Prior to establishing a wagering account, an interested individual must complete several steps in order to become a youbet.com customer and to open a wagering account. As part of the sign-up process, among other information obtained, we obtain:

Residential jurisdiction; and
Date of Birth.

Currently, an applicant must contact us either via the Youbet.com website or telephonically to open an account. When the necessary information is provided, Youbet uses a third party credit and identity verification service (currently Equifax) to verify the customer's state of residence and age. In the event information provided by the customer does not match the information from the electronic verification, Youbet may seek other documentation (e.g., government issued identification and utility bills) from the applicant to verify the information provided.

For more operational details see Youbet's Operation Plan filed with the CHRB as Attachment 10 to Youbet's See Attachment 11 to Youbet's Application For Approval to Conduct Advance Deposit Wagering.

2. Description of the technology to ensure confidentiality of the Means of Personal Identification: All sensitive data is stored in an encrypted state in Youbet's database. The data is only decrypted when used by internal secure applications. The customer's Social Security Number and password/PIN are encrypted and cannot be viewed by non-authorized Youbet personnel. The following data is encrypted:

Password
Social Security Number
Credit Card Numbers
Checking Account Numbers

In addition, these other steps are taken to insure security of the PIN:

The Customer's PIN must differ from their User ID
The Customer's PIN must be four (4) digits in length
The Customer's account is locked on the consecutive third unsuccessful attempt to log in. The Customer must contact Youbet customer support and provide appropriate identification to have the account unlocked.
If the Customer forgets their password, they must supply their User ID, date of birth and registered email address to obtain the password.

3. Methods and locations available for Account Holders to withdraw funds from their Account: Youbet Customers can request a withdrawal on-line or by mail or fax a signed withdrawal slip to Youbet's office. A check in the amount of the withdrawal is mailed to the mailing address on file.

4. If the Advance Deposit Wagering records will be maintained at a site other than the applicants provide the name, address, telephone and fax numbers and the hours of operation:
Records are maintained at Youbet's headquarters located at 5901 De Soto Avenue, Woodland Hills, California 91367, as well as Warner Center Self Storage located at 21051 Oxnard Street, Woodland Hills, California 91367. Certain records are also stored by United Tote Company at the same address.

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:
**PricewaterhouseCoopers LLP
 500 W. Main Street, Ste. 1800
 Louisville, KY 40202**
- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:
**United Tote Totalizator Equipment – a subsidiary of Churchill Downs Incorporated
 Youbet Inter-Tote Systems Protocol ("ITSP") is provided by Robertson Communication**
- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:
Please see Attachment 12 of Youbet's See Attachment 11 to Youbet's Application For Approval to Conduct Advance Deposit Wagering filed with the CHRB.

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:
**Robertson Communications Network, Inc., 4175 Cameron Street, Suite B-10, Las Vegas, NV 89103
 Comerica Bank-California, 250 Lytton Avenue, 3rd Floor, Palo Alto, CA 94301
 US Offtrack, LLC, P.O. Box 22099, St. Petersburg, FL 33742
 Local 280 of the SEIU, 1838 Huntington Drive, Duarte, CA 91010**
- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed:
N/A

NOTICE – Pursuant to B&P Section 19604 (c) (1) you must contract with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting.

9. ADVERTISING

Name and address of the advertising agency you will use:
Youbet utilizes an internal advertising team.

NOTICE – Pursuant to Rule 2071 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. CERTIFICATION

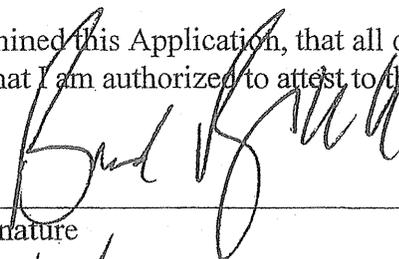
I hereby certify under penalty of perjury that I have examined this Application, that all of the foregoing statements in this Application are true and correct, and that I am authorized to attest to this Application.

Brad Blackwell

Print Name

Vice President

Print Title



Signature

6/21/10

Date

STATE OF CALIFORNIA
 CALIFORNIA HORSE RACING BOARD (CHRB)
 APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING
 CHRB-133 (New 9/01)

Application is made to the CHRB for approval to conduct Advance Deposit Wagering in accordance with the California Business and Professions (B&P) Code and CHRB Rules and Regulations (Rule) and the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

NOTICE – By submitting the Application the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct Advance Deposit Wagering and must be accompanied by a bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000.

1. OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB (out-of-state Hub)

A. Name, mailing address, telephone and fax numbers:

Youbet.com, LLC
5901 De Soto Avenue
Woodland Hills, California 91367
(818) 668-2100 Telephone
(818) 668-2101 Fax

With a copy to:

Youbet.com, LLC
700 Central Avenue
Louisville, Kentucky 40208
(502) 636-4439 Fax

B. Name, title, license number and racing jurisdiction where licensed for all management personnel:

Rohit Thukral, President
Mike Cody, Vice President and Treasurer
Brad Blackwell, Vice President and Secretary

These officers have already been approved by the CHRB

C. Name, title and mailing address of the California agent for receipt of service of process:

CT Corporation System
818 West Seventh St.
Los Angeles, CA 90017

D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes. See Attachments 1-5 to Youbet's Application For Approval to Conduct Advance Deposit Wagering filed with the CHRB.

CHRB CERTIFICATION

Application received: 6/21/10
 Reviewed: *Cape*

Hearing date: 7/22/10
 Approval date:

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:
Through December 31, 2010
- B. Hours Advance Deposit Wagering will be conducted:
Service is normally available 14.5 hours a day, 7 days a week with hours of operation being approximately 5:00 a.m. – 9:30 p.m. PT

3. BUSINESS STRUCTURE

- A. Corporation (complete subsection B)
 LLC (complete subsection C)
 Other (specify, and complete subsection D)

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation:
2. State where incorporated:
3. Registry or file number for the corporation:
4. Name of all officers and directors, titles, and number of shares of the corporation held by each:
5. Names (true names) of all persons, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
6. Number of outstanding shares in the corporation:
7. Are the shares listed for public trading? Yes No
 If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
9. If more than 50% 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:
10. Attach the most recent annual financial statement for the corporation, 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 corresponding state where you registered your corporation.

11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

C. LLC

1. Registered name of the LLC:
Youbet.com, LLC
2. State where articles of organization are filed:
Delaware
3. Registry or file number for the LLC:
4751610
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
Robert Evans, Director
Bill Carstanjen, Director
Rebecca Reed, Director
Rohit Thukral, Director and President
Mike Cody, Vice President
Brad Blackwell, Vice President

No officer or director owns any shares of the LLC

5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:

N/A

6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
Youbet.com LLC is a wholly-owned subsidiary of Churchill Downs Incorporated which is a publicly traded company on the NASDAQ under the symbol CHDN.

7. If more than 50% 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:
Churchill Downs Incorporated owns 100% of the LLC.

8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation. **Please see the Annual Report on Form 10-K for Churchill Downs Incorporated which is an attachment to the TwinSpires 2010 Application For Approval to Conduct Advance Deposit Wagering.**

9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval. **Please see the corresponding attachment to the Youbet 2010 Application For Approval to Conduct Advance Deposit**

Wagering.

D. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.
3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2074.

A. List the procedures to establish an Account:

An interested individual must complete several steps in order to become a Youbet.com customer and to open a wagering account.

Currently, an applicant must contact us either via the youbet.com website or telephonically to open an account. When the necessary information is provided, Youbet uses a third party electronic verification service to verify the customer's state of residence and age. Once verified, the customer becomes an ADW customer. In the event the third party verification service is unable to verify the information provided by the customer, Youbet may secure additional documentation (e.g., government issued identification and utility bills) to verify the information provided.

For more details see the Operation Plan filed as Attachment 10 to Youbet's 2010 Application For Approval to Conduct Advance Deposit Wagering.

B. If an application form is used to establish an Account attach a copy of the form. See Attachment 11 to Youbet's Application For Approval to Conduct Advance Deposit Wagering.

C. Name and address of the third party you will use to verify identity, residence and age verification: **Equifax Credit Information Systems, Inc. P.O. Box 740006 Atlanta, GA 30374**

5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2073.

- A. Submit a copy of your plan for operation.
See Attachment 11 to Youbet's Application For Approval to Conduct Advance Deposit Wagering file with the CHRB.
- B. List the type of deposits you will accept:
Credit card, electronic check, check, money order, wire transfer.
- C. Identify any fees or transaction-related charges and the amount that will be assessed:

Certain customers are charged \$10.95 per month for up to ten hours of live video per month or \$17.95 for unlimited video per month.

Customers are charged a service fee of \$2.50 for an account withdrawal in an amount equal to or less than \$25.00. The service fee will be automatically withdrawn from the subscriber's wagering account. If the subscriber's withdrawal is equal to or less than \$2.50, the amount of the withdrawal will be applied to the service fee.

6. SECURITY ACCESS

A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

1. Description of the technology to ensure identity, residence, and age verification when an Account is established:

Prior to establishing a wagering account, an interested individual must complete several steps in order to become a youbet.com customer and to open a wagering account. As part of the sign-up process, among other information obtained, we obtain:

Residential jurisdiction; and
Date of Birth.

Currently, an applicant must contact us either via the Youbet.com website or telephonically to open an account. When the necessary information is provided, Youbet uses a third party credit and identity verification service (currently Equifax) to verify the customer's state of residence and age. In the event information provided by the customer does not match the information from the electronic verification, Youbet may seek other documentation (e.g., government issued identification and utility bills) from the applicant to verify the information provided.

For more operational details see Youbet's Operation Plan filed with the CHRB as Attachment 10 to Youbet's See Attachment 11 to Youbet's Application For Approval to Conduct Advance Deposit Wagering.

2. Description of the technology to ensure confidentiality of the Means of Personal Identification: All sensitive data is stored in an encrypted state in Youbet's database. The data is only decrypted when used by internal secure applications. The customer's Social Security Number and password/PIN are encrypted and cannot be viewed by non-authorized Youbet personnel. The following data is encrypted:

Password
Social Security Number
Credit Card Numbers
Checking Account Numbers

In addition, these other steps are taken to insure security of the PIN:

The Customer's PIN must differ from their User ID
The Customer's PIN must be four (4) digits in length
The Customer's account is locked on the consecutive third unsuccessful attempt

to log in. The Customer must contact Youbet customer support and provide appropriate identification to have the account unlocked.

If the Customer forgets their password, they must supply their User ID, date of birth and registered email address to obtain the password.

3. Methods and locations available for Account Holders to withdraw funds from their Account: Youbet Customers can request a withdrawal on-line or by mail or fax a signed withdrawal slip to Youbet's office. A check in the amount of the withdrawal is mailed to the mailing address on file.
4. If the Advance Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation: Records are maintained at Youbet's headquarters located at 5901 De Soto Avenue, Woodland Hills, California 91367, as well as Warner Center Self Storage located at 21051 Oxnard Street, Woodland Hills, California 91367. Certain records are also stored by United Tote Company at the same address.

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:
PricewaterhouseCoopers LLP
500 W. Main Street, Ste. 1800
Louisville, KY 40202
- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:
United Tote Totalizator Equipment – a subsidiary of Churchill Downs Incorporated
Youbet Inter-Tote Systems Protocol ("ITSP") is provided by Robertson Communication
- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:
Please see Attachment 12 of Youbet's See Attachment 11 to Youbet's Application For Approval to Conduct Advance Deposit Wagering filed with the CHRB.

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:
Robertson Communications Network, Inc., 4175 Cameron Street, Suite B-10, Las Vegas, NV 89103
Comerica Bank-California, 250 Lytton Avenue, 3rd Floor, Palo Alto, CA 94301
US Offtrack, LLC, P.O. Box 22099, St. Petersburg, FL 33742
Local 280 of the SEIU, 1838 Huntington Drive, Duarte, CA 91010
- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and

signed:
N/A

9. ADVERTISING

Name and address of the advertising agency you will use:

Yobet.com has an internal advertising group

NOTICE – Pursuant to Rule 2072 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. CERTIFICATION

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 to attest to this Application.

Brad Blackwell

Print Name

Vice President

Print Title

[Handwritten Signature]

Signature

6/21/10

Date

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING
THE PROPOSED AMENDMENT TO
CHRB RULE 1974, WAGERING INTEREST,
TO 1) PROVIDE THAT THE WITHDRAWAL OF ONE HORSE FROM
A WAGERING INTEREST THAT CONSISTS OF MORE THAN ONE HORSE
CONSTITUTES THE WITHDRAWAL OF THE COUPLED ENTRY OR FIELD
AND ANY HORSE REMAINING IN THE COUPLED ENTRY OR FIELD SHALL
RUN AS A NON-WAGERING INTEREST FOR THE PURSE ONLY, AND 2) TO
PROVIDE THAT A HORSE THAT IS REMOVED FROM THE WAGERING POOL
IN ERROR SHALL RUN AS A NON-WAGERING INTEREST FOR PURSE ONLY

Regular Board Meeting
July 22, 2010

BACKGROUND

Business and Professions Code section 19420 provides that the Board shall have jurisdiction and supervision over meetings in this State where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings. Business and Professions Code section 19440 states The Board shall have all powers necessary and proper to enable it to carry out the purposes of this chapter. Responsibilities of the Board shall include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Business and Professions Code section 19562 provides that the Board may prescribe rules, regulations, and conditions under which all horse races with wagering on their results shall be conducted in this State. Board Rule 1606, Coupling of Horses, states that two or more horses shall be coupled as a single wagering interest and as an entry when such horses are owned in whole or in part by the same person or persons. Horses are exempt from coupling when two or more thoroughbred horses are owned by different partnership whose compositions are not mirror images are entered in the same race and there is at least one partner who has ownership interest in each partnership. Quarter horses are not subject to coupling requirements. Board Rule 1974 provides that a declaration or withdrawal of one horse from a wagering interest that consists of more than one horse shall have no effect on any wagers made on such wagering interest.

Patrons whose wagers include a coupled entry often complain when the horse they like in the entry is scratched and they are left with the remaining part of the entry for wagering purposes. If such patrons are in a position to cancel their wagers the problem can be avoided, but many wagers involve multiple races that cannot be canceled once the sequence has begun, and many patrons make wagers and become otherwise occupied, only to find out later about the scratch. Such complaints are not new. One solution that has been brought forward in the past is to amend the Board's regulations to provide that the withdrawal of one horse from a wagering interest constitutes the withdrawal of the coupled entry, and any horse that remains in the coupled entry shall run as a non-wagering interest for purse only. In November 2005, the (then) Pari-Mutuel Operations

Committee discussed scratching an entire entry for pari-mutuel purposes if part of the entry was scratched after the wagering pool was opened. The intended outcome of scratching an entire entry for pari-mutuel purposes was the protection of patrons who might get a horse they did not like, as well as the horse owner. Patrons could wager on other horses in the race and the owner was protected because he could still run for purse money. However, others stated the logic of the proposal was flawed. The technology existed to inform patrons about which part of the entry would still run. Advance Deposit Wagering providers could cancel wagers, and patrons could cancel a wager, or even make a wager on the remaining part of the entry. Opponents stated it did not make sense to refund wagers by unnecessarily eliminating a wagering interest. The larger issue was the total pool. Would the industry give up a portion of the pool to satisfy a small number of vocal patrons? In addition, there was the dilemma of scratching an unpopular horse in an entry, with the popular horse being left to run for purse only; wagering patrons would be just as irate.

At the November 2005 Pari-Mutuel Operations Committee meeting, the elimination of coupled entries was discussed as an alternative to the proposal to amend Rule 1974 to run the remaining horse(s) in an entry for purse only. Proponents argued that eliminating entries would increase field size and solve the problem of patrons being stuck with a horse they do not want when the favored horse in an entry was scratched. At its January 2006 Regular Meeting, the Board heard proposals to: 1) repeal Rule 1974 and Rule 1606, which would eliminate coupled entries in California, or 2) amend Rule 1974 to provide that the withdrawal of one horse from a wagering interest that consists of more than one horse constitutes the withdrawal of the coupled entry for wagering purposes only, and the remaining horse shall run for purse only. After discussion, the Board voted to repeal Rule 1974 and Rule 1606. The rationale was that eliminating entries would increase field size. Proponents also argued that owners did not have the same ability to influence a race as did trainers, who were currently exempted from coupling.

The repeal of Rule 1974 and Rule 1606 was never finalized, as the issue was tabled due to conflicting opinions about the ramifications of eliminating coupling of horses. However, in 2007, Rule 1606 was amended to exempt the quarter horse industry from coupling requirements. In 2008 and in 2009, Rule 1606 was amended to further narrow the coupling requirements for thoroughbred horses owned by partnerships.

ANALYSIS

The proposed amendment to Board Rule 1974 provides that the withdrawal of one horse from a wagering interest constitutes the withdrawal of the coupled entry, and any horses remaining in the coupled entry shall run as non-wagering interests for purse only. The proposed amendment is intended to address the angst expressed by patrons who are left with an unpopular horse when a favored horse in a coupled entry is scratched. The proposed amendment also provides that if a horse is improperly removed from a wagering pool due to a totalizator error or another unjustified reason, and the owner and trainer are not at fault, the horse shall compete as a non-wagering interest for the purse only. This provision addresses those instances when a horse is not scratched, but is

inadvertently removed from the wagering pool by error. The proposed amendment to Rule 1974 requires the racing association to inform the public if a horse runs for purse only by making an announcement over the public address system and by informing off-track wagering outlets.

The proposed amendment to Rule 1974 will impact the following regulations due to the manner in which they address coupled wagering interests. The regulations are attached for review:

1954.1, Parlay Wagering on Win, Place or Show - subsection (h)

1957, Daily Double - subsection (j)

1959, Special Quinella (Exacta) - subsection (d)

1976, Unlimited Sweepstakes – subsection (e)

1976.8, Place Pick (n) – subsections (d) & (e)

1977, Pick Three – subsection (c)

1978, Select Four – subsection (e)

1979, Trifecta – subsection (c)

1979.1, Superfecta – subsection (c)

RECOMMENDATION

This item is presented for Board discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED AMENDMENT OF
RULE 1974. WAGERING INTEREST

Regular Board Meeting
July 22, 2010

1974. Wagering Interest.

(a) A wagering interest may be any one horse in a race, or may be two or more horses coupled as a single wagering interest as an "Entry" or the "Field."

(b) A declaration or withdrawal of one horse from a wagering interest ~~which that~~ consists of more than one horse shall constitute the declaration or withdrawal of the coupled entry or field, have no effect on any wagers made on such wagering interest, and any horses remaining in the coupled entry or field which have not been declared or withdrawn shall start in the race as non-wagering interests for the purse only, and shall be disregarded for pari-mutuel purposes.

(c) If a horse is removed from the wagering pool due to a totalizator error, or due to any other error, and the trainer and owner are not at fault, the horse shall start in the race as a non-wagering interest for the purse only, and shall be disregarded for pari-mutuel purposes.

(d) If a horse runs for the purse only the circumstances shall be announced over the public address system at the time the action is taken and thereafter to adequately inform the public. The racing association shall also inform off-track wagering outlets at the time such action is taken.

Authority: Sections 19420 and 19440,
Business and Professions Code.

Reference: Section 19562,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
RULE 1954.1. PARLAY WAGERING ON WIN, PLACE OR SHOW

Regular Board Meeting
July 22, 2010

1954.1. Parlay Wagering on Win, Place or Show.

(a) The parlay is not a separate mutuel pool, it is a series of wagers (consisting of legs) combining wagering entries in Win, Place or Show pools. The initial amount wagered constitutes the wager on the first leg, and if successful, the payout from the first leg constitutes the wager on the second leg, etc.

(b) A parlay wager is limited to Win, Place or Show which have a corresponding pool conducted on the race selected. The wager must combine at least two races but not more than six races. The races in a parlay must be in chronological order but do not need to be consecutive races or combine the same type pool.

(c) A parlay wager may only be on one pool and one wagering interest per leg and cannot combine wagers on races on other days.

(d) Payouts included as wagers in subsequent races and the final payout to the parlay wagerer shall be broken to the nearest dime. Parlay breakage shall be reported separately and added to regular breakage at the end of the day for the purpose of taxation and distribution.

(e) Parlay payouts will be included as wagers in subsequent pools by the track operator so the amount of such wagers, including their impact on the wagering odds, will be displayed. Wager totals in such pools shall be displayed in truncated fashion, to the lowest dollar.

(f) Parlay wagers may be cancelled by the ticket holder, in accordance with track policy, only before the start of the first parlay leg in which a parlay selection starts. Parlay wagers not

cancelled must be completed or terminated by operation of these rules in order to be entitled to a payout.

(g) If a race, pool or wagering entry in a parlay is scratched, which includes an entry being declared a non-starter for wagering purposes, or a race or pool is cancelled, the parlay shall consist of the remaining legs. The parlay terminates if there are no remaining legs.

(h) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of the coupled entry or field starts for parimutuel purposes in accordance with Rule 1974 of this Article.

Authority: Section 19590,
Business and Professions Code.

Reference: Sections 19594, 19597 and 19598,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
RULE 1957. DAILY DOUBLE

Regular Board Meeting
July 22, 2010

1957. Daily Double.

(a) The Daily Double is a separate parimutuel pool established on two (2) races. The pool consists of amounts wagered on the selection of the winning horse of both races. It is not a parlay and has no connection with or relation to other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Daily Double ticket shall be evidence of a binding contract between the holder of the ticket and the association and shall constitute an acceptance of Daily Double provisions and rules contained in this Article.

(c) The association shall distribute the net pool to holders of valid tickets that correctly selected the winner of both races. If no ticket selected the winner of both races, the net pool shall be distributed as a place pool among tickets that included the winner of the first race and tickets that included the winner of the second race.

(d) If no ticket included the winner of the first race the net pool shall be distributed equally among tickets that included the winner of the second race; and, if no ticket included the winner of the second race the net pool shall be distributed equally among tickets that included the winner of the first race.

(e) If no ticket included the winner of either race the net pool shall be distributed equally among tickets selecting the second place finishers of both races.

(f) The association shall refund the entire pool if no ticket requires a payout or if the first race is cancelled.

(g) If the second race is cancelled after the first race has been completed, the net pool shall be distributed as a single price pool among tickets selecting the winner of the first race.

(h) Before the first race is run, any money wagered on a horse in either race that is scratched, excused by the Stewards or prevented from racing shall be deducted from the pool and refunded.

(i) If any horse is scratched, excused by the Stewards or prevented from racing because of the failure of the stall doors or starting gate to open in the second race, after the first race has been completed, all tickets including such horse(s) shall be deducted from the pool, and the pool(s), thus formed shall be distributed as a straight pool(s) among tickets combining the winner of the first race with such horse(s).

(j) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for parimutuel purposes in accordance with Rule 1974.

(k) If a dead heat occurs in either race the net pool is figured as a place pool. Example: Number eight (8) and five (5) dead heat in the first race, and number three (3) wins the second race, the pool would be divided and apportioned to tickets bearing eight (8) and three (3), and five (5) and three (3).

Authority: Sections 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
RULE 1959. SPECIAL QUINELLA (EXACTA)

Regular Board Meeting
July 22, 2010

1959. Special Quinella (Exacta).

(a) The Special Quinella is not a parlay and has no connection with or relation to the win, place and show pools shown on the totalizator board. All tickets on the Special Quinella will be calculated in a separate pool.

(b) A Special Quinella race shall be given a distinctive name to be selected by the association conducting such race, such as "Perfecta" or "Exacta," subject to the approval of the Board.

(c) All Special Quinella tickets will be for the win and place combination only. Each person purchasing a Special Quinella ticket shall designate the exact order in which the first two horses will finish in a Special Quinella race. For example, if number 3 is selected to finish first and number 6 is selected to finish second, they must come in number 3, first and number 6 second in order to win.

(d) Entries or field horses in a race comprising the Special Quinella shall race as single wagering interests for the purposes of mutuel pool calculations and payouts to the public. If, in the event that any part of the entry or the field is a starter, there shall be no refund to persons wagering on such entry or field. In the event any part of an entry or the field finishes first, the order of finish of all other horses making up such entry or field will be disregarded in determining which horse finished second for the purpose of this rule.

(e) Should any horse or horses entered in a Special Quinella race be scratched or excused by the Stewards after wagering has commenced or should any horse or horses be prevented from racing because of the failure of the stall doors of the starting gate to open, all tickets including such horse or horses shall be deducted from the Special Quinella Pool and money refunded to the purchasers of tickets on the horse or horses so excused or prevented from racing.

(f) In the event that no ticket is sold on the winning combination of a Special Quinella Pool, the net pool shall be distributed equally among holders of tickets selecting the winning horse to finish first and holders of tickets selecting the second place horse to finish second.

(g) In the event of a dead-heat between two horses for first place, the net pool shall be calculated and distributed as a place pool to holders of the winning combinations.

(h) In the event of a dead-heat between two or more horses for place, all tickets designating the proper first horse to win which are coupled with any of the place horses involved in a dead-heat shall be the winners of the Special Quinella race and payouts calculated according to their respective interest in the net pool.

(i) In the event of a dead-heat for second place, if no ticket is sold on one of the two winning combinations, the entire net pool shall be calculated as a win pool and distributed to those holding tickets on the other winning combinations. If no tickets combine the winning horse with either of the place horses in the dead-heat the Special Quinella Pool shall be calculated and distributed to holders of tickets designating the winning horse or either of the place horses according to their respective interest in the net pool.

(j) In the event of a dead-heat among three or more horses for first place, the net pool shall be calculated and distributed to holders of tickets designating any two of the horses participating in the dead-heat according to their respective interest in the net pool.

(k) In the event that no ticket is sold that would require distribution to any winner as above defined the Special Quinella shall be deemed "No Contest" and all money in the Special Quinella shall be promptly refunded.

Authority: Sections 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
RULE 1976. UNLIMITED SWEEPSTAKES

Regular Board Meeting
July 22, 2010

1976. Unlimited Sweepstakes.

(a) The Unlimited Sweepstakes parimutuel pool is not a parlay and has no connection with or relation to any other parimutuel pool conducted by the association, nor to any win, place and show pool shown on the totalizator, nor to the rules governing the distribution of such other pools.

(b) An Unlimited Sweepstakes parimutuel ticket shall be evidence of a binding contract between the holder of the ticket and the association and the said ticket shall constitute an acceptance of the Unlimited Sweepstakes provisions and rules contained in Article 18.

(c) An Unlimited Sweepstakes may be given a distinctive name by the association conducting the meeting, subject to approval of the Board.

(d) The Unlimited Sweepstakes parimutuel pool consists of amounts contributed for a selection for win only in each of nine races designated by the association with the approval of the Board. Each person purchasing an Unlimited Sweepstakes ticket shall designate the winning horse in each of the nine races comprising the Unlimited Sweepstakes.

(e) Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the Unlimited Sweepstakes shall race as a single wagering interest for the purpose of the Unlimited Sweepstakes parimutuel pool calculations and payouts to the public. However if any part of either an entry or the field racing as a single wagering interest is a starter in a race the entry or the field selection shall remain as the designated selection to win in that race for the Unlimited Sweepstakes calculation and the selection shall not be deemed a scratch.

(f) The Unlimited Sweepstakes parimutuel pool shall be calculated as follows:

(1) One hundred percent (100%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel tickets which correctly designate the official winner in each of the nine races comprising the Unlimited Sweepstakes.

(2) In the event there is no parimutuel ticket properly issued which correctly designates the official winner in each of the nine races comprising the Unlimited Sweepstakes, twenty-five percent (25%) of the net amount in the parimutuel pool shall be distributed among the holders of parimutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Unlimited Sweepstakes, and the remaining seventy-five percent (75%) of the net amount in the parimutuel pool shall not be distributed as provided above but shall be retained by the association as distributable amounts and shall be carried over and included in the Unlimited Sweepstakes parimutuel pool for the next succeeding racing date as an additional net amount to be distributed as provided in subsection (f)(1).

(g)(1) Except as provided in subsection (k) and subsection (m), should no distribution be made pursuant to subsections (f)(1), then the distributable pool and all monies accumulated therein shall be carried over until that amount equals or exceeds five million dollars (\$5,000,000) or such lesser amount as the racing association designates to the Board at the time it files its license application with the Board.

(2) Once the pool and all monies accumulated therein equals or exceeds five million dollars, or such lesser amount designated by the racing association pursuant to subsection (g)(1), that amount shall be distributed on the next racing day as provided in subsection (f)(1); but if no holder of parimutuel tickets correctly designates the official winner in each of the nine races comprising the Unlimited Sweepstakes, then seventy-five percent (75%) of the pool shall be distributed among the holders of parimutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Unlimited Sweepstakes.

The remaining twenty-five percent (25%) of the pool shall be distributed to those holders of parimutuel tickets which correctly designate the next greatest number of official winners.

(h) In the event an Unlimited Sweepstakes ticket designates a selection in any one or more of the races comprising the Unlimited Sweepstakes and that selection is scratched, excused or determined by the Stewards to be a nonstarter in the race, the actual favorite, as evidenced by the amounts wagered in the win pool at the time of the start of the race, will be substituted for the nonstarting selection for all purposes, including pool calculations and payouts.

(i) In the event of a dead heat for win between two or more horses in any Unlimited Sweepstakes race, all such horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.

(j)(1) In the event that all nine races comprising the Unlimited Sweepstakes are cancelled or declared as no contest, all parimutuel tickets held on the Unlimited Sweepstakes for that day or night shall be refunded and the Unlimited Sweepstakes shall be cancelled in its entirety for that day or night and any retained distributable amounts carried over from any prior Unlimited Sweepstakes pool pursuant to subsection (f)(2) shall be carried over to the next succeeding racing date of that meeting.

(2) In the event that fewer than nine, but no more than three, races comprising the Unlimited Sweepstakes are completed due to the cancellation of one or more races or the Stewards declaring one or more races as no contest, the pool for that racing day shall be refunded and the Unlimited Sweepstakes shall be cancelled in its entirety as provided in subsection (j)(1).

(3) In the event that fewer than nine, but no fewer than four, races comprising the Unlimited Sweepstakes are completed due to the cancellation of one or more races or the Stewards declaring one or more races as no contest, one hundred percent (100%) of the net amount in the parimutuel pool for that day or night, exclusive of any retained distributable amounts carried over from any prior Unlimited Sweepstakes pool pursuant to subsection (f)(2), shall be subject to

distribution among holders of parimutuel tickets which correctly designate the most winners in the completed races of the Unlimited Sweepstakes. The retained distributable amounts carried over from any prior Unlimited Sweepstakes pool pursuant to subsection (f)(2) shall be carried over to the next succeeding racing date of that meeting.

(k) (1) Should no distribution be made pursuant to subsection (f)(1) on the last day of the association's race meeting, then the distributable pool and all monies accumulated therein shall be distributed on that day. Seventy-five percent (75%) of the pool shall be distributed among holders of parimutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Unlimited Sweepstakes. The remaining twenty-five percent (25%) of the pool shall be distributed to those holders of parimutuel tickets which correctly designate the next greatest number of official winners.

(2) In the event that an association is unable to distribute the retained distributable amount carried over from any prior Unlimited Sweepstakes pool established pursuant to subsection (f)(2) by the end of its race meeting due to cancellation of the final day(s) or night(s) of racing or any other reason, the retained distributable amount shall be carried forward to the next race meeting having an Unlimited Sweepstakes at the same location and of the same breed of horse as the racing association that generated the retained distributable amount. The retained distributable amount shall be included in the Unlimited Sweepstakes pool for the first day or night of racing at the subsequent race meeting.

(l) No parimutuel ticket for the Unlimited Sweepstakes pool shall be sold, exchanged or cancelled after the time of the closing of wagering in the first of the nine races comprising the Unlimited Sweepstakes, except for such refunds on Unlimited Sweepstakes tickets as required by this regulation, and no person shall disclose the number of tickets sold in the Unlimited Sweepstakes pool or the number or amount of tickets selecting winners of Unlimited

Sweepstakes races until such time as the Stewards have determined the last race comprising the Unlimited Sweepstakes each day to be official.

(m) The racing association may, at its election, designate to the Board, at the time it files its license application with the Board, one or more racing days (nights) during its racing meeting on which the retained distributable amount carried over from any prior Unlimited Sweepstakes pool established pursuant to subsection (f)(2), shall be distributed as provided in subsection (g)(2), even though the retained amount is less than the amount specified in or designated by the racing association pursuant to subsection (g)(1).

Authority: Sections 19420, 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
RULE 1976.8. PLACE PICK (N)

Regular Board Meeting
July 22, 2010

1976.8. Place Pick (n).

(a) The Place Pick (n) is a separate pari-mutuel pool established by the association on a designated number of races. The pool consists of amounts wagered on a horse to finish first or second in each of the races. It is not a parlay and has no connection with or relation to other pools conducted by the association, except for the provisions in subsection (e), or to rules governing the distribution of other pools.

(b) A valid Place Pick (n) ticket shall be evidence of a binding contract between the holder of the ticket and the association and shall constitute an acceptance of Place Pick (n) provisions and rules contained in this Article.

(c) A Place Pick (n) may be given a distinctive name by the association conducting the meeting, subject to Board approval.

(d) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for pari-mutuel purposes in accordance with Rule 1974.

(e) If a ticket in any Place Pick (n) race designates a selection that is scratched, excused or determined by the Stewards to be a nonstarter in the race, the association may designate the actual favorite, which is determined by the amounts wagered in the win pool at the time of the start of the race, or may allow patrons the option of selecting an alternate betting interest. The

actual favorite or the alternate betting interest will be substituted for the nonstarting selection for all purposes.

(f) Except as provided in subsection (f)(1), in a dead heat for win between two or more horses, only the horses in such dead heat shall be considered winning horses.

(1) In a dead heat for win between two or more coupled horses, all such horses together with the horse(s) which finishes next in order shall be considered winning horses.

(2) Except as provided in subsection (f), a dead heat for second between two or more horses, all such horses together with the horse which finished first shall be considered winning horses.

(g) The association shall distribute the net pool to holders of valid tickets that correctly selected the most first or second place finishers.

(h) All tickets shall be refunded if all races comprising the Place Pick (n) are cancelled or declared as no contest. The entire pool shall be refunded if less than four races are completed and if four or more races are completed the net pool shall be distributed pursuant to subsection (g).

(i) After wagering closes on the first race comprising the Place Pick (n) no ticket shall be sold, exchanged or cancelled. No person shall disclose the number of tickets sold in the Place Pick (n) or the number or amount of tickets that selected winners of Place Pick (n) races until the Stewards declare the last race official.

(j) If the racing surface changes from turf to dirt or dirt to turf in any race of a Place Pick (n), and such change is not announced to the public before the close of wagering on the Place Pick (n) pool, all wagers on such race shall be considered winning wagers for the purposes of the Place Pick (n).

Authority: Sections 19440 and 19590,

Business and Professions Codes.

Reference: Sections 19593 and 19594,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
RULE 1977. PICK THREE

Regular Board Meeting
July 22, 2010

1977. Pick Three.

(a) The Pick Three is a separate parimutuel pool established on three (3) consecutive races. The pool consists of amounts wagered on the winning horse in each of the races. It is not a parlay and has no connection with or relation to other pools conducted by the association, except for the provisions in subsection (h), or to rules governing the distribution of other pools.

(b) A valid Pick Three ticket shall be evidence of a binding contract between the holder of the ticket and the association and shall constitute an acceptance of Pick Three provisions and rules contained in this Article.

(c) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for parimutuel purposes in accordance with Rule 1974.

(d) The association shall distribute the net pool to holders of valid tickets that correctly selected the winners in all three (3) races.

(e) In a dead heat for win between two (2) or more horses in any of the Pick Three races, all such horses shall be considered winning horses in that race for calculating the pool. The payout shall reflect the proportionate amount of money wagered on each winning combination.

(f) If no ticket selected the winner in all three (3) races, the net pool shall be paid for tickets that selected the winner in any two (2) races; and if no ticket selected two (2) winners the net pool shall be paid for tickets that selected the winner of any one (1) race. The association shall refund the entire pool if no ticket selected the winner of any one (1) race.

(g) If one (1) of the races is cancelled, the net pool shall be distributed as provided in subsection (f). If more than one (1) race is cancelled the association shall refund the entire pool.

(h) A ticket designating a selection that was scratched, excused or determined by the Stewards to be a nonstarter in the race, shall have the favorite, which is determined by the amounts wagered in the win pool at the time of the start of the race, substituted for the nonstarting selection for all purposes.

(i) After wagering closes on the first race of the Pick Three no ticket shall be sold, exchanged or cancelled. No person shall disclose the number of tickets sold in the Pick Three races or the number or amount of tickets that selected winners of Pick Three races until the Stewards declare the last race official. After the second of the three (3) races, the association may display potential distributions dependent upon the outcome of the third race.

Authority: Sections 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
RULE 1978. SELECT FOUR

Regular Board Meeting
July 22, 2010

1978. Select Four.

(a) The Select Four parimutuel pool is not a parlay and has no connection with or relation to any other parimutuel pool conducted by the association, nor to any win, place and show pool shown on the totalizator board, nor to the rules governing the distribution of such other pools.

(b) A valid Select Four ticket shall be evidence of a binding contract between the holder of the ticket and the racing association, and the said ticket shall constitute an acceptance of Select Four provisions and rules contained in Article 18.

(c) A Select Four may be given a distinctive name to be selected by the association conducting such races, such as "PICK 4", subject to the approval of the Board.

(d) The Select Four parimutuel pool consists of amounts contributed for a selection for win only in each of four races designated by the association with the approval of the Board. Each person purchasing a Select Four ticket shall designate the winning horse in each of the four races comprising the Select Four.

(e) Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the Select Four shall race as a single wagering interest for the purpose of the Select Four parimutuel pool calculations and payouts to the public. However, if any part of either an entry or the field racing as a single interest is a starter in a race, the entry or the field selection shall remain as the designated selection to win in that race for the Select Four calculation, and the selection shall not be deemed a scratch.

(f) The net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of tickets which correctly designate the winners in all four races comprising the Select Four.

(g) If no ticket is sold combining the four winners of the Select Four, the net amount in the parimutuel pool shall be distributed among the holders of tickets which include the winners of any three of the four races comprising the Select Four.

(h) If no ticket is sold combining at least three winners of the Select Four, the net amount in the parimutuel pool shall be distributed among holders of tickets which include the winner of any two races comprising the Select Four.

(i) If no ticket is sold combining at least two winners of the Select Four, the net amount in the parimutuel pool shall be distributed among holders of tickets which include the winner of any one race comprising the Select Four.

(j) If no ticket is sold that would require distribution of the Select Four pool to a winner under this rule, the association shall make a complete and full refund of the Select Four pool.

(k) If for any reason one of the races comprising the Select Four is cancelled, the net amount of the parimutuel pool shall be distributed as provided above in subsections (g), (h), (i) and (j).

(l) If for any reason two or more of the races comprising the Select Four is cancelled, a full and complete refund will be made of the Select Four pool.

(m) In the event a Select Four ticket designates a selection in any one or more of the races comprising the Select Four and that selection is scratched, excused or determined by the Stewards to be a non-starter in the race, the actual favorite, as evidenced by the amounts wagered

in the win pool at the time of the start of the race, will be substituted for the non-starting selection for all purposes, including pool calculations and payouts.

(n) In the event of a dead heat for win between two or more horses in any Select Four race, all such horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.

(o) No parimutuel ticket for the Select Four pool shall be sold, exchanged or cancelled after the time of the closing of wagering in the first of the four races comprising the Select Four, except for such refunds on Select Four tickets as required by this regulation, and no person shall disclose the number of tickets sold in the Select Four pool or the number or amount of tickets selecting winners of Select Four races until such time as the Stewards have determined the last race comprising the Select Four to be official. Notwithstanding the above, at the conclusion of the third of the four races comprising the Select Four, an association may with the approval of the Board display potential distribution to ticket holders depending upon the outcome of the fourth race of the Select Four.

Authority: Sections 19420, 19440 and 19590,
Business and Professions Code.

Reference: Section 19594 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
RULE 1979. TRIFECTA

Regular Board Meeting
July 22, 2010

1979. Trifecta.

(a) The Trifecta is a separate pari-mutuel pool established on a single race. The pool consists of amounts wagered on horses to finish first, second and third in that exact order. It is not a parlay and has no connection with or relation to other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Trifecta ticket is evidence of a binding contract between the holder of the ticket and the association and constitutes acceptance of Trifecta provisions and rules contained in this article.

(c) No Trifecta pool shall be established for a race with less than four wagering interests scheduled to start when the Trifecta pool opens for wagering in California. A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for pari-mutuel purposes in accordance with Section 1974.

(d) After the stewards' official order of finish is posted, the association shall distribute the net pool to holders of valid tickets that correctly selected the first, second and third finishers.

(e) In a dead heat for first or second position, only tickets selecting the correct order of finish for the first three finishers shall be winning tickets; that is, two horses in a dead heat for first shall be first and second, in either position; and two horses in a dead heat for second shall be second and third, in either position. In a triple dead heat for first, the three horses shall be the winning combination regardless of the order of selection. In a triple dead heat for second, tickets

with the correct first selection and two of the three horses shall be winning tickets. In a triple dead heat for third, tickets with the correct first and second selection and one of the three horses shall be winning tickets.

(f) If no ticket correctly selected the first, second and third position, the net pool shall be paid for tickets that selected first and second. If no ticket selected first and second the net pool shall be paid for tickets that selected first. The association shall refund the entire pool if no ticket selected first.

(g) If the stewards scratch a horse before wagering is closed, the association may exchange any ticket that includes the scratched horse. After wagering is closed, tickets selecting a scratched horse or a horse the stewards declared a nonstarter shall be eliminated from the pool and the purchase price refunded.

Authority: Sections 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
RULE 1979.1. SUPERFECTA

Regular Board Meeting
July 22, 2010

1979.1. Superfecta.

(a) The Superfecta is a separate pari-mutuel pool established on a single race. The pool consists of amounts wagered on horses to finish first, second, third, and fourth in that exact order. It is not a parlay and has no connection with other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Superfecta ticket is evidence of a binding contract between the holder of the ticket and the association and constitutes acceptance of Superfecta provisions and rules contained in this article.

(c) No Superfecta pool shall be established for a race with less than six wagering interests scheduled to start when the Superfecta pool opens for wagering in California. A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of the entry starts for pari-mutuel purposes under Rule 1974 of this division.

(d) After the stewards' official order of finish is posted, the association shall distribute the net pool to holders of valid tickets that select the first, second, third, and fourth finishers.

(e) In a dead heat for first, second, or third position, only tickets selecting the correct order of finish for the first four finishers shall be winning tickets; that is, two horses in a dead heat for first shall be first and second, in either position; two horses in a dead heat for second shall be second and third, in either position; and two horses in a dead heat for third shall be third and fourth, in either position. In a dead heat for fourth, tickets with the correct first, second, and

third selection and one of the two horses in the dead heat for fourth shall be winning tickets. In a triple dead heat for first, tickets selecting the three horses in the dead heat, regardless of the order of selection, and the horse finishing fourth shall be winning tickets. In a triple dead heat for second, tickets with the correct first selection and all three horses in the dead heat shall be winning tickets. In a triple dead heat for third, tickets with the correct first and second selection and two of the three horses in the dead heat shall be winning tickets. In a triple dead heat for fourth, tickets with the correct first, second, and third selection and one of the horses in the dead heat shall be winning tickets.

(f) If no ticket selects the first, second, third, and fourth position, the net pool shall be paid for tickets that select first, second, and third. If no ticket selects first, second, and third position, the net pool shall be paid for tickets that select first and second. If no ticket selects first and second, the net pool shall be paid for tickets that select first. The association shall refund the entire pool if no ticket selects first.

(g) If the stewards scratch a horse before wagering is closed, the association may exchange any ticket that includes the scratched horse. After wagering is closed, tickets selecting a scratched horse or a horse the stewards declared a nonstarter shall be eliminated from the pool and the purchase price refunded.

Authority: Sections 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING
THE PROPOSED AMENDMENT TO
CHRB RULE 1876, FINANCIAL RESPONSIBILITY,
TO ADD FINANCIAL RESPONSIBILITY COMPLAINTS FROM
EQUINE MEDICAL HOSPITALS,
AND SERVICES PROVIDED BY HORSE FARMS THAT ARE
DIRECTLY RELATED TO HORSE RACING
WHERE THE DEBT EXCEEDS \$1,000.00

Regular Board Meeting
July 22, 2010

BACKGROUND

Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include, but not be limited to administration and enforcement of all laws, rules, and regulations affecting horse racing and pari-mutuel wagering, as well as adjudication of controversies arising from the enforcement of those laws and regulations dealing with horse racing and pari-mutuel wagering. Business and Professions Code section 19460 states all licenses are subject to all rules, regulations, and conditions from time to time prescribed by the Board. Business and Professions Code section 19461 provides that every license granted under this chapter is subject to suspension or revocation by the Board in any case where the Board has reason to believe that any condition regarding it has not been complied with, or that any rule or regulation of the Board affecting it has been broken or violated. Board Rule 1876, Financial Responsibility, states that no licensee shall willfully and deliberately fail or refuse to pay any moneys when due for any service, supplies or fees connected with his or her operations as a licensee, nor shall he or she falsely deny any such amount due or the validity of the complaint thereof with the purpose of hindering or delaying or defrauding the person to whom such indebtedness is due. The regulation also provides a guideline for the filing of financial responsibility complaints against licensees.

- A financial responsibility complaint against a licensee must be in writing and signed by the complainant.
- A financial responsibility complaint must be accompanied by documentation of services, supplies or fees alleged to be due, OR accompanied by a judgment from a civil court which has been issued within one year of the date of the complaint.

Currently, under Board Rule 1876, the Board will only consider financial responsibility complaints that meet the following criteria:

- The complainant has NOT made a complaint against the same accused within a twenty-four month period.

- The complaint involves services, supplies or fees that are directly related to the licensee's California racetrack operations.
- The debt or civil court judgment was issued in California within one year of the filing of the complaint.

CHRB Directive 06-08 addresses the enforcement of Rule 1876. The directive was issued in July 2008, and it basically reiterates the text of the regulation- except that it refers to accepting financial responsibility complaints from "licensed vendors." Rule 1876 only refers "complainants". The directive also expands on the regulation by stating financial responsibility complaints submitted by trainers, owners, grooms, hotwalkers, exercise riders and others that are the result of wage disputes will be considered and do not require civil court judgments. Also equine medical hospitals will be accepted. The exception for medical hospitals was added to the directive after an equine medical hospital appealed to the Board for help with unpaid bills.

Staff contacted Board investigators in Northern and Southern California to determine how Rule 1876 is applied. It appears that Southern California more closely follows the directive, which states financial responsibility complaints will only be accepted from LICENSED vendors with a civil court judgment. Southern California investigators will also entertain a financial responsibility complaint from non-licensees if given such direction. The practice in Northern California seems to be that financial responsibility complaints will be accepted from any vendor if the debts are related to a licensee's horse racing operations, and a civil court judgment has been issued.

In June 2010, the issue of financial responsibility complaints from horse farms was brought to the CHRB, and the stewards were directed to hear the financial responsibility complaints of Tommy Town Thoroughbreds LLC (Tommy Town). Following the hearings, Tommy Town requested that the CHRB consider amending Rule 1876 to include horse farm debts. Tommy Town stated trainers and owners were more concerned about paying debts at the racetrack, but as farm bills did not impact an owner's or trainer's ability to race, they were of a lesser concern. Tommy Town suggested that to avoid wasting the stewards' time, a minimum debt of \$1,000 or more could be set.

ANALYSIS

Rule 1876 has been the subject of reoccurring discussion. Those who do business with persons licensed by the Board see the regulation as a means of forcing payment, while other have stated that bill collecting should not be the function of the stewards. The directive issued by the Board in July 2008 was intended to provide guidance in the application of Rule 1876. The result, however, seems to be uneven application. A financial responsibility complaint that is considered in Northern California might not be considered if it were submitted in Southern California. Further, all persons who wish to submit financial responsibility complaints have access to the text of Rule 1876, but few may be aware of the requirements of the directive.

The proposed amendment to Rule 1876 is intended to alleviate the possibility of uneven application of Rule 1876 by incorporating the provisions of Board Directive 06-08.

Specifically the amendment includes equine medical hospitals, (currently addressed in Directive 06-08) and adds horse farms as vendors whose financial responsibility complaints will be considered, provided such complaints comply with the rule. In the case of horse farms, complaints less than \$1,000 will not be considered. Financial responsibility complaints concerning wage disputes (also addressed in Directive 06-08) between persons licensed by the Board, will continue to be considered and are exempt from the civil court judgment otherwise required under Rule 1876 because grooms, hotwalkers and exercise riders may be reluctant to use the civil court system.

RECOMMENDATION

This item is presented for Board discussion and action.

Staff recommends the Board instruct staff to initiate the 45-day comment period.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 16. GENERAL CONDUCT
PROPOSED AMENDMENT OF
RULE 1876. FINANCIAL RESPONSIBILITY

Regular Board Meeting
July 22, 2010

1876. Financial Responsibility.

(a) No licensee shall willfully and deliberately fail or refuse to pay any moneys when due for any service, supplies or fees ~~connected with~~ directly related to his or her operations as a licensee, nor shall he or she falsely deny any such amount due or the validity of the complaint thereof with the purpose of hindering or delaying or defrauding the person to whom such indebtedness is due.

(b) Any financial responsibility complaint against a licensee shall be in writing, signed by the complainant, and accompanied by documentation of the services, supplies or fees alleged to be due, or by a judgment from a civil court which has been issued within one year of the date of the complaint.

(c) The Board will not consider a financial responsibility complaint made by the complainant against the same accused within twenty-four months of the filing of the instant complaint.

(d) The Board will consider only those financial responsibility complaints which meet the following criteria:

(1) The complaint involves services, supplies or fees that are directly related to the licensee's California racetrack operations; and

(2) The debt or cause for action originated, ~~or the civil court judgement was issued,~~ in this State within one year of the filing of the complaint.

(3) A civil court judgment has been issued; the time for appeal of the civil court judgment has elapsed; and it is within one year of the filing of the complaint.

(e) Financial responsibility complaints submitted by equine medical hospitals and horse farms will be considered, provided such complaints comply with subsections (b), (c) and (d) (1) through (d) (3) of this regulation, and are related to the California horse racing operations of a person licensed by the Board.

(1) In the case of horse farms, no financial responsibility complaint for less than one thousand dollars will be considered.

(f) Financial responsibility complaints that are wage disputes originating between persons licensed by the Board will be considered and are exempt from subsection (d) (3) of this regulation.

Authority: Sections 19440 and 19460,
Business and Professions Code.

Reference: Sections 19440, 19460 and 19461,
Business and Professions Code.

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING
THE FEASIBILITY OF AMENDING
RULE 1634, CLAIMING OPTION ENTRY

Regular Board Meeting
July 22, 2010

BACKGROUND

Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include, but not be limited to, adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Business and Professions Code section 19562 states the Board may prescribe rules, regulations, and conditions, consistent with the provisions of this chapter, under which all horse races with wagering on their results shall be conducted in this state. Business and Professions Code section 19408.2 defines a claiming race as a race in which any horse entered therein may be claimed in conformity with the rules established by the Board.

At its October 2007 Regular Meeting, the Board heard a Thoroughbred Owners of California (TOC) proposal to add a rule that would allow an owner to enter a horse in a claiming race with a declaration that such horse was ineligible to be claimed if the horse was returning from a lay-off of at least 180 days, and was entered for a claiming price equal to or greater than the price at which it last started. TOC stated many horse owners wished to give their horses time to rest, but they ran the risk of losing such horses as soon as they returned to racing. The TOC believed that horse owners who made an investment in their horses' health deserved a limited, optional protection from being claimed. The Board directed staff to work with TOC to develop a rule to implement TOC's proposal. A proposal to add Rule 1634, Alternative Claiming Races, was subsequently noticed for a 45-day public comment period.

The addition of Rule 1634 became effective September 20, 2008. The rule allows a horse that is entered in a claiming race to be declared ineligible for claiming under certain conditions. The conditions are: 1) the horse must not have started for a period of at least 180 days since its last race; 2) the horse must be entered for a claiming price equal to or higher than at which it last started; 3) failure to declare the horse ineligible for claiming may not be remedied; and 4) ineligibility shall apply only to the first start after each layoff.

RECOMMENDATION

This item is presented for Board discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 7. CLAIMING RACES
RULE 1634. CLAIMING OPTION ENTRY

Regular Board Meeting
July 22, 2010

1634. Claiming Option Entry.

(a) At the time of entry into a claiming race, the owner may opt to declare a horse ineligible to be claimed provided:

(1) The horse has been laid off and has not started for a minimum of 180 days since its last race, and

(2) The horse is entered for a claiming price equal to or greater than the price at which it last started.

(b) Failure to declare the horse ineligible at the time of entry may not be remedied.

(c) Ineligibility shall apply only to the first start following each such layoff.

Authority: Sections 19420 and 19440,
Business and Professions Code.

Reference: Sections 19408.2 and 19562,
Business and Professions Code.

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD
REGARDING THE FEASIBILITY OF ADDING
CHRB RULE 1581.2. SUSPENDED TRAINER MAY ENTER HORSES
TO ALLOW SUSPENDED TRAINERS TO ENTER HORSES TO RACE
DURING THE TIME OF SUSPENSION PROVIDED THE RACE
OCCURS SUBSEQUENT TO THE LAST DAY OF SUSPENSION

Regular Board Meeting
July 22, 2010

BACKGROUND

Business and Professions Code section 19420 provides that jurisdiction and supervision over meetings in this State where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings, is vested in the California Horse Racing Board. Business and Professions Code section 19440 states the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Business and Professions Code section 19460 provides that all licenses granted under this chapter are subject to all rules, regulations, and conditions from time to time prescribed by the Board. Business and Professions Code section 19461 states every license granted under this chapter is subject to suspension or revocation by the Board in any case where the Board has reason to believe that any condition regarding it has not been complied with.

Board Rule 1484, Evidence of Unfitness for License, provides that if any licensee is under suspension, set down, ruled off, excluded from the inclosure, or otherwise barred from any racing occupation or activity requiring a license, it is prima facie evidence that he or she is unfit to be granted a license or unfit to hold a license or participate in racing in this State as a licensee during the term of any suspension or exclusion from racing imposed by any competent racing jurisdiction. Board Rule 1580, Control of Entries and Declarations, states all entries and declarations are under the supervision of the stewards, and they may, without notice, refuse the entries of any person or the transfer of any entries. Board Rule 1581.1, Entries, provides that no person shall attempt to enter or enter any horse for a race unless such person is authorized to do so in accordance with the rules.

Trainers frequently receive terms of suspension for violations of the Board's rules and regulations. This means they may not participate in a race meeting because their license is invalid, and they are ruled off the grounds. Suspended trainers often transfer their horses to another trainer for the term of their suspension. During a trainer's term of suspension the stewards may use their discretion to prohibit the trainer from entering a horse in his own name even though the race would occur after the suspension was served. This may be seen as effectively "extending" the suspension because the trainer is unable

to run his or her horses even though his or her license has been reinstated. If the surrogate trainer enters the suspended trainer's horses, current practice prevents the horses from being transferred back into the suspended trainer's name after his or her term of suspension has ended and before the races are run. A principal reason for this is Rule 1887, Trainer to Insure Condition of Horse, which provides that a trainer is responsible for the condition of horses entered in a race, regardless of the acts of third parties. In addition, the regulation states that any other person shown to have had the care of attendance of the horse may face action against his or her license. This means that if transfers after entry were allowed, a post race positive could create a dilemma, because two trainers would be involved.

ANALYSIS

To address the issue of allowing a suspended trainer to enter his or her horses during a term of suspension, a new Rule 1581.2, Suspended Trainer May Enter Horses, has been suggested. The proposed regulation would allow a trainer who is under suspension to enter horses to race, provided the race(s) occurred after the trainer's term of suspension, and provided the stewards allow the entries. The proposed regulation would address the "extended suspension" issue by allowing suspended trainers to enter horses, but it does not address potential problems that may arise from positive post-race blood or urine tests.

RECOMMENDATION

This item is presented for Board discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 6. ENTRIES AND DECLARATIONS
PROPOSED ADDITION OF
RULE 1581.2. SUSPENDED TRAINER MAY ENTER HORSES

Regular Board Meeting
July 22, 2010

1581.2. Suspended Trainer May Enter Horses.

During the term of a suspension, a trainer may enter horses to race, provided the race(s) will occur after the last day of the term of suspension, and unless denied such privileges by the stewards or the Board.

Authority: Sections 19420, 19440 and 19460,
Business and Professions Code.

Reference: Sections 19440, 19460 and 19461,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD

JULY 22, 2010
REGULAR BOARD MEETING

There is no board package material for Item 10

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD
REGARDING A REPORT FROM THE
THOROUGHBRED OWNERS OF CALIFORNIA (TOC)
REGARDING THE RESULTS OF ITS RECENT BOARD
ELECTION AND TOC'S PLANS FOR 2010 AND BEYOND

Regular Board Meeting
July 22, 2010

BACKGROUND

Business and Professions Code section 19613.1 states that with respect to thoroughbred racing, the Board shall determine which matters shall be the subject of negotiation and contract between the owners' organization and the association, and which matters shall be the subject of negotiation and contract between the trainers' organization and the association. The owners' organization shall generally be responsible for negotiating purse agreements, satellite simulcast agreements, and all other business agreements relating to the conduct of racing that affects the owners. The trainers' organization shall generally be responsible for negotiating issues relating to the backstretch, track safety, and the welfare of backstretch employees. The Board shall resolve issues that are not settled between the associations and organizations representing owners and trainers.

Board Rule 2040, Horsemen's Organizations for Owners and Trainers, provides that the Board shall acknowledge one respective horsemen's organization that represents horse owners and trainers of each separate breed of racehorse that competes in such meets except thoroughbreds. The Board shall acknowledge separate horsemen's organizations for owners and trainers of thoroughbred racehorses.

The Thoroughbred Owners of California (TOC) is the Board recognized horsemen's organization for thoroughbred owners. The TOC membership recently elected Cal Fischer and Mike Pegram to its Board of Directors. Incumbents Keith Pronske and Pablo Suarez were re-elected to the Board. The new Board officially took office on July 1, 2010 and will be seated at the July 23, 2010 TOC Board meeting.

RECOMMENDATION

This item is presented for Board discussion and action.

A representative of TOC is prepared to make a report regarding the recent TOC Board election and TOC's plans for 2010 and beyond.



285 West Huntington Drive, Arcadia CA 91007 (626) 574-6620

FOR IMMEDIATE RELEASE:
July 1, 2010

CONTACT: Mary Forney or
Lucinda Mandella
(626) 574-6620
TOC@toconline.com

TOC Elects Two New Board Members, Two Incumbents

Arcadia, Calif. – TOC's membership elected Cal Fischer and Mike Pegram, and re-elected incumbents Keith Pronske and Pablo Suarez to its Board of Directors. The new Board officially took office on July 1st and will be seated at TOC's first board meeting of the new fiscal year when directors meet on July 23rd in Del Mar.

Fischer is a native of Los Angeles and began working in racing at the age of 16. After graduating from Cal Poly San Luis Obispo he began a 24-year career as a professional farrier. In 1984 he established Madera Thoroughbreds, standing such stallions as Lil Tyler, Slew of Angels and Birdonthewire.

Pegram, one of California's most recognizable owners, has owned and operated McDonald's restaurants for over 30 years, having recently relocated his operations to Phoenix, AZ. He has raced Thoroughbreds for more than three decades and has had four champions during that time, including Kentucky Derby and Preakness winner Real Quiet.

Pronske, who joined the board in 2009, serves as Vice Chair, Northern California. Currently the president/CEO of a startup energy company, he has owned horses since 1997. He and his wife own a small breeding farm in Wilton, near Sacramento, CA.

Suarez joined the Board in 2007 and currently serves as Chair of the Medication and Integrity committee. He is the founder and president of Nectar Pharmaceuticals, Inc., a wholesale distributor of prescription medications. He has been a horse owner since 2001 and campaigned Breeders' Cup and Eclipse Award winner Thor's Echo. Additionally, he is a California breeder and owns the stallion Atticus.

Marsha Naify, who was Chairman of the TOC and not re-elected, has graciously agreed to assist the Executive Committee of the TOC through the transition until new officers are elected at the July board meeting. The Board of TOC and its entire membership would like to

thank Ms. Naify for her sincere dedication and outstanding service to the organization over the last five years.

In addition to election of directors, the 2010 ballot included four proposed amendments to the TOC bylaws regarding expansion of the board and extending the sunset date of the "Trainer-Owner" category of directors. Current by-laws state that an amendment requires a minimum quorum of 900 votes to qualify. While all four resolutions received approval, the total number of ballots received was below the minimum required. One of the most important resolutions was in maintaining the Trainer-Owner category. Consequently, the TOC Board intends to pursue urgency legislation to restore the Trainer-Owner category effective by this Fall, at which time the Board intends to reinstate the two incumbent Trainer-Owner directors plus the third Trainer-Owner director in accordance with the election results.

A total of 9,097 ballots were mailed out, comprising of 350 members who hold licenses as both owners and trainers and 8,747 members who hold only owners licenses, and 749 qualifying ballots were received. The amount of ballots returned this year correlated with years past, despite an effort by the TOC to get more ballots returned to reach the quorum required. The complete vote tally is available for viewing on TOC's web site at www.toconline.com.

Current TOC bylaws require that at least three board members be from Northern California. Representing Northern California on the Board are Marty Bach, Cal Fischer, and Keith Pronske.

The newly elected Directors join Madeline Auerbach, Martin Bach, David Bloom, Brian Boudreau, Billy Koch, Pete Parrella, Donald Valpredo, and Arnold Zetcher in comprising TOC's 2010-11 Board.

TOC is the official organization serving new, veteran and future Thoroughbred owners in the state. It represents, advances, and protects owners' interests and rights in legislative, administrative and business matters. Additionally, the organization provides ongoing educational opportunities for current and prospective owners, regularly presenting programs on Thoroughbred ownership including Ownership 101 Seminars, Advanced Horse Courses, and Conformation Clinics.

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STAFF ANALYSIS

July 22, 2010

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES COUNTY FAIR AT FAIRPLEX SEPTEMBER 9-27, 2010.

Los Angeles County Fair (LACF) filed its application to conduct a horse racing meeting at Fairplex:

- September 9-27, 2010, or 15 days, same as 2009. The fair proposes to race 174 races.
- The proposed race dates are the approved dates allocated to the fair.

September – 2010						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6 H	7	8			
12	13	14	15			
19	20	21	22			
26	27	28	29	30		

- Racing Thursday through Sunday the first week and Wednesday through Sunday the second and Wednesday through Monday the third week. 10 races per day Monday, 11 races Wednesday, Thursday and Friday, September, 10th and 12 races per day, Friday, Saturday and Sunday.
 - Number of horses available determines the number of daily races programmed by breed.
 - 2009 Race Meeting: Average number of runners per race (TB): 7.78
2009 Race Meeting: Average number of runners per race (Mules): 6.38
- First post 1:00 p.m. daily.
- Specific changes from the 2009 license application:
 - Decreases: Race Fan Club Card – from \$8 to \$7.
 - Decreases: Box Seats (Season Remains) from \$ 48 to \$45.
- Request Darrel Sparks be appointed horse identifier pursuant to CHRB Rule 1525.
- A track safety inspection has been requested and will be completed before the beginning of the race meet.
- Wagering program will use CHRB rules.
 - Early wagering 8:30 a.m. at Hollywood Park.
- Fairplex is currently in negotiations with Advanced Deposit Wagering companies including but not limited to: TVG, YouBet.com, Xpress-Bet.com and Twin Spires.com for internet and telephone wagering (live operator and IVR – Interactive Voice Response) on Fairplex content and via Southern California customers (during Fairplex's season.) Fairplex will update the CHRB on the progress of the negotiations and pending agreements and provide final agreements upon completion.

Pursuant to Business and Profession Code section 19604, specific provisions must be met before an ADW provider can accept wagers.

Summary of B&P code 19604

To accept wagers on races conducted in California from a resident of California.

- The ADW provider must be licensed by the Board.
- A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.
- The agreement shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made.

To accept wagers on races conducted outside of California from a resident of California.

- The ADW provider must be licensed by the Board.
- There is a hub agreement between the ADW provider and one or both of (i) one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wager is placed, and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

Documents received in compliance with Business and Professions Code section 19604.

- TVG – Los Angeles County Fair license agreement
- Simulcasting conducted with other out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.
- Inspection of backstretch worker housing has been requested and will be completed before the beginning of the race meet.
- Track safety inspection has been requested and will be completed before the beginning of the race meet.

Specific information **still needed** to complete this application includes:

1. Pertinent contract and/or agreements required pursuant to Business and Professions Code section 19604 that allows Los Angeles County Fairs designated ADW providers to accept wagers on races conducted in and outside of California for the applied license term.
2. Horsemen agreement
3. California Thoroughbred Trainers agreement

RECOMMENDATION:

Staff recommends the Board not approve the application until the outstanding documents have been received.

If the application is considered for approval, staff recommends a contingent approval upon the submission of outstanding items and recommends the applicant be required to appear again before the Board to address the status of the outstanding documents and to remove the contingency status from the Board's approval.

Application is hereby made to the California Horse Racing Board (CHRB) for a license to conduct a horse racing meeting of a California fair as authorized by Article 6.5 of the California Business and Professions (B&P) Code, Chapter 4, Division 8, Horse Racing Law, and in accordance with applicable provisions and the California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

1. APPLICANT FAIR ASSOCIATION

A. Name, mailing address, telephone and fax numbers of fair

Los Angeles County Fair Association

P. O. Box 2250

Pomona, CA 91769

Phone: 909-865-4093

Fax: 909-622-5652

B. Fair association is a: District Fair County Fair Citrus Fruit Fair
 California Exposition and State Fair Other qualified fair

NOTICE TO APPLICANT: Application must be filed not later than 90 days before the scheduled start date for the proposed meeting pursuant to CHRB Rule 1433.

2. DATES OF RACE MEETING

A. Inclusive dates of race meeting: *Sept. 9 – Sept. 27, 2010*

B. Dates racing will NOT be held: *Sept. 13, Sept. 14, Sept. 20 and Sept 21.*

C. Total number of racing days: *15 days*

3. RACING PROGRAM

A. Total number of races: *174*

B. Number of races by breed:

Thoroughbreds Quarter Horses Appaloosas
 Arabians Paints Mules

C. Number of races daily:

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Thoroughbred	12	10	0	9	9	9, 10, 10	12
Other Breeds	0	2	0	2	2	2	0
Total	12	10	0	11	11	11, 12, 12	12

CHRB CERTIFICATION

Application received: *7/11/10*
 Reviewed: *ap*

Hearing date: *7/22/10*
 Approved date:
 License number:

D. Total number of stakes races by breed:

<input type="text" value="13"/>	Thoroughbreds	<input type="text" value="0"/>	Quarter Horses	<input type="text" value="0"/>	Appaloosas
<input type="text" value="2"/>	Arabians	<input type="text" value="0"/>	Paints	<input type="text" value="0"/>	Mules

E. Attach a listing of all stakes races and indicate the date to be run and the added money or guaranteed purse for each. *Attached*

F. Will provisions be made for owners and trainers to use their own registered colors?

Yes No If no, what racing colors are to be used:

G. List all post times for the daily racing program:

APPROX. POST TIME

Pacific Daylight Time

Wed - Sun., Mon.

Race 1	1:00 pm
Race 2	1:25 pm
Race 3	1:50 pm
Race 4	2:15 pm
Race 5	2:40 pm
Race 6	3:05 pm
Race 7	3:30 pm
Race 8	3:55 pm
Race 9	4:20 pm
Race 10	4:45 pm
Race 11	5:10 pm
Race 12	5:35 pm
Race 13	N/A

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813.

4. FAIR ASSOCIATION

A. Names of the fair directors:

<i>Richard Crean, Chairman</i>	
<i>Reginald Webb, Vice Chairman</i>	
<i>Bernard Bernstein</i>	<i>Arthur Ludwick</i>
<i>Robert Dukes</i>	<i>Stephen C. Morgan</i>
<i>Juan Gamboa</i>	<i>John Solomon</i>
<i>Susan Hyland</i>	<i>Ronald Vera</i>
<i>Linda Keagle</i>	

B. Names of the directors serving on the Racing Committee or otherwise responsible for the conduct of the racing program: *N/A*

2010 STAKES SCHEDULE

Date	Stakes Name	Purse	Distance	Day
Thurs. Sept 9, 2010	BEVERLY J. LEWIS Fillies, Three Year Olds	\$50,000 Guaranteed	Six & One Half Furlongs	Noms Sat 8/28
Sat. Sept 11, 2010	JIM KOSTOFF Three Year Olds	\$50,000 Guaranteed	Seven Furlongs	Sat 8/28
Sat. Sept 11, 2010	E. B. JOHNSTON – Cal Bred Fillies & Mares, Three Year Olds & Upward	\$50,000 Guaranteed	One Mile & One Sixteenth	Sat 8/28
Sun. Sept 12, 2010	BANGLES AND BEADS Fillies & Mares, Three Year Olds & Upward	\$50,000 Guaranteed	Six & One Half Furlongs	Sat 8/28
Wed. Sep 15, 2010	CB AFFLERBAUGH Two Year Olds	\$50,000 Guaranteed	Seven Furlongs	Wed 9/8
Fri. Sep 17, 2010	PHIL D. SHEPHERD Fillies, Two Year Olds	\$50,000 Guaranteed	Seven Furlongs	Thurs 9/9
Sat. Sep 18, 2010	BARRETT'S DEBUTANTE Fillies, Two Year Olds	\$110,000 Estimated	Six & One Half Furlongs	Tues 6/15
Sun. Sep 19, 2010	BARRETT'S JUVENILE Two Year Olds	\$110,000 Estimated	Six & One Half Furlongs	Tues 6/15
Wed. Sep 22, 2010	GOVERNOR'S CUP Three Year Olds & Upward	\$50,000 Guaranteed	Six & One Half Furlongs	Sat 9/11
Fri. Sep 24, 2010	PALOMARES Fillies, Three Year Olds	\$50,000 Guaranteed	One Mile & One Sixteenth	Sat 9/11
Sat. Sep 25, 2010	LAS MADRINAS Fillies & Mares, Three Year Olds & Upwards	\$50,000 Guaranteed	One Mile & One Sixteenth	Fri 9/17
Sat. Sep 25, 2010	POMONA DERBY Three Year Olds	\$50,000 Guaranteed	One Mile & One Sixteenth	Sat 9/18
Sun. Sep 26, 2010	RALPH M. HINDS POMONA HANDICAP Three Year Olds & Upward	\$75,000 Guaranteed	One Mile & One Eighth	Sat 9/18

Two Arabian Stakes Races dates and purses TBA

- C. Name and title of the fair manager or executive officer and the names and titles of all department managers and fair staff, **other than those listed in 9B**, who will be listed in the official program:

OFFICERS

James E. Henwood, President & Chief Executive Officer
Dale Coleman, Vice President-Sales, Marketing, & Creative Planning
Michael Seder, Vice President Finance & Chief Financial Officer
Dwight Richards, Vice President - Operations
Jeff Tucci, Vice President - Hospitality

MANAGEMENT

Kim Lloyd, Equine Manager
Barry Gillies, Security/Parking Manager
Michelle DeMott, Director of Marketing & Communications
Karen Furlow, Controller

William Shacklett, Facilities Manager
Debbie Vengco, Marketing Manager
Ralph Schorbach, I.T. Manager
Ray Ortegaso, Director of Corporate Development

5. PURSE PROGRAM

A. Purse distribution:

1. All races other than stakes:

Current meet estimate: \$2,571,571
 Prior meet actual: \$2,878,307

Average Daily Purse (5A1 ÷ number of days):

Current meet estimate: \$171,438
 Prior meet actual: \$191,887

2. Overnight stakes:

Current meet estimate: 0
 Prior meet actual: 0

Average Daily Purse (5A2 ÷ number of days):

Current meet estimate:
 Prior meet actual:

3. Non-overnight stakes:

Current meet estimate: \$675,000
 Prior meet actual: \$657,775

Average Daily Purse (5A3 ÷ number of days):

Current meet estimate: \$45,000
 Prior meet actual: \$43,852

B. Funds to be generated for all California-bred incentive awards:

Current meet estimate: \$202,466
 Prior meet actual: \$217,706

C. Payment to each recognized horsemen's organization contracting with the fair:

Current meet estimate:		Prior meet actual:
CTT	\$10,340	\$10,899
TOC	\$20,994	\$22,128
NTRA	\$0	\$7,452
ARABIAN	\$1,762	\$0
AMRA	\$1,177	\$889
CHBPAPEN	\$31,333	\$33,026
CTHF	<u>\$31,333</u>	<u>\$33,026</u>
Total	\$103,205	Total \$107,420

D. Amount from all sources to be distributed at the meeting in the form of purses or other benefits to horsemen (5A+5B+5C):

Current meet estimate: \$3,552,243
 Prior meet actual: \$3,861,207

Average Daily Purse (5D ÷ number of days):

Current meet estimate: \$236,816
 Prior meet actual: \$257,414

E. Purse funds to be generated from on-track handle and intrastate off-track handle:

Current meet estimate: \$2,686,574
 Prior meet actual: \$2,802,964

Average Daily Purse (5E ÷ number of days):

Current meet estimate: \$179,105
 Prior meet actual: \$186,684

F. Purse funds to be generated from interstate handle:

Current meet estimate: \$511,385
 Prior meet actual: \$533,540

Average Daily Purse (5F ÷ number of days):

Current meet estimate: \$34,092
 Prior meet actual: \$35,569

G. Bank and account number for the Paymaster of Purses' purse account:

Wells Fargo - Account # on file

H. Name, address and telephone number of the pari-mutuel audit firm engaged for the meeting:

Bowen McBeth, Inc., 10722 Arrow Route, Suite 110, Rancho Cucamonga, CA 91730, 909-944-6465

NOTICE TO APPLICANT: All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, shall not be deemed as income to the fair and shall, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt into such liability account. In the event the fair is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for

such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the fair shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The fair is entitled thereafter to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the fair is entitled to carry forward the deficit to its next succeeding meeting as provided by B&P Code Section 19615(c) or (d). In the event of **underpayment** of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the fair may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

6. STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held: *1346*
- B. Minimum number of stalls believed necessary for the meeting: *1600*
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: *1,000*
- D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site: *Hollywood Park - 300 San Luis Rey - 200 Santa Anita - 500*
- E. Attach each contract or agreement between the fair and the person(s) furnishing off-site stabling accommodations for eligible racehorses that cannot be provided stabling on-site. *On file*

Complete subsections F through I if the fair will request reimbursement for off-site stabling as provided by B&P Code Sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, skip to Section 7.

- F. Total number of usable stalls made available on-site for the 1986 meeting:
695 permanent; 350 portable
- G. Estimated cost to provide off-site stalls for this meeting. Show cost per-day per stall:
Total cost: \$257,000 Cost per stall: \$17.13
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse:
Total cost: \$111,320
Cost per horse:
Santa Anita \$180 round-trip
Hollywood Park \$200 round-trip
San Luis Rey \$320 round-trip
Los Alamitos \$180 round-trip

7. PARI-MUTUEL WAGERING PROGRAM

- A. Pursuant to B&P Code Section 19599, and with the approval of the CHRB, fairs may elect to offer wagering programs using CHRB Pari-mutuel Rules, the Association of Racing Commissioners International (RCI) Uniform Rules of Racing, Chapter 9, Pari-mutuel Wagering, or a combination of both. Please complete the following schedule for the types of wagering other than WPS and the minimum wager amount for each:

Use DD for daily double, E for exacta (special quinella), PK3 for pick three, PK4 for select four, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, TRI for trifecta, and US for unlimited sweepstakes (pick 9).

TYPE OF WAGERS		APPLICABLE RULES
Ex. Race	\$1 E; \$1 Double	CHRB #1959; RCI #VE
Race #1	Thor, \$2Q, \$1E, \$1TRI, \$1PK-3, \$.10 SF, \$2DD, \$1 US begins	CHRB #1958, #1959, #1979, #1977, #1979.1, #1957, #1976
Race #2	Thor, \$2Q, \$1E, \$1TRI, \$1PK-3, \$.10 SF, \$2DD	CHRB #1958, #1959, #1979, #1977, #1979.1, #1957
Race #3	Thor. \$2Q, \$1E, \$1TRI, \$1PK-3, \$2 Parlay, \$.10 SF, \$2DD, \$1 Early PK-4	CHRB #1958, 1959, #1979, #1977, #1954.1, #1979.1, #1957, 1978
Race #4	Thor. \$2Q, \$1E, \$1TRI, \$1PK-3, \$2 Parlay, \$.10 SF, \$2DD, \$2 PNP-6	CHRB #1958, #1959, #1979, #1977, #1954.1, #1979.1, #1957, #1976.9
Race #5	Thor. \$2Q, \$1E, \$1TRI, \$1PK-3, \$2 Parlay, \$.10 SF, \$2DD	CHRB #1958, #1959, #1979, #1977, #1954.1, #1979.1, #1957
Race #6	Thor. \$2Q, \$1E, \$1TRI, \$1PK-3, \$2 Parlay, \$.10 SF, \$2DD, \$1 PK- 4 note #2	CHRB #1958, #1959, #1979, #1977, #1954.1, #1979.1, #1957, #1978
Race #7	Thor. \$2Q, \$1E, \$1TRI, \$1PK-3, \$2 Parlay, \$.10 SF, \$2DD	CHRB #1958, #1959, #1979, #1977, #1954.1, #1979.1, #1957
Race #8	Thor. \$2Q, \$1E, \$1TRI, \$1 PK-3, \$2 Parlay, \$.10 SF, \$2DD	CHRB #1958, #1959, #1979, #1977, #1954.1, #1979.1, #1957
Race #9	Thor. \$2Q, \$1E, \$1TRI, \$1PK-3, \$2 Parlay, \$.10 SF, \$2DD	CHRB #1958, #1959, #1979, #1977, #1954.1, #1979.1, #1957
Race #10	Thor. \$2Q, \$1E, \$1TRI, \$1PK-3, \$2 Parlay, \$.10 SF, \$2DD	CHRB #1958, #1959, #1979, #1977, #1954.1, #1979.1, #1957
Race #11	Thor. \$2Q, \$1E, \$1TRI, \$2 Parlay, \$.10 SF, \$2DD	CHRB #1958, #1959, #1979, #1954.1, #1979.1, #1957
Race #12	Thor. \$2Q, \$1E, \$1TRI, \$.10 SF, note # 4	CHRB #1958, #1959, #1979, #1979.1
Race #13		

1 \$2 PNP-6 offered in the last six races daily.

2 Late \$1 PK-4 offered in the last four races daily.

3 We will also offer \$1 Super High Five wagering on the last race of the card according to ARCI Pick(n), Position(x) pools rules. Fairplex reserves the right to withdraw this specific request if such wager is deemed uncomplimentary to the wagering menu.

NOTE: On days with less races, the type of wagers offered based on this schedule will be rolled forward or backwards accordingly.

B. Maximum carryover pool to be allowed to accumulate before its distribution OR the date(s) designated for distribution of the carryover pool: **September 27, 2010**

C. List any options requested with regard to exotic wagering: **None**

D. Will "advance" or "early bird" wagering be offered? Yes No
If yes, when will such wagering begin:

Hollywood Park - 8:30 a.m.

- E. Type(s) of pari-mutuel or totalizator equipment to be used by the fair and the simulcast organization, the name of the person(s) supplying equipment, and expiration date of the service contract: **Scientific Games, Terence McWilliams, Expiration: 9/2012**

8. ADVANCED DEPOSIT WAGERING

- A. Identify the ADW provider(s) to be used by the fair for this race meeting:

Fairplex is currently in negotiations with Advanced Deposit Wagering companies including but not limited to: TVG, YouBet.com, Xpress-Bet.com and Twin Spires.com for internet and telephone wagering (live operator and IVR – Interactive Voice Response) on Fairplex content and via Southern California customers (during Fairplex’s season.) Fairplex will update the CHRB on the progress of the negotiations and pending agreements and provide final agreements upon completion.

9. SIMULCAST WAGERING PROGRAM

- A. Simulcast organization engaged by the fair to conduct simulcast wagering:
Southern California OffTrack Wagering, Inc.
- B. Attach the agreement between the fair and simulcast organization permitting the organization to use the fair'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. *On file with the CHRB.*
- C. California simulcast facilities the fair proposes to offer its live audiovisual signal: **(Exhibit A)**
- D. Out-of-state wagering systems the fair proposes to offer its live audiovisual signal: **(Exhibit B)**
- E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the fair:
(Exhibit C)
- F. List the host tracks from which the fair proposes to import out-of-state and/or out-of-country thoroughbred 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”:
(Exhibit D)

NOTICE TO APPLICANT: B&P Code Section 19596.2(a) stipulates that on days when live thoroughbred or fair racing is being conducted in the state, the number of thoroughbred races which may be imported by an association or fair during the calendar period the association or fair is conducting its racing meeting cannot exceed a combined daily total of 23 imported thoroughbred races statewide. The limitation of 23 imported thoroughbred races per day statewide does not apply to those races specified in B&P Code Section 19596.2(a)(1), (2), (3) and (4).

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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- G. List imported simulcast races the fair plans to receive during the racing meeting which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported:
None

Exhibit A**Satellites**

Alameda County Fair, Pleasanton
Antelope Valley Fair, Lancaster
Barona Resort & Casino, Lakeside
Big Fresno Fair, Fresno
Cabazon Fantasy Springs Casino, Indio
California State Fair & Expo, Sacramento
Fairplex Park, Pomona
Fresno Club One, Fresno
Golden Gate Fields, Albany
Hollywood Park, Inglewood
Humboldt County Fair, Ferndale
Kern County Fair, Bakersfield
Los Alamitos Racecourse, Los Alamitos
Monterey County Fair, Monterey
National Orange Show, San Bernardino
San Bernardino County Fair, Victorville
San Joaquin County Fair, Stockton
Santa Clara County Fair, San Jose
Santa Anita Park, Arcadia
Shalimar Sports Center, Indio
Shasta District Fair, Anderson
Solano County Fair, Vallejo
Sonoma County Fair, Santa Rosa
Sports Pavilion The Farmers Fair, Lake Perris
Stanislaus County Fair, Turlock
Sycuan Resort & Casino, El Cajon
The Horsemen's Club, Santa Maria
The Jockey Club, San Mateo
Tulare County Fair, Tulare
Ventura County Fair, Ventura
Viejas Casino & Turf Club, Alpine

Mini-Satellites

Commerce Casino, Commerce

AmWest Entertainment, KY
 Arapahoe Park, Colorado
 Arima Race Course, Trinidad
 Arlington International Race Course, Illinois
 Assiniboia Downs, Canada
 Atlantic City Casino Assn., New Jersey
 Atlantic City Race Course, New Jersey
 Atlantic Resort and Casino, Bahamas
 Atokad Park, South Dakota
 Balmoral Park, Illinois
 Bangor Raceway, Maine
 Barrie Raceway, Ontario
 Belmont Gaming, New Hampshire
 Bet Pad, LLC. Ohio
 Beulah Park, Ohio
 Birmingham Race Course, Alabama
 Blue Ribbon Downs, Oklahoma
 Bluff Runs Greyhound, Idaho
 Bordertown OTB, Oklahoma
 Buffalo Trotting Association, New York
 Calder Race Course, Florida
 Caliente, Mexico
 Canterbury Park, Minnesota
 Capital District OTB, New York
 Catskill Regional OTB, New York
 Caymanas Race Track, Jamaica
 Charles Town Races, West Virginia
 Chester Downs - Pennsylvania
 Churchill Downs, Kentucky
 Clinton Teletheatre, Canada
 Coeur d' Alene Casino, Idaho
 Colonial Downs, Virginia
 Columbus Races, Nebraska
 Connaught Park, Canada
 Connecticut OTB, Connecticut
 Corpus Cristi Greyhound, Texas
 Cypress Bayou, Louisiana
 Divi Carina Bay Casino, Louisiana
 Delaware Park, Delaware
 Del Mar Bets, CA
 Delta Downs, Louisiana
 Dover Downs, Delaware
 Downs at Albuquerque, New Mexico
 Elite Turf Club, Curacao
 Ellis Park, Kentucky
 Elmira Raceway, Ontario
 Equus St. Thomas, St. Thomas
 Euro Offtrack, Isle of Man
 Evangeline Downs, Louisiana
 Evansville OTB, Indiana
 Fair Chance Racing Services, Trinidad
 Fairgrounds Racecourse, Louisiana
 Fair Meadows, Texas
 Fairmount Park, Illinois
 Finger Lakes Race Track, New York
 Flamboro Downs, Ontario
 Fonner Park, Nebraska
 Fort Erie Racetrack, Canada
 Foxwoods Casino (LVDC), Connecticut
 Fraser Downs, British Columbia
 Freehold Raceway, New Jersey
 Gillespie County Downs, Texas
 Greentrack, Alabama
 Gulf Greyhound, Texas
 Gulfstream Park, Florida
 Hanover Raceway, Canada
 Harrington Raceway & Simulcast, Delaware
 Hastings Park, Canada
 Hawthorne Race Course, Illinois
 Hazel Park, Michigan
 Hiawatha Downs, Ontario
 Hipodromo Camarero, Puerto Rico
 Hipodromo Presidente Remon, Panama
 Ho-Chuck Casino, Connecticut
 Hoosier Park, Indiana
 Horsemen's Park, Nebraska
 Indiana Downs, Indiana
 John Martins Manor, Maine
 Kawartha Downs, Ontario
 Keeneland, Kentucky
 Kentucky Downs, Kentucky
 Kentucky OTB, Kentucky
 Las Vegas Dissemination Company, Nevada
 Lebanon Trotting Club, Ohio
 Les Bois Park, Idaho
 Lewiston Raceway, Maine
 Lien Games, North Dakota
 Lincoln Greyhound Park, Rhode Island
 Lone Star Race Park, Texas
 Louisiana Downs, Louisiana

Exhibit B

Magna Bet, Austria	Queensbury Downs, Saskatchewan
Manor Downs, Texas	Raceway Park, Ohio
Marquis Downs, Saskatchewan	Racing2Day, North Dakota
Maryland Jockey Club, Maryland	Racing and Gaming Services, St Kitts
Maywood Park, Illinois	Racing World UK, England
Meskwaki Casino (LVDC), Oklahoma	Remington Park, Oklahoma
Millenium Racing, Trinidad	Retama Park, Texas
Millers OTB, Maine	Rideau Carleton Raceway, Canada
Mohegan Sun, Pennsylvania	Riders Up OTB, Oklahoma
Monmouth Park, New Jersey	River Downs, Ohio
Montana OTB, Montana	Roberts Television International, NV
Monticello Raceway, NY	Rockingham Park, New Hampshire
Mountaineer Park, West Virginia	Rocky Mountain Turf Club, Canada
Mt. Pleasant Meadows, Michigan	Royal Beach Casino, St Kitts
Nassau Regional OTB, New York	Royal River Racing, South Dakota
Nebraska State Fair Park, Nebraska	Royal Britannia Hub, Canada
Nevada Pari-Mutuel Association, Nevada	Ruidoso Downs, New Mexico
NJSEA, New Jersey	Running Aces Harness Park, West Virginia
New Jersey Mobile, New Jersey	Saginaw Harness Raceway, MI
New York City OTB, New York	Sam Houston Park, Texas
New York Racing Association, New York	Saratoga Raceway, New York
Newport Jai-Alai, Rhode Island	Scarborough Downs, Maine
Northfield Park, Ohio	Scioto Downs, Ohio
Northlands Park, Canada	Seabrook Greyhound Park, NH
Northville Downs, Michigan	Shoreline Star Greyhounds, Connecticut
Northwest Racing Associates, Washington	Simulcast Services, Texas
Oaklawn Park, Arkansas	Skydancer Casino, Oklahoma
Ocean Downs, Maryland	Sol Mutuel, St. George's, Grenada
Oneida Bingo and Casino, Oklahoma	Southland Greyhound Park, Arkansas
Ontario Teletheatre, Ontario	Sports Center, Kentucky
Paragon Casino, Louisiana	Stampede Park, Alberta
Penn National Race Course, Pennsylvania	Sudbury Downs, Canada
Philadelphia Park, Pennsylvania	Suffolk District OTB, New York
Phumelela Gold, South Africa	Suffolk Downs, Massachusetts
Pojoaque Casino, Oklahoma	Sunland Park Racetrack, New Mexico
Potawatomi Casino, Wisconsin	Sun Ray Park, New Mexico
Picov Downs, Canada	Tampa Bay Downs, Florida
Pimlico Race Course, Maryland	Taunton Dog Track, New Hampshire
Pinnacle Race Course, Michigan	TBC Teletheatre, British Columbia
Plainfield Greyhound Park, Connecticut	The Meadows, Pennsylvania
Pocono Downs, Pennsylvania	The Stables, Oklahoma
Portland Meadows, Oregon	Thistledown Racing Club, Ohio
Prairie Meadows, Iowa	Thunder Ridge, Kentucky
Premier Turf Club, North Dakota	Tioga Downs, New York
Presque Isle Downs, Pennsylvania	Tote Investment Services, Trinidad

Tri-State Greyhound, West Virginia
Trois Rivieres, Canada
Truro Raceway, Canada
Turf de Venezuela, Venezuela
TVG, Los Angeles
TVG Yonkers, New York
Turf Paradise, Arizona
Turfway Park, Kentucky
Twin Spires, Kentucky
Valley Greyhound Park, Texas
Vernon Downs, New York
Western Fair, Ontario
Western Regional OTB, New York
Wheeling Downs, Canada
Will Rogers Downs, Oklahoma
Windsor Raceway, Ontario
Woodbine Entertainment Corp, Ontario
Wonderland Park, Massachusetts
Wyoming OTB, Wyoming
XpressBet, Pennsylvania
Yavapai Downs, Arizona
Yonkers Raceway, New York
YouBet, Los Angeles
YouBet Illinois, Illinois
Zia Park, New Mexico

AmWest Entertainment, KY
 Arapahoe Park, Colorado
 Arima Race Course, Trinidad
 Arlington International Race Course, Illinois
 Assiniboia Downs, Canada
 Atlantic City Casino Assn., New Jersey
 Atlantic City Race Course, New Jersey
 Atlantic Resort and Casino, Bahamas
 Atokad Park, South Dakota
 Balmoral Park, Illinois
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 Barrie Raceway, Ontario
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 Beulah Park, Ohio
 Birmingham Race Course, Alabama
 Blue Ribbon Downs, Oklahoma
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 Bordertown OTB, Oklahoma
 Buffalo Trotting Association, New York
 Calder Race Course, Florida
 Canterbury Park, Minnesota
 Capital District OTB, New York
 Catskill Regional OTB, New York
 Charles Town Races, West Virginia
 Chester Downs - Pennsylvania
 Churchill Downs, Kentucky
 Clinton Teletheatre, Canada
 Coeur d' Alene Casino, Idaho
 Colonial Downs, Virginia
 Columbus Races, Nebraska
 Connaught Park, Canada
 Connecticut OTB, Connecticut
 Corpus Cristi Greyhound, Texas
 Cypress Bayou, Louisiana
 Divi Carina Bay Casino, Louisiana
 Delaware Park, Delaware
 Del Mar Bets, CA
 Delta Downs, Louisiana
 Dover Downs, Delaware
 Downs at Albuquerque, New Mexico
 Elite Turf Club, Curacao
 Ellis Park, Kentucky
 Elmira Raceway, Ontario
 Equus St.Thomas, St. Thomas
 Euro Offtrack, Isle of Man
 Evangeline Downs, Louisiana
 Evansville OTB, Indiana
 Fair Chance Racing Services, Trinidad
 Fairgrounds Racecourse, Louisiana
 Fair Meadows, Texas
 Fairmount Park, Illinois
 Finger Lakes Race Track, New York
 Flamboro Downs, Ontario
 Fonner Park, Nebraska
 Fort Erie Racetrack, Canada
 Foxwoods Casino (LVDC), Connecticut
 Fraser Downs, British Columbia
 Freehold Raceway, New Jersey
 Gillespie County Downs, Texas
 Greentrack, Alabama
 Gulf Greyhound, Texas
 Gulfstream Park, Florida
 Hanover Raceway, Canada
 Harrington Raceway & Simulcast, Delaware
 Hastings Park, Canada
 Hawthorne Race Course, Illinois
 Hazel Park, Michigan
 Hiawatha Downs, Ontario
 Hipodromo Camarero, Puerto Rico
 Ho-Chuck Casino, Connecticut
 Hoosier Park, Indiana
 Horsemen's Park, Nebraska
 Indiana Downs, Indiana
 John Martins Manor, Maine
 Kawartha Downs, Ontario
 Keeneland, Kentucky
 Kentucky Downs, Kentucky
 Kentucky OTB, Kentucky
 Las Vegas Dissemination Company, Nevada
 Lebanon Trotting Club, Ohio
 Les Bois Park, Idaho
 Lewiston Raceway, Maine
 Lien Games, North Dakota
 Lincoln Greyhound Park, Rhode Island
 Lone Star Race Park, Texas
 Louisiana Downs, Louisiana
 Magna Bet, Austria
 Manor Downs, Texas
 Marquis Downs, Saskatchewan

Exhibit C

Maryland Jockey Club, Maryland	Racing and Gaming Services, St Kitts
Maywood Park, Illinois	Racing World UK, England
Meskwaki Casino (LVDC), Oklahoma	Remington Park, Oklahoma
Millenium Racing, Trinidad	Retama Park, Texas
Millers OTB, Maine	Rideau Carleton Raceway, Canada
Mohegan Sun, Pennsylvania	Riders Up OTB, Oklahoma
Monmouth Park, New Jersey	River Downs, Ohio
Montana OTB, Montana	Roberts Television International, NV
Monticello Raceway, NY	Rockingham Park, New Hampshire
Mountaineer Park, West Virginia	Rocky Mountain Turf Club, Canada
Mt. Pleasant Meadows, Michigan	Royal Beach Casino, St Kitts
Nassau Regional OTB, New York	Royal River Racing, South Dakota
Nebraska State Fair Park, Nebraska	Royal Britannia Hub, Canada
Nevada Pari-Mutuel Association, Nevada	Ruidoso Downs, New Mexico
NJSEA, New Jersey	Running Aces Harness Park, West Virginia
New Jersey Mobile, New Jersey	Saginaw Harness Raceway, MI
New York City OTB, New York	Sam Houston Park, Texas
New York Racing Association, New York	Saratoga Raceway, New York
Newport Jai-Alai, Rhode Island	Scarborough Downs, Maine
Northfield Park, Ohio	Scioto Downs, Ohio
Northlands Park, Canada	Seabrook Greyhound Park, NH
Northville Downs, Michigan	Shoreline Star Greyhounds, Connecticut
Northwest Racing Associates, Washington	Simulcast Services, Texas
Oaklawn Park, Arkansas	Skydancer Casino, Oklahoma
Ocean Downs, Maryland	Sol Mutuel, St. George's, Grenada
Oneida Bingo and Casino, Oklahoma	Southland Greyhound Park, Arkansas
Ontario Teletheatre, Ontario	Sports Center, Kentucky
Paragon Casino, Louisiana	Stampede Park, Alberta
Penn National Race Course, Pennsylvania	Sudbury Downs, Canada
Philadelphia Park, Pennsylvania	Suffolk District OTB, New York
Phumelela Gold, South Africa	Suffolk Downs, Massachusetts
Pojoaque Casino, Oklahoma	Sunland Park Racetrack, New Mexico
Potawatomi Casino, Wisconsin	Sun Ray Park, New Mexico
Picov Downs, Canada	Tampa Bay Downs, Florida
Pimlico Race Course, Maryland	Taunton Dog Track, New Hampshire
Pinnacle Race Course, Michigan	TBC Teletheatre, British Columbia
Plainfield Greyhound Park, Connecticut	The Meadows, Pennsylvania
Pocono Downs, Pennsylvania	The Stables, Oklahoma
Portland Meadows, Oregon	Thistledown Racing Club, Ohio
Prairie Meadows, Iowa	Thunder Ridge, Kentucky
Premier Turf Club, North Dakota	Tioga Downs, New York
Presque Isle Downs, Pennsylvania	Tote Investment Services, Trinidad
Queensbury Downs, Saskatchewan	Tri-State Greyhound, West Virginia
Raceway Park, Ohio	Trois Rivieres, Canada
Racing2Day, North Dakota	Truro Raceway, Canada

Exhibit C

Turf de Venezuela, Venezuela
TVG, Los Angeles
TVG Yonkers, New York
Turf Paradise, Arizona
Turfway Park, Kentucky
Twin Spires, Kentucky
Valley Greyhound Park, Texas
Vernon Downs, New York
Western Fair, Ontario
Western Regional OTB, New York
Wheeling Downs, Canada
Will Rogers Downs, Oklahoma
Windsor Raceway, Ontario
Woodbine Entertainment Corp, Ontario
Wonderland Park, Massachusetts
Wyoming OTB, Wyoming
XpressBet, Pennsylvania
Yavapai Downs, Arizona
Yonkers Raceway, New York
YouBet, Los Angeles
YouBet Illinois, Illinois
Zia Park, New Mexico

Date	Track	Race	Grade	Purse	Distance
9/11/2010	Arlington	Arlington - Washington Lassie		\$150,000	1 Mile
9/11/2010	Arlington	Arlington - Washington Futurity		\$150,000	1 Mile
9/12/2010	Emerald Downs	Muckleshoot Tribal Classic		\$50,000	1 1/16 mile
9/18/2010	Monmouth Park	Jersey Breeders Hcp		\$60,000	6 Furlongs
9/18/2010	Monmouth Park	Charles Hesse Hcp		\$100,000	1 1/16 mile
9/18/2010	Monmouth Park	Jersey Girl Hcp		\$100,000	1 1/16 mile
9/18/2010	Belmont	The Gardén City BC	I	\$300,000	1 1/8 Miles (turf)
9/19/2010	Woodbine	Woodbine Mile	I	\$1,000,000	1 Mile
9/19/2010	Woodbine	Northern Dancer BC Turf	I	\$750,000	1 1/2 Mile (turf)
9/19/2010	Monmouth Park	The Politely Stakes		\$60,000	1 1/16 mile
9/25/2010	Louisiana Downs	Unbridled Hcp		\$50,000	1 1/16 Mile (turf)
9/25/2010	Louisiana Downs	River Cities		\$50,000	1 1/16 Mile (turf)
9/25/2010	Louisiana Downs	Temperance Hills		\$50,000	6 Furlongs
9/25/2010	Louisiana Downs	The Happy Ticket		\$75,000	1 1/16 Mile (turf)
9/25/2010	Louisiana Downs	LA Stallion Stakes		\$100,000	7 Furlongs
9/25/2010	Louisiana Downs	Sunday Silence		\$100,000	1 1/16 Mile (turf)
9/25/2010	Louisiana Downs	Super Derby	II	\$500,000	1 1/8 Miles
9/25/2010	Calder	Judys Red Shoes		\$65,000	1 1/16 Mile (turf)
9/25/2010	Calder	Needles Stakes		\$65,000	1 1/16 Mile (turf)
9/25/2010	Calder	Brave Raj		\$85,000	1 Mile 70 yds
9/25/2010	Calder	Foolish Pleasure Stakes		\$85,000	1 Mile 70 yds
9/26/2010	Hastings	British Columbia Derby	III	\$200,000	1 1/8 Miles
9/26/2010	Monmouth Park	NATC Futurity F & M		\$200,000	6 Furlongs
9/26/2010	Monmouth Park	NATC Futurity		\$200,000	6 Furlongs

Full & Partial Cards

Arlington Park: September 9, 2010 – September 26, 2010
 Belmont Park: September 11, 2010 – September 27, 2010
 Calder Race Course: September 9, 2010 – September 27, 2010
 Delaware Park: September 9, 2010 – September 27, 2010
 Monmouth Park: September 9, 2010 - September 27, 2010
 Thistledown: September 9, 2010 – September 27, 2010
 Turfway Park: September 9 2010 – September 27, 2010

Woodbine: September 9, 2010 – September 27, 2010
 Hastings Park: September 9, 2010 – September 27, 2010
 Fort Erie: September 9, 2010 – September 27, 2010
 South America: September 9, 2010 – September 27, 2010

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be Imported
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H. If any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Section 19596.2 and 19596.3, attach a copy showing agreement by the appropriate racing association(s). *N/A*

NOTICE TO APPLICANT: All interstate wagering to be conducted by a fair is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by a fair is subject to the provisions of B&P Code Sections 19596, 19596.1, 19596.2, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

Every fair shall pay to the simulcast organization within 3 calendar days following the closing of wagering for each racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions. Every fair shall pay to its Paymaster of Purses' account within 3 calendar days following the closing of wagering for each racing program, or upon receipt of the proceeds, such amounts that are retained or obligated from off-track simulcast wagering, interstate and out-of-state wagering for purses, breeders' awards or other benefits to horsemen. (See Notice to Applicant, Section 5.)

10. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

A. Racing Officials nominated:

<i>Association Veterinarian(s)</i>	<i>Jill Bailey</i>
<i>Clerk of Scales</i>	<i>Ruben Hernandez</i>
<i>Clerk of the Course</i>	<i>Lisa Jones</i>
<i>Film Specialist</i>	<i>Cheryl White</i>
<i>Horse Identifier</i>	<i>Darrel Sparks</i>
<i>Horseshoe Inspector</i>	<i>Victor Tovar</i>
<i>Paddock Judge</i>	<i>Ken Goldberg</i>
<i>Patrol Judges</i>	<i>Myra Truitt</i>
	<i>Cheryl White</i>
	<i>Heather Correa</i>
<i>Placing Judges</i>	<i>Kevin Colosi</i>
	<i>Bob Moreno</i>
<i>Starter</i>	<i>Jay Slender</i>
<i>Steward's Aide</i>	<i>Leslie Miller</i>
<i>Timer</i>	<i>Jim Porep</i>
<i>Quick Official</i>	<i>Robert Vella</i>

B. Management officials in the racing department:

<i>Director of Racing</i>	<i>N/A</i>
<i>Racing Secretary</i>	<i>Tom Knust</i>
<i>Assistant Racing Secretary</i>	<i>Zachary Soto</i>
<i>Paymaster of Purses</i>	<i>Bridget Crawford</i>
<i>Others (identify by name and title)</i>	
<i>Equine Manager</i>	<i>Kim Lloyd</i>
<i>Racing Consultant</i>	<i>Cliff Goodrich</i>
<i>Racing Consultant</i>	<i>Tom Robbins</i>
<i>Racing Supervisor</i>	<i>Terry Gilligan</i>
<i>Jockey Room Custodian</i>	<i>Charles McCaul</i>
<i>Mutuel Manager</i>	<i>Bill Navarro</i>

Safety Manager
Announcer
Track Superintendent
Director of Labor Relations

Barry Gillies
Trevor Denman
Steve Wood
Ken Walker

- C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards:

Barbara Weinstein, PMB 265, 9582 Hamilton Ave., Huntington Beach, CA 92646, 714-964-7102

- D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract:

William D. O'Brien, Plusmic Corp USA Expiration Date of Contract: 12/31/10

- E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks. *Jim Porep, Pegasus Communication Expiration of Contract: 4/30/2013*

One pan camera located in the Grandstand crow's nest near the Finish Line. Tower cameras are located at the 1/8 Pole, 9/16 Pole and 1/4 Pole. In addition, we have a fixed camera on the Starting Gate and 3 additional handheld cameras at the Paddock, Winner's Circle and the Starting Gate.

- F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract:

Pegasus Datalink Track System
Provided by Pegasus Communication
Jim Porep
Expiration Date of Contract: 4/30/13
(951)-789-9333

Timing cells - (16) 42 MRR - 5,000 receiving cells
(16) 42 MRR - 5,000 light source cells
Owned and operated by Fairplex

11. SECURITY CONTROLS

- A. Name and title of the person responsible for security controls on the premises. Include an organizational chart of the security department and a list of the names of security personnel and contact telephone numbers.

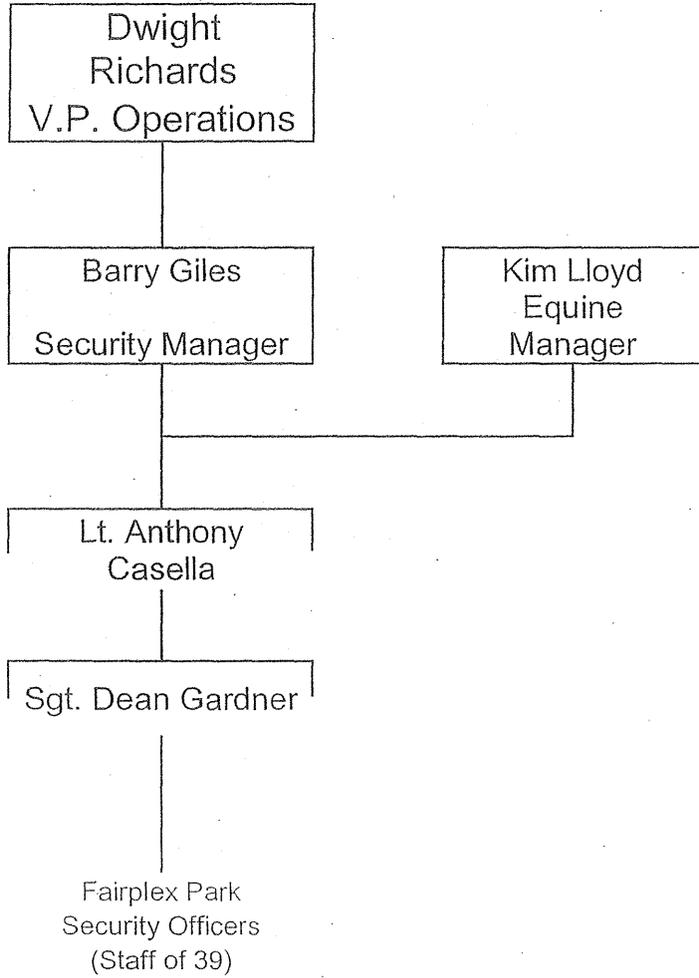
- *Dwight Richards, Vice-President Operations 909-865-4202*
- *Barry Gillies, Safety Services Manager 909-865-4355*
- *Lt. Anthony Casella, CHRB Security Supervisor 909-865-4654*
- *Dean Gardner, Sergeant 909-865-4654*

- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis: *37 Security Guards*

1. Attach a written plan for enhanced security for graded stakes races, and races of \$100,000 or more, to include the number of security guards in the restricted areas during a 24-hour period

FAIRPLEX PARK

Security
June 1, 2010



and a plan for detention barns. *Attached Security Plan*

2. Detention Barns:

A. Attach a plan for use of graded stakes or overnight races. *Attached Security Plan*

B. Number of security guards in the detention barn area during a 24-hour period.
See Attached Security Plan

C. Describe number and location of surveillance cameras in detention barn area.
See Attached Security Plan

3. TCO2 Testing:

A. Number of races to be tested, and number of horses entered in each race to be tested.
At the direction of Equine Medical Director

B. Plan for enhanced surveillance for trainers with high-test results.
Trainers with high test results and who enter their horses in a race will have those horses placed in the detention barn in accordance with attached Security Plan.

C. Plan for detention barns for repeat offenders.
All horses entered in races by repeat offenders will be placed in the detention barn in accordance with attached Security Plan.

D. Number of security personnel assigned to the TCO2 program.
Up to three. See attached Security Plan.

C. Describe the electronic security system:

Money room in the Grandstand Mezzanine has magnetic connections at each opening. There are also interior motion detectors. These systems are monitored by a central alarm station located at Gate 1, which is manned by Security 24 hours a day.

1. Location and number of video surveillance cameras for the detention barn and stable gate.
See attached Security Plan.

12. EMERGENCY SERVICES

A. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races:

Workouts:

Cole-Schaefer Ambulance Service, 324 N. Towne Avenue, Pomona, CA 91767

Emergency Telephone No.: 800-966-4727 / 909-622-1273

Regional Manager – Albert Cisneros, cell: 909-238-8413

Running of the races:

Cole-Schaefer Ambulance Service, 324 N. Towne Avenue, Pomona, CA 91767

Emergency Telephone No.: 800-966-4727 / 909-622-1273

Regional Manager – Albert Cisneros, cell: 909-238-8413

Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites:

Santa Anita, Hollywood Park and Los Alamitos

Section 11-B

This memorandum provides additional detail regarding enhanced security for all stakes worth 100,000 or more at the 2010 race meet.

Components of the 2010 plan include the following:

1. Assignment of event security personnel to each graded stakes entry beginning no less than six (6) hours prior to post-time for the race.
2. Training of the event security personnel by the Fairplex racing office, Fairplex security supervisors and CHRB investigators;
3. Provision and monitoring of log/surveillance sheets requiring all individuals entering the stall of an entrant to provide license information and purpose of entry;
4. Hand-held digital video cameras for all event surveillance personnel to record activity by persons entering stall;
5. Total carbon dioxide (TCO₂) level testing of entries in all races consistent with the testing at preceding race meets;
6. Compliance with TCO₂ detention barn procedures, protocols and disciplinary procedures as set forth in agreements with the TOC and CTT. A copy of current protocols and procedures.

Security Controls

Paragraph B (1) Surveillance of horses in races with a purse of \$100,000 or more:

Del Mar will provide payroll and administrative services for Santa Anna Security Services, coordinator for this project. "In today" horses in the Barretts Juvenile and Debutante will be subject to surveillance. The CHRB will provide hand-held cameras and Santa Anna Security Services will be responsible for hiring non-union security to remain outside the stall of each horse in these races 6 hours prior to the running of the race. The security person assigned to a horse will escort the horse from the stall to the receiving barn. Anytime an authorized person enters the stall within the 6 hour period, the security person must operate the camera and memorialize the interaction of the authorized person and the horse.

Paragraph B (2) Detention Barn

A) Barn 9 is our detention barn. Cameras are installed and will be operational every racing day. Video tapes will also be available for review by the stewards at their request. Upon written instruction from the CHRB, trainers may be required to place their "in today" horse in the detention barn 24 hours prior to the race.

With regard to TCO2 detention barn procedures, protocols and disciplinary procedures as set forth in agreements with TOC and CTT, these items are detailed in the TOC agreement.

B) Three Guards cover the Detention Barn, one per eight hour period.

C) Camera Locations

Camera surveillance locations cover:

- West Gate: Fixed Camera. Web broadcast. View of vehicle entering into restricted CHRB area.
- East Gate: Fixed Camera. Web broadcast. View of vehicles exiting out of CHRB area.
- Triangle Parking: General coverage of parking lot.
- Daily Double: Two Fixed Cameras. Web broadcast. View of entrances and mutuel windows.
- Barn 9: Camera coverage of all 6 stalls and outside East/West stalls sides

These cameras monitor for activities in these locations and are recorded for a specific number of days. Monitoring of surveillance cameras are done at Backside Security office, the West Gate, and Security Headquarters.

Holding Barn

Barretts Barn 9 is our holding barn. All horses shipping in, except those accommodated by trainers assigned stalls, will be housed in the holding barn while on the grounds at Fairplex Park.

Shockwave Therapy Barn

A stall in Barretts Barn 9 will be assigned for this procedure. All horses receiving this treatment must register and use this stall.

*Huntington Ambulance, P. O. Box 145, Sunset Beach, California 90742, 562-904-1550
Emergency Telephone No.: 562-460-1463
San Luis Rey Downs, North County Fire Protection District, Bonsall, CA, 760-723-2005*

- C. Describe the on-track first aid facility, including equipment and medical staffing:
See attached Emergency Care and Medical Facilities Document
- D. Name and emergency telephone number of the licensed physician on duty during the race meeting:
See attached Emergency Care and Medical Facilities Document
- E. Name, address and emergency telephone number of the hospital to be used for admittance and treatment of emergency injuries in the event of an on-track injury to a jockey: See attached
Emergency Care and Medical Facilities Document
- F. Attach, in English and Spanish, the emergency medical plan procedures that will be posted in each jockey's room to be used in the event of an on-track injury to a jockey: *See attached Emergency Care and Medical Facilities Document*
- G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to B& P Code 19481.3(d):
See attached Emergency Care and Medical Facilities Document
- H. Attach a fire clearance from the fire authority having jurisdiction over the premises.
Attached
- I. Attach a Certificate of Insurance for workers' compensation coverage. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of insurance that secures the liability of the fair for payment of workers' compensation.
Attached

13. CONCESSIONAIRES AND SERVICE CONTRACTORS

Names and addresses of all persons to whom a concession or service contract has been given, **other than those already identified**, and the goods and/or services to be provided by each:

*Cornucopia, LLC at Fairplex, Jeff Tucci, P. O. Box 2250, Pomona, CA 91769
Today's Racing Digest, Kay Neves, 1414 E. Foothill Blvd., Glendora, California 91741
Bob's Cards, Inc., Tiffany Bohland, 6288 Highland Meadows, Medina, Ohio 44256*

14. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

A detailed Marketing Plan will be sent under separate cover.

A. Describe any promotional plans:

- *Handicapping Tournament & Contest*
- *Bingo Bash*
- *Weiner Dog Races/Family Day*
- *Day At The Races and Group Sales/Picnics in Infield*
- *Season Pass Program*
- *Giveaway Days*

Los Angeles County Fair Racing Accident Procedures

In case of an accident on the racetrack, the following procedures are to be implemented:

Track Ambulance

The track ambulance will travel immediately to the scene of an accident and assume triage and patient care responsibilities and evacuate.

Security

1. As soon as possible, a member of the track security staff shall report to the scene of the accident and thereafter take direction from the EMT responsible for the accident scene management. The track security representative shall be responsible for keeping bystanders away from the accident scene.
2. A member of the track security staff shall proceed to the ambulance access point on the track to secure the ambulance transfer area and prevent visitation from bystanders away from the accident area.
3. A member of the track security staff shall be responsible for escorting emergency vehicles.
4. The security staff shall be responsible for all "crowd control" activities.

Racing Staff/Track Veterinarian

1. Upon arrival at the scene, the Outrider should hold the injured horse in order to prevent further harm to people, horses and property.
2. Horses with severe injuries should be transported off the track via the horse ambulance whenever it is practical to do so.
3. The track veterinarian shall make the decision as to the necessity of euthanasia on the track.
4. The screen blocking the public's view of the injured horse shall be set-up prior to the euthanasia procedure.
5. Outriders are responsible for the removal of any debris from the racetrack following the removal of the injured person or horse from the track.

Plant Staff

1. The Horse Ambulance shall travel immediately to the scene of an accident whenever it appears that a horse will require transport.
2. Members of the plant department who are near the accident site shall assist in screening the accident scene from the public view and shall take direction from the EMT that is responsible for the management of the accident scene.

Announcer

The announcer shall make riders aware of the details of the situation (such as the location of a loose horse, the necessity to pull up, etc), enabling them to take the necessary steps to mitigate additional problems.

Senior Management

1. A senior management representative should quickly proceed to the location on the racetrack where the accident has occurred. The manager should report to other members of the management team as to the accident status.
2. An additional member of the management team should report to the video department in order to monitor the scene and access the extent of video coverage to be transmitted to the public.
3. A member of the management team should provide input as to announcements to be made by the track announcer.
4. A member of the senior management team should be responsible for seeing that information regarding the accident is communicated to family member of the injured. Efforts need to be made to escort family members to the hospital, if necessary. In this regard, a current compilation as to who should be notified in the case of an injured jockey is kept on file.
5. All public address announcements and responses to press inquiries are within the sole purview of the senior member of the management team then available.

All Department Heads

All Department heads shall communicate to their employees that, although intentions are good, the treatment of the injured rider must be left up to trained personnel, and all other employees must stay away from the scene of an accident.

Attachment to LACF License Application – Section 12 C

Los Angeles County Fair Emergency Care and Medical Facilities

The Los Angeles County Fair provides emergency care which allows for comprehensive medical care for jockeys, track staff and allied personnel. Emergency care focuses on immediate stabilizing, comfort and evacuation of injured racetrack personnel to appropriate hospital care facilities.

Staffing

Two Emergency Medical Technicians from Cole Schaefer Ambulance Service staff are located in an on-track ambulance that follows the horses during each race. This ambulance and crew are present whenever horses are on the track and are responsible for initiating basic life support measures, including immediate medical stabilization, care and evacuation to medical care facilities.

During training hours Cole Schaefer Ambulance Service executes the same procedure as above as well as are the primary service covering the Fairgrounds outside of training hours.

Cole Schaefer is in charge of the First Aid building located on the southeast side of the grandstand clubhouse. There are two ambulances and a golf cart with gurney for transport capabilities. Cole Schaefer follows the protocols of Los Angeles County fire rescue.

A licensed Physician is on duty and is responsible for care on an ongoing basis of jockeys, track staff and allied personnel requiring non-emergency medical care. The staffing of the physician is on a rotating basis with doctors supplied through the staff at Western University in Pomona, California (909-469-5683) and contracted through Cole Schaefer. A list of these physicians is pending and will be made available prior to the Fair.

Equipment

9 Beds

Oxygen at each station

AED

Otoscope

Ophthalmoscope

12 Lead Monitors

Physical Resources

The Los Angeles County Fair provides the services of a state of the art Kimzey Horse Ambulance as well as a senior experienced driver who is responsible for the evacuation and disposition of injured horses.

Redundant communications services are provided to ensure constant contact between all emergency care personnel. Two way radio networks are established within the racing operations as well as fair emergency operations. All key emergency care personnel also carry cell phones and each is provided a laminated card containing all contact numbers.

12 D. The staffing of the physician is on a rotating basis with doctors supplied through the staff at Western University in Pomona, California (909-469-5683) and contracted through Cole Schaefer. A list of these physicians is pending and will be made available prior to the Fair. The First Aid office is 909-865-4370.

12 E. Pomona Valley Medical Center
1798 N. Garey Ave.
Pomona, CA 91767
909-865-9611

Section 12 F in English

Los Angeles County Fair Racing Accident Procedures

In case of an accident on the racetrack, the following procedures are to be implemented:

Track Ambulance

The track ambulance will travel immediately to the scene of an accident and assume triage and patient care responsibilities and evacuate.

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1. As soon as possible, a member of the track security staff shall report to the scene of the accident and thereafter take direction from the EMT responsible for the accident scene management. The track security representative shall be responsible for keeping bystanders away from the accident scene.
2. A member of the track security staff shall proceed to the ambulance access point on the track to secure the ambulance transfer area and prevent visitation from bystanders away from the accident area.
3. A member of the track security staff shall be responsible for escorting emergency vehicles.
4. The security staff shall be responsible for all "crowd control" activities.

Racing Staff/Track Veterinarian

1. Upon arrival at the scene, the Outrider should hold the injured horse in order to prevent further harm to people, horses and property.
2. Horses with severe injuries should be transported off the track via the horse ambulance whenever it is practical to do so.
3. The track veterinarian shall make the decision as to the necessity of euthanasia on the track.
4. The screen blocking the public's view of the injured horse shall be set-up prior to the euthanasia procedure.
5. Outriders are responsible for the removal of any debris from the racetrack following the removal of the injured person or horse from the track.

Section 12 F in Spanish**Procedimiento en caso de Accidente en Los Angeles County Fair**

De ocurrir un accidente en el hipodromo, se debe hacer lo siguiente:

El personal de la Ambulancia

El personal de la ambulancia trasladarse inmediatamente al lugar del accidente siempre que lo necesario para tratar a la(s) victima(s).

Seguridad

1. Tan pronto como sea posible, un miembro de seguridad del hipodromo debera reportarse al lugar del accidente y desde ahi recibir las instrucciones del Paramedico responsable del lugar del accidente. El miembro de seguridad sera responsable de mantener a los transeuntes fuera del lugar del accidente..
2. Un miembro del departamento de seguridad del hipodromo se acercara al cuart del jockey para aguardar el area donde la ambulancia estara y prevenir que transeuntes y personas ajenas se acerquen.
3. Un miembro de seguridad del hipodromo sera responsable de escoltar a los vehiculos de emergencia..
4. Los miembros de seguridad seran responsable de controlar a la multitud.

Personal de Carreras/Veterinario del hipodromo

1. Una vez en el lugar del accidente, el Outrider/escolta debera sujetar al caballo herido para evitar que lastime a la gente, a otros caballos o a la propiedad.
2. Los caballos muy mal heridoa deberan ser sacados de la pista con la ambulancia para caballos, siempre que sea posible hacerlo de esa manera.
3. El veterinario del hipodromo debera decidir si se sacrifica al caballo en la pista.
4. Sea posible hacerlo, se debe colocar la pantalla/screen para tapa la vista al publico, antes de iniciar el procedimiento de sacrificio del animal.
5. Los Outriders son responsables de remover cualquier desecho en la pista despues de que la persona o caballo accidentado haya sido trasladado del lugar.

Personal de Planta/Plant Staff

1. La Ambulancia de Caballos debera trasladarse inmediatamente al lugar del accidente siempre que un caballo este severamente lesionado y necesite transporte.
2. Los miembros del departamento de planta que esten cerca del accidente deberan ayudar a fapar el lugar para que el pulico no pueda ver lo que sucede, ademas deberan recibir instrucciones del Paramedico responsable del lugar del accidente.

Locutor

El locator debera informar a los jinetes acerca de los detalles de la situacion (como la ubicacion del caballo suelto, la necesidad de adelantar, etc.) para que puedan hacer lo necesario y mitigar otros problemas.

Gerencia

1. Un representante de la gerencia se apersonara rapidamente al lugar del accidente en el hoipodromo. El genente informara a los otros gerents sobre las lesions sufridas.
2. Otro representante de la gerencia debera informar al departamento de videio para monitorear la escena y ver la cobertura de video que sera transmitida al publico.
3. Un miembro de la gerencia debera aportar con informacion sobre los anuncios que debera hacer el locutor.
4. Un miembro de la gerencia sera responsable de ver que la informacion con respecto al accidente sea dada a los familiars de los heridos. Se debe hacer lo necesario para acompanar a los familiars a los hospitals, de ser el caso. Al respecto, es necesario tener un registro de la persona a quien se debe comunicar en caso de que un jockey sufra un accidente.
5. Todos los anuncios publicos y respuestas a la prensa las realice unicamente el funcionario de gerencia de alto nivel que se encuentre disponible en ese momento.

Todo los Jefes de Departamento

Todos los Jefes de Departamento deben comunicar a sus empleados que, a pesar de que las intenciones sean buenas, el tratamientõ de un jinete/jockey herido debe ser realizado por el personal calificado para ello, y todos los demas empleados deben permanecer lejos del lugar del accidente.

12 G. Health and Safety Manager: Barry Gillies 213-276-3150 (cell)
909-865-4186 (office)

Assistant Manager: Simon Concepcion 909-263-4559 (cell)
800-966-4727 (office)

Alternate Manager: Ray Ortegaso 909-865-4383



COUNTY OF LOS ANGELES

FIRE DEPARTMENT

FIRE PREVENTION DIVISION

EAST REGION POMONA

590 S. PARK AVE.

POMONA, CA 91766

TEL: 909-620-2216 FAX: 909-620-2086

Inspector W. Johnson
East Region Pomona, Fire Prevention
590 S. Park Ave.
Pomona, Ca. 91768

Date: 6-1-2010

Mr. Kirk E. Breed
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, Ca. 95825

SUBJECT: INSPECTION REPORT- STABLE AREAS AT THE LOS ANGELES COUNTY
FAIRPLEX

Dear Mr. Breed,

This letter is to inform you that the County of Los Angeles Fire Department has completed the annual fire inspection of the stable areas at the Los Angeles County Fairplex.

At this time all fire and or life safety violations are currently being addressed, and or have been corrected in accordance with the Los Angeles County Fire Department Codes and ordinance, Title 32.

In accordance with regulations adopted by the California Horse Racing Board, this letter may be accepted as a fire and life safety clearance from the East Region Fire Prevention Pomona Office of the Los Angeles County Fire Department for the race season scheduled for the fall season of 2010.

If you have any questions or need additional information please contact,

Captain Byron Prewett
Fire Prevention Inspector Warren Johnson
East Region Fire Prevention Pomona Office
(909) 620-2216

Sincerely,

Fire Prevention Inspector Warren R. Johnson 16-C
E.R.F.P. Pomona Office

PRODUCER Aon Risk Insurance Services West, Inc. 707 Wilshire Blvd. Suite 2600 Los Angeles, CA 90017-0460 USA PHONE: 213-630-3200 FAX: 847-953-4520	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.												
INSURED Los Angeles County Fair Association 1101 W. McKinley Ave. Pomona, CA 91768	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">INSURERS AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC#</th> </tr> <tr> <td>INSURER A: Sea Bright Insurance Company</td> <td style="text-align: center;">15563</td> </tr> <tr> <td>INSURER B:</td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> </table>	INSURERS AFFORDING COVERAGE	NAIC#	INSURER A: Sea Bright Insurance Company	15563	INSURER B:		INSURER C:		INSURER D:		INSURER E:	
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INSURER A: Sea Bright Insurance Company	15563												
INSURER B:													
INSURER C:													
INSURER D:													
INSURER E:													

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

LIMITS SHOWN ARE AS REQUESTED

INSR LTR	ADD'L INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS																
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea Occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG																
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULE AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)																
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN EA ACC AUTO ONLY: AGG																
		EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE AGGREGATE PRODUCTS COMPLETED OP																
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER / MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	BB1102368	01/01/10	01/01/11	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">x</td> <td style="text-align: center;">WC STATUTORY LIMIT</td> <td style="text-align: center;">OT-HER</td> <td></td> </tr> <tr> <td></td> <td>E.L. EACH ACCIDENT</td> <td></td> <td style="text-align: right;">\$1,000,000</td> </tr> <tr> <td></td> <td>E.L. DISEASE - POLICY LIMIT</td> <td></td> <td style="text-align: right;">\$1,000,000</td> </tr> <tr> <td></td> <td>E.L. DISEASE - EA EMPLOYEE</td> <td></td> <td style="text-align: right;">\$1,000,000</td> </tr> </table>	x	WC STATUTORY LIMIT	OT-HER			E.L. EACH ACCIDENT		\$1,000,000		E.L. DISEASE - POLICY LIMIT		\$1,000,000		E.L. DISEASE - EA EMPLOYEE		\$1,000,000
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DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Cancellation provision shown herein is subject to shorter or longer time periods, depending on the jurisdiction of, and reason for, the cancellation.

CERTIFICATE HOLDER

CANCELLATION

California Horse Racing Board Attn: Jackie Wagner 1010 Hurley Way, Suite 300 Sacramento, CA 92858	SHOULD ANY OF THE ABOVE POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE: <p style="text-align: right;"><i>Aon Risk Insurance Services West, Inc.</i></p>
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- *Barretts Weekend of Stars*
- *California Classic Day*

B. Number of hosts and hostesses employed for meeting:

We employ approximately 25 customer service representatives on weekdays (Monday, Wednesday, Thursday), and 35 on weekends (Friday, Saturday, Sunday).

C. Describe facilities set aside for new fans:

- *At Fairplex Park, we are geared for new fans by nature of the L.A. County Fair and the 1.4 million people it attracts.*
- *In addition to the many and diverse food and beverage eateries on the Fairgrounds, Fairplex Park offers uniqueness and variety for F&B options at the racetrack. We have designed places to have fun with a group of friends, business associates and places to meet new folks. Here's a run-down of where to go for the type of fun you're looking for:*
 - ***Finish Line Sports Bar and Grill:** Enjoy exciting wagering, all major sporting events plus great food and more than 70 big screen TV's. Finish Line Sports Bar and Grill features comfortable seating indoors and outdoors, open every day. Located at Gate 12.*
 - ***The Terrace at Fairplex Park:** This is a popular group dining area with a close-up view of the racing action right on the clubhouse turn. Savor a delicious carving-station buffet lunch at your reserved, comfortable table. Restrooms, a full-service bar and wagering amenities are easily accessible and service with a smile comes at no extra charge.*
 - ***Stute's Sports Bar:** September is Sports Month at Fairplex Park. Watch all the games from the road to the baseball playoffs, college and professional football (NFL Ticket), golf, and the best sport of them all, Horse Racing. Over 10 plasma televisions and one giant projection screen is a sure bet to cheer your team or your horse on to victory. Located at the west end of the grandstand mezzanine, Stute's offers both hot snacks and cold drinks for whatever your mood.*
 - ***Box Seats at Fairplex Park:** Located right in front of the racing action, this is the perfect place to kick back and enjoy the races with your friends. Pari-mutuel and food and beverage service brought right to your seat.*
 - ***Long Line Bar & Grill:** Newly renovated and where the action is! This is the hot spot for owners and trainers to hang out before and after the races. Located adjacent to the saddling paddock, saddle up to the bar or sit down and enjoy a burger or a dog from the grill. Just maybe you'll hear the name of the next race winner!*
 - ***Top of the Park Terrace:** The Terrace features canopied outdoor seating, Top of the Park menu-dining, friendly service, your own tabletop monitors and a majestic, panoramic view of Fairplex Park and the beautiful San Gabriel Mountains. Located high above the clubhouse turn, you'll see every step of the race from this spectacular vantage point!*
 - ***Top of the Park Restaurant:** Make reservations early! This is the most popular dining at the track. You'll have your own table with plenty of large TV monitors for easy viewing. The bar is always a happening place, so play the ponies and celebrate with your friends until the last race.*
 - ***Sky Boxes:** From the highest perch on the racetrack, fans will be able to socialize in an intimate environment with everything at their fingertips. Wagering access, plasma televisions, a live panorama view of the races, and food and beverage service all in your private box. Seating for groups of up to 20 people.*
 - *Clubhouse Level III will be our designated tournament floor. For the 12th year, Fairplex will participate in the DRF/NTRA Handicapper of the Year tournament. Fifteen slots (the most of any participating site) in the finals at the Red Rock Casino in Vegas will be up for grabs in 2010.*

D. Describe any improvements to the physical facility in advance of the meeting that directly benefits:

1. *Horsemen: Ongoing repairs (restricted area)*
2. *Fans*
Ongoing replacement of television monitors with flat panel televisions.
3. *Improvements to Paddock area.*

15. SCHEDULE OF CHARGES

A. Proposed charges, note any changes from previous year:

<i>General Admission Adults</i>	<i>\$12 weekdays/\$17 weekends</i>
<i>General Admission Child 6-12</i>	<i>\$ 7 weekdays/\$12 weekends</i>
<i>General Admission Seniors 60+</i>	<i>\$ 6 Senior Days/\$ 9 weekdays/\$14 weekends</i>
<i>Adult purchased through Group Sales</i>	<i>\$ 10 (20 or more)</i>
<i>Child purchased through Group Sales</i>	<i>\$ 6</i>
<i>RaceFan ClubCard</i>	<i>\$ 7</i>
<i>Box Seats</i>	<i>\$ 5 Daily, Season remains \$45</i>
<i>General Parking</i>	<i>\$10</i>
<i>Preferred Parking</i>	<i>\$15</i>
<i>Valet Parking</i>	<i>\$20</i>
<i>Programs On-Track</i>	<i>2.25</i>
<i>Programs Off-Track</i>	<i>2.25</i>

B. Describe any "Season Boxes" or other special accommodation fees: *Described above*

C. Describe any "package" plans such as combined parking, admission and program:
Season Admission Pass – Daily pass with free parking upgrades - \$24.95

16. JOCKEYS' QUARTERS

A. Check the applicable amenities available in the jockeys' quarters:

<input checked="" type="checkbox"/>	Corners (lockers and cubicles)	How many	<input style="width: 40px;" type="text" value="40"/>
<input checked="" type="checkbox"/>	Showers	<input checked="" type="checkbox"/>	Steam room, sauna or steam cabinets
<input checked="" type="checkbox"/>	Masseur	<input checked="" type="checkbox"/>	Food/beverage service
		<input checked="" type="checkbox"/>	Lounge area
		<input checked="" type="checkbox"/>	Certified platform scale

B. Describe the quarters to be used for female jockeys:
12' x 11' lounge with air conditioning and closed circuit TV. 11' x 13' restroom with shower, sauna and 4 cubicles. Located between Paddock and Food and Beverage Area

17. BACKSTRETCH EMPLOYEE HOUSING

- A. Inspection of backstretch housing has been requested and will be completed prior to the beginning of the race meet.
- B. Number of rooms used for housing on the backstretch of the racetrack: **0**
- C. Number of restrooms available on the backstretch of the racetrack: **26**
- D. Estimated ratio of restrooms to the number of backstretch personnel: **26/1000**

18. TRACK SAFETY

- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish 3,294.46 feet.
- B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course.
Rail designed per specifications of the California Horse Racing Board.
Metal gooseneck supports with sheet metal cover.
Aluminum face of rail - 25" overhang.
Approximate height of the top of inner railing from the level of the race course - 40".
- C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: *Steve Wood*
- D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. *on file*
- E. If the fair is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing. *N/A*

19. DECLARATIONS

- A. All labor agreements, concession and service contracts, and other agreements necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state):
No exceptions
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044.
 In Negotiations
- C. 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 meeting except as follows (if no exceptions, so state): *No exceptions*
- D. Absent natural disasters or causes beyond the control of the fair, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the fair except as follows (if no exceptions, so state): *No exceptions*

NOTICE TO APPLICANT: Pursuant to CHRB Rules 1870 and 1871, the CHRB shall be given 15 days' notice in writing of any intention to terminate a horse racing meeting or the engagements or services of any licensee, approved concessionaire, or approved service contractor:

20. 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 fair to attest to this application on its behalf.

MICHAEL D. SEDER
Print Name

CFD
Print Title


Signature

6/10/2010
Date

CALIFORNIA HORSE RACING BOARD

JULY 22, 2010
REGULAR BOARD MEETING

There is no board package material for Item 13

DISCUSSION AND ACTION BY THE BOARD ON THE APPROVAL OF THE
2010/11 AGREEMENT PROVIDING FUNDING SUPPORT FOR THE BOARD

Regular Board Meeting
July 22, 2010

BACKGROUND

Board funding was changed effective July 2009 by legislation requiring an annual funding formula to be developed in consultation between the CHRB and horse racing industry. Section 19616.51 of the Business and Professions Code was amended by ABX4 12, and now stipulates:

(a) Notwithstanding any other law, and in lieu of any license fee payable to the state prescribed for or referred to in Section 19491, 19491.5, 19596.3, 19601, 19601.2, 19602, 19603, 19604, 19605.25, 19605.35, 19605.45, 19605.6, 19605.7, 19605.71, 19606.5, 19606.6, 19610.8, 19611, 19612, 19614, 19616, 19616.1, 19616.2, or 19641, any association or fair that conducts a racing meeting shall only pay its proportional amount, as determined by the formula devised pursuant to paragraph (1), as a license fee to the state, to be deposited into the Horse Racing Fund, which is hereby established, to fund the board and the equine drug testing program as follows: (1) All racing associations and fairs including all breeds of racing shall participate in the funding of the board in accordance with a formula devised by the board in consultation with the industry.

For the 2010-2011 fiscal year, the CHRB's operating budget has been determined to be \$11,734,000 and such amount shall be subject to change in future fiscal years.

ANALYSIS

The industry has circulated and executed an agreement (excerpted as Attachment 1) that sets the amount of the fiscal year 2010-11 CHRB Support funding and the proportional shares anticipated for each of the prospective racing associations during the year. The model is based on the prior year's results and builds in a "true-up" of \$250,000 that resulted from annual handle lower than was anticipated in the original formula development. All of the prospective racing associations have separately signed off on the proposed formula.

RECOMMENDATION

Staff recommends that the Board approve the funding formula and agreement for fiscal year 2010-11.

Excerpted Agreement for CHRB Support Funding

This will serve to memorialize agreement among the undersigned with respect to funding of the California Horse Racing Board, ("CHRB")... The undersigned hereby agree among themselves that each will make the following payments:

1. Section 19616.51 of the Business and Professions Code was amended by ABX4 12, and now stipulates:

(a) Notwithstanding any other law, and in lieu of any license fee payable to the state prescribed for or referred to in Section 19491, 19491.5, 19596.3, 19601, 19601.2, 19602, 19603, 19604, 19605.25, 19605.35, 19605.45, 19605.6, 19605.7, 19605.71, 19606.5, 19606.6, 19610.8, 19611, 19612, 19614, 19616, 19616.1, 19616.2, or 19641, any association or fair that conducts a racing meeting shall only pay its proportional amount, as determined by the formula devised pursuant to paragraph (1), as a license fee to the state, to be deposited into the Horse Racing Fund, which is hereby established, to fund the board and the equine drug testing program as follows:

(1) All racing associations and fairs including all breeds of racing shall participate in the funding of the board in accordance with a formula devised by the board in consultation with the industry.

For the 2010-2011 fiscal year, the CHRB's operating budget has been determined by the enactment of Section 19616.51 to be \$11,734,000 and such amount shall be subject to change in future fiscal years.

The undersigned are responsible for the funding of the CHRB's annual operating budget by depositing the necessary funds in the California Horse Racing Fund. The amount to be so deposited by each of the undersigned shall be a percentage of the License Fee that would have otherwise been payable by the undersigned in the absence of the enactment of SB 16XXX and for each fiscal year a determination shall be made as to the percentage necessary to generate the amount for the funding of the CHRB operating Budget. For the 2010-2011 fiscal year, such percentage shall be 48.8%. Thus, during the 2010-2011 fiscal year, the undersigned shall each pay 48.8% of the License Fee that would have otherwise been payable by each if SB 16 XXX had not been enacted. It is recognized that a determination of true-up amounts will be necessary at the end of each fiscal year. A true-up of \$250,000 for the 2009-2010 fiscal year has been added to the \$11,734,000 2010-2011 fiscal year budget to determine the \$48.8% percentage for the 2010-2011 fiscal year. Thoroughbred, Harness and Quarter Horse Associations shall remit the respective amounts they owe on a weekly basis, and Racing Fairs at the end of their meets....

3. The CHRB is a third party beneficiary of the payments to be made by the undersigned pursuant to paragraph 1 hereof...and, therefore, the CHRB has a right to bring an action against any of the undersigned who fail to make the prescribed payments in paragraph 1 hereof.... Payments to be made by the undersigned are the sole responsibility of that entity; therefore, there is no joint and several liability among the undersigned for the failure of anyone to make the prescribed payments.

4. This Agreement may be signed in counterparts.

5. California Horse Racing Industry Organizations which have agreed to participate in the funding described above include: California Authority of Racing Fairs, California Exposition & State Fair, Del Mar Thoroughbred Club, Los Angeles County Fair Association, Hollywood Park Racing Association, Los Alamitos Quarter Horse Racing Association, Los Angeles Turf Club, Oak Tree Racing Association, Pacific Racing Association, California Harness Horsemen's Association,

DISCUSSION AND ACTION BY THE BOARD
REGARDING A REPORT FROM LOS ALAMITOS QUARTER HORSE RACING
ASSOCIATION REGARDING THE IMPACT OF THE TWO PERCENT INCREASE
IN THE TAKEOUT ON CONVENTIONAL AND EXOTIC WAGERS ON RACES
CONDUCTED BY THE RACING ASSOCIATION ON HANDLE, AND IF THE
TAKEOUT INCREASE SHOULD CONTINUE THROUGH SEPTEMBER 8, 2010, AS
PREVIOUSLY APPROVED BY THE BOARD

Regular Board Meeting
July 22, 2010

BACKGROUND

At its January 15, 2010 Regular Meeting, the Board approved a temporary 2% increase in the takeout on conventional and exotic wagers on races conducted by Los Alamitos Quarter Horse Racing Association (LAQHRA) as permitted pursuant to AB 246, Chapter 226, Statutes of 2009. The increased takeout would support the simulcast network and provide additional purse and commissions. Then, at the April 15, 2010 Regular Meeting, the Board was provided an update of the temporary increase covering a 30-day period. At that meeting, a disagreement was raised regarding the criteria used in presenting the data – the CHRB and LAQHRA use CHRIMS reports, and the stakeholders/bettors relied on Equibase. As a result, some minor variances in amounts and resolution of terms had to be addressed. In addition, differences of opinion flared between LAQHRA and stakeholder/bettors relative to interpreting the data. LAQHRA looks at the increase from the perspective of total available for purses and commissions balanced by the association’s operating costs. The stakeholders emphasize gross handle for the calendar period covered. The Board agreed to carry this item over to a future meeting to resolve the data questions for all interested parties and to present more thorough analysis.

ANALYSIS

CHRB, CHRIMS, and LAQHRA representatives met with stakeholders/bettors Jeff Platt (Horseplayers Association of North America (HANA)), and Barry Meadow (TR Publishing) at Los Alamitos on May 18, 2010 to discuss criteria for the data to be presented to the Board. An agreement was reached at this meeting that a handle report would be developed by CHRIMS that would be available to all interested parties. The report will be hosted on the CalRacing.com website. According to CHRIMS management, the report is complete and, while not yet in production, will be available soon. Moreover, the participants resolved the disagreement as to what numbers represent what in the handle reports. The result has been that the raw handle data is agreed to be accurate. The differences in interpretation are numerous and confounding, as evidenced by the following discussion and attached schedules.

First - Effective the third week of January (shortly after the approved takeout increase), LAQHRA went to a three-day race week, eliminating Thursday live racing (which had historically been their slowest day wagering-wise.) Comparing three-day to four-day weeks is subjective at best.

	A	B	C	D	E
1	Los Alamitos Quarter Horse Racing Takeout Increase				ATTACHMENT 1
2		Pre Board Approval	Post Board Approval	Change	Percent Change
3	Date Range	01/22/2009-6/28/2009	01/21/2010-6/27/2010		
4	Number of Race Days	90	69	21	-23.33%
5	Average number of races per day	9.60	8.07	-1.53	-15.94%
6	<i>Brick and Mortar - Live Races</i>				
7	Total Takeout	14,241,032	12,683,269	-1,557,763	-10.94%
8	Total Handle	70,846,072	57,494,015	-13,352,057	-18.85%
9	<i>ADW</i>				
10	Total Takeout	7,927,884	8,131,155	203,271	2.56%
11	Total Handle	39,170,347	38,198,005	-972,342	-2.48%
12	<i>Combined (Brick and Mortar and ADW)</i>				
13	Total Takeout	22,168,916	20,814,424	-1,354,491	-6.11%
14	Total Handle	110,016,419	95,692,021	-14,324,398	-13.02%

Whereas HANA correctly indicates that total handle has gone down substantially in 2010 compared to 2009 – approximately 16% overall – LAQHRA counters that the reduction in handle is less than the reduction in days – from January 21 through June 30, days in comparable 2009 and 2010 went from 91 to 69, a 24% reduction.

Second -- LAQHRA changed the number/mix of races on the individual cards. In 2009, an average of 9.6 races was run each program. In 2010 that number dropped to 8.1 per program, a nearly 16% reduction in the average number of races per program. Would this be sufficient to explain the overall handle drop? Additionally, no Arabian races were conducted in 2010 compared to 41 in 2009. Thoroughbred races increased slightly from 28.5% to 30.9% of total races. Average field size overall has gone from 7.16 to 7.5, but even that apparent small variability is rife with subtext – with weekly average field size ranging from 6.9 up to 8.7. Additionally, just prior to the takeout increase taking effect (12/26/09 – 1/24/10), fields were averaging 6.5.

Third – While the industry as a whole has suffered a handle drop of 12.7% from fiscal year 2008-09 to 2009-10, overall LAQHRA handle has dropped only 7.2% for the same period.

Last for this analysis – Per race purse and commission generation are up substantially since the implementation of the takeout increase. For the one-month period immediately preceding the takeout increase, and the reduction in racing days, purse and commission generation averaged approximately \$4,600 each per race. Subsequent to the increase, those averages increased to approximately \$6,200. This suggests that the increase, combined with the reduction in race days, has provided relatively more purse and operations funding for the horsemen and association.

CONCLUSION:

The bettor stakeholders insisted that the takeout increase would erode interest in wagering at LAQHRA. To counteract this, the association reduced race days, which resulted in increased field size and seemingly re-energized interest in its product. Finding that balance seems to be an evolving marketplace determination – to draw significant conclusions based on the short-term results seems imprudent.

The attached schedules are intended to provide information, not confusion.

COMPARISON OF HANDLE 2009 vs 2010 for Los Alamitos - January through June

Attachment 1

Prepared CHRB

2009						2010						% Change
Day Of Week	Date	On Track	Inter Track	Inter State	Total	Day Of Week	Date	On Track	Inter Track	Inter State	Total	
Thu	1/22/2009	106,160	186,637	441,356	734,153	Thu	1/21/2010	63,313	146,666	366,958	576,937	-21.41%
Fri	1/23/2009	145,491	311,219	707,587	1,164,297	Fri	1/22/2010	95,713	215,185	529,385	840,283	-27.83%
Sat	1/24/2009	158,402	336,883	673,550	1,168,835	Sat	1/23/2010	131,741	244,073	619,987	995,801	-14.80%
Sun	1/25/2009	125,285	323,907	668,040	1,117,232	Sun	1/24/2010	94,389	225,677	583,265	903,331	-19.15%
					0						0	
Thu	1/29/2009	100,783	174,077	417,569	692,429						0	
Fri	1/30/2009	175,179	352,512	735,640	1,263,331	Fri	1/29/2010	135,439	274,763	640,563	1,050,765	-16.83%
Sat	1/31/2009	187,928	372,493	776,813	1,337,234	Sat	1/30/2010	129,152	272,613	648,392	1,050,157	-21.47%
Super Bowl Sun	2/1/2009	0	0	0	0	Sun	1/31/2010	115,148	261,632	701,992	1,078,772	
Jan Summ Tot	8 days	999,228	2,057,728	4,420,555	7,477,511	Jan Summ Tot	7 days	764,895	1,640,609	4,090,542	6,496,046	-13.13%
Daily Avg		124,904	257,216	552,569	934,689	Daily Avg		109,271	234,373	584,363	928,007	-0.71%
Thu	2/5/2009	88,733	196,456	482,983	768,172						0	
Fri	2/6/2009	146,862	344,963	734,324	1,226,149	Fri	2/5/2010	99,521	262,739	716,598	1,078,858	-12.01%
Sat	2/7/2009	171,507	372,990	806,080	1,350,577	Sat	2/6/2010	143,162	303,019	741,134	1,187,315	-12.09%
Sun	2/8/2009	134,324	336,061	751,771	1,222,156	Super Bowl Sun	2/7/2009	0	0	0	0	
											0	
Thu	2/12/2009	97,857	182,064	462,866	742,787						0	
Fri	2/13/2009	116,825	302,653	654,999	1,074,477	Fri	2/12/2010	146,306	288,417	757,683	1,192,406	10.98%
Sat	2/14/2009	146,018	305,292	687,874	1,139,184	Sat	2/13/2010	116,881	265,301	615,009	997,191	-12.46%
Sun	2/15/2009	127,128	336,365	724,036	1,187,529	Sun	2/14/2010	102,462	243,048	697,147	1,042,657	-12.20%
Thu	2/19/2009	122,121	198,474	475,243	795,838						0	
Fri	2/20/2009	179,983	343,373	712,025	1,235,381	Fri	2/19/2010	139,202	257,704	710,035	1,106,941	-10.40%
Sat	2/21/2009	174,705	397,061	781,589	1,353,355	Sat	2/20/2010	163,197	313,936	721,898	1,199,031	-11.40%
Sun	2/22/2009	134,896	326,668	694,338	1,155,902	Sun	2/21/2010	104,914	283,629	755,154	1,143,697	-1.06%
Thu	2/26/2009	110,532	188,195	451,125	749,852						0	
Fri	2/27/2009	147,323	360,774	722,564	1,230,661	Fri	2/26/2010	135,712	283,134	794,106	1,212,952	-1.44%
Sat	2/28/2009	164,466	360,823	652,899	1,178,188	Sat	2/27/2010	124,323	245,620	582,704	952,647	-19.14%
Sun	3/1/2009	127,738	352,585	698,222	1,178,545	Sun	2/28/2010	139,013	326,103	823,579	1,288,695	8.35%
Feb Summ Tot	16 days	2,191,018	4,904,797	10,492,938	17,588,753	Feb Summ Tot	11 days	1,414,693	3,072,650	7,916,047	12,402,390	-29.49%
Daily Avg		136,939	306,550	655,809	1,099,297	Daily Avg		128,608	279,332	719,550	1,127,490	2.56%
Thu	3/5/2009	101,140	189,001	458,085	748,226						0	
Fri	3/6/2009	173,079	322,315	715,304	1,210,698	Fri	3/5/2010	130,502	283,941	700,877	1,115,320	-7.88%
Sat	3/7/2009	143,159	327,203	860,070	1,330,432	Sat	3/6/2010	106,474	243,540	613,183	963,197	-27.60%
Sun	3/8/2009	112,179	291,675	620,365	1,024,219	Sun	3/7/2010	106,297	286,785	674,283	1,067,365	4.21%
Thu	3/12/2009	104,280	152,815	475,036	732,131						0	
Fri	3/13/2009	151,289	298,188	657,836	1,107,313	Fri	3/12/2010	123,264	234,918	674,016	1,032,198	-6.78%
Sat	3/14/2009	167,443	329,898	714,066	1,211,407	Sat	3/13/2010	125,367	260,164	728,214	1,113,745	-8.06%
Sun	3/15/2009	108,674	298,293	653,408	1,060,375	Sun	3/14/2010	114,879	283,643	790,322	1,188,844	12.12%
					0						0	
Thu	3/19/2009	93,687	155,480	485,296	734,463						0	
Fri	3/20/2009	155,013	322,402	707,233	1,184,648	Fri	3/19/2010	142,151	264,496	687,903	1,094,550	-7.61%
Sat	3/21/2009	157,415	317,565	652,681	1,127,661	Sat	3/20/2010	149,393	297,659	708,025	1,155,077	2.43%
Sun	3/22/2009	114,105	304,343	677,090	1,095,538	Sun	3/21/2010	127,181	279,458	819,494	1,226,133	11.92%
Thu	3/26/2009	97,898	158,632	454,963	711,493						0	

Fri	3/27/2009	137,666	299,819	680,296	1,117,781	Fri	3/26/2010	144,576	303,951	802,566	1,251,093	11.93%
Sat	3/28/2009	139,718	277,332	587,974	1,005,024	Sat	3/27/2010	135,548	296,056	750,653	1,182,257	17.63%
Sun	3/29/2009	118,311	286,859	696,775	1,101,945	Sun	3/28/2010	95,063	262,060	722,937	1,080,060	-1.99%

March Summ Tot	16 days	2,075,956	4,331,820	10,096,476	16,503,354	March Summ Tot	12 days	1,500,695	3,296,671	8,672,473	13,469,839	-18.38%
Daily Avg		129,891	270,739	631,036	1,031,460	Daily Avg		125,058	274,723	722,706	1,122,487	8.83%

Thu	4/2/2009	115,233	209,336	537,390	861,959						0	
Fri	4/3/2009	164,560	383,215	772,455	1,320,230	Fri	4/2/2010	140,645	304,562	769,747	1,214,954	-7.97%
Sat	4/4/2009	154,865	345,308	768,706	1,268,879	Sat	4/3/2010	136,110	314,203	744,152	1,194,465	-5.86%
Sun	4/5/2009	129,843	332,435	696,215	1,158,493	Sun	4/4/2010	90,239	237,843	655,251	983,333	-15.12%

Thu	4/9/2009	106,885	201,749	495,705	804,339						0	
Fri	4/10/2009	148,983	307,625	678,880	1,135,488	Fri	4/9/2010	135,733	289,603	733,366	1,158,702	2.04%
Sat	4/11/2009	152,754	319,221	638,663	1,110,638	Sat	4/10/2010	126,304	291,862	717,189	1,135,355	2.23%
Sun	4/12/2009	122,308	257,768	632,420	1,012,496	Sun	4/11/2010	119,185	282,281	712,182	1,113,648	9.99%

Thu	4/16/2009	106,977	192,455	411,890	711,322						0	
Fri	4/17/2009	139,811	241,721	550,875	932,407	Fri	4/16/2010	135,942	296,916	713,971	1,146,829	23.00%
Sat	4/18/2009	141,866	270,590	634,418	1,046,874	Sat	4/17/2010	132,889	291,720	748,376	1,172,985	12.05%
Sun	4/19/2009	116,169	295,968	613,336	1,025,473	Sun	4/18/2010	118,160	281,391	807,887	1,207,438	17.74%

Thu	4/23/2009	93,315	174,860	419,823	687,998						0	
Fri	4/24/2009	141,222	446,099	569,210	1,156,531	Fri	4/23/2010	154,047	400,586	893,794	1,448,427	26.24%
Sat	4/25/2009	148,157	248,379	577,471	974,007	Sat	4/24/2010	134,941	280,440	768,886	1,184,267	21.59%
Sun	4/26/2009	125,957	272,051	575,285	973,293	Sun	4/25/2010	110,923	260,458	730,331	1,101,712	13.19%

April Summ Tot	16 days	2,108,965	4,496,780	8,872,742	16,180,427	April Summ Tot	12 days	1,635,118	3,531,865	8,995,132	14,062,116	-18.09%
Daily Avg		131,810	281,174	554,546	1,011,277	Daily Avg		136,260	294,322	749,594	1,171,843	15.86%

Thu	4/30/2009	119,712	180,324	460,329	760,365						0	
Fri	5/1/2009	145,841	350,739	751,732	1,248,312	Fri	4/30/2010	144,619	369,485	904,328	1,418,432	13.63%
Sat	5/2/2009	164,490	335,134	718,008	1,217,632	Sat	5/1/2010	141,386	350,115	901,589	1,393,090	14.41%
Sun	5/3/2009	129,814	292,951	631,434	1,054,199	Sun	5/2/2010	130,702	323,096	954,641	1,408,439	33.60%

Thu	5/7/2009	116,828	184,192	464,940	765,960						0	
Fri	5/8/2009	159,099	473,242	750,703	1,383,044	Fri	5/7/2010	155,133	407,553	835,549	1,398,235	1.10%
Sat	5/9/2009	171,195	365,016	759,794	1,296,005	Sat	5/8/2010	138,651	263,407	843,052	1,245,110	-3.93%
Sun	5/10/2009	119,314	247,440	575,489	942,243	Sun	5/9/2010	98,328	245,905	718,471	1,062,704	12.76%

Thu	5/14/2009	118,662	187,238	487,622	793,522						0	
Fri	5/15/2009	156,555	464,623	738,203	1,359,381	Fri	5/14/2010	158,322	415,183	904,514	1,478,019	8.73%
Sat	5/16/2009	166,842	347,803	838,201	1,352,846	Sat	5/15/2010	159,920	301,563	956,701	1,418,184	4.83%
Sun	5/17/2009	124,316	262,055	653,576	1,039,947	Sun	5/16/2010	119,920	275,898	935,058	1,330,876	27.98%

Thu	5/21/2009	113,655	174,694	446,991	735,340						0	
Fri	5/22/2009	166,899	468,304	688,503	1,323,706	Fri	5/21/2010	158,815	391,643	810,164	1,360,622	2.79%
Sat	5/23/2009	129,004	261,249	591,226	981,479	Sat	5/22/2010	143,075	250,010	677,549	1,070,634	9.08%
Sun	5/24/2009	133,612	263,289	614,742	1,011,643	Sun	5/23/2010	121,621	258,045	766,898	1,146,564	13.34%

0

Thu (na)	5/28/2009	0	0	0	0						0	
Fri	5/29/2009	164,312	497,446	736,107	1,397,865	Fri	5/28/2010	135,255	396,887	846,402	1,378,544	-1.36%
Sat	5/30/2009	190,702	319,809	632,609	1,143,120	Sat	5/29/2010	143,569	303,153	818,389	1,265,111	10.67%
Sun	5/31/2009	143,682	345,719	713,852	1,203,253	Sun	5/30/2010	126,868	273,074	817,258	1,217,200	1.16%

May Summ Tot	19 days	2,734,534	6,021,267	12,254,061	21,009,862	May Summ Tot	15 days	2,076,184	4,825,017	12,690,563	19,591,764	-6.75%
Daily Avg.		143,923	316,909	644,951	1,105,762	Daily Avg.		138,412	321,668	846,038	1,306,118	18.12%

Thu	6/4/2009	99,499	178,203	483,264	760,966						0	
Fri	6/5/2009	169,571	476,988	789,450	1,436,009	Fri	6/4/2010	149,670	440,842	879,626	1,470,138	2.38%
Sat	6/6/2009	201,962	340,752	853,621	1,396,335	Sat	6/5/2010	200,162	396,335	997,366	1,593,863	14.15%
Sun	6/7/2009	132,050	300,167	687,359	1,119,576	Sun	6/6/2010	121,488	321,917	849,737	1,293,142	15.50%

Thu	6/11/2009	132,999	258,254	552,112	943,365						0	
Fri	6/12/2009	181,316	446,140	739,050	1,366,506	Fri	6/11/2010	155,104	425,778	785,102	1,365,984	-0.04%
Sat	6/13/2009	157,558	353,245	780,010	1,290,813	Sat	6/12/2010	133,608	275,625	730,685	1,139,918	-11.69%
Sun	6/14/2009	127,853	260,537	621,801	1,010,191	Sun	6/13/2010	145,023	285,639	918,945	1,349,607	33.60%

Thu	6/18/2010	124,759	216,725	490,910	832,394						0	
Fri	6/19/2010	171,583	466,504	693,410	1,331,497	Fri	6/18/2010	166,632	396,564	731,436	1,294,632	-2.77%
Sat	6/20/2010	220,961	374,825	830,278	1,426,064	Sat	6/19/2010	159,028	303,179	810,586	1,272,793	-10.75%
Sun	6/21/2010	117,229	222,334	571,819	911,382	Sun	6/20/2010	105,933	232,055	665,800	1,003,788	10.14%

Thu	6/25/2009	98,882	191,122	348,620	638,624						0	
Fri	6/26/2009	140,330	385,861	618,877	1,145,068	Fri	6/25/2010	151,656	361,666	704,091	1,217,413	6.32%
Sat	6/27/2009	155,560	311,432	670,407	1,137,399	Sat	6/26/2010	139,948	259,951	667,441	1,067,340	-6.16%
Sun	6/28/2009	118,718	285,072	627,401	1,031,191	Sun	6/27/2010	116,389	290,693	924,311	1,331,393	29.11%

June Summ Tot	16 days	2,350,820	5,068,161	10,358,389	17,777,380	June Summ Tot	12 days	1,744,641	3,990,244	9,665,126	15,400,011	-13.37%
Daily Avg.		146,927	316,760	647,399	1,111,086	Daily Avg.		145,387	332,520	805,427	1,283,334	15.50%

6-mo Summ Tot	91 days	12,459,571	26,882,553	57,195,163	96,537,287	6-mo Summ Tot	69 days	9,036,226	20,357,056	52,028,883	81,422,165	-15.66%
6-mo Daily Avg		136,918	295,413	628,518	1,060,849	6-mo Daily Avg		130,960	295,030	754,042	1,180,031	11.23%

LOS ALAMITOS

Attachment 2
Prepared by Rick English
LAQHRA

LIVE RACING

2009-2010 MEET

Week Ended	Days	Races	Starters	Starters	Per Race			Per Race	
					Regular	Handle		Purses	Commissions
						ADW	Total		
12/27/2009	2	18	124	6.9	84,052	34,850	118,902	4,692	4,866
1/3/2010	3	27	186	6.9	87,621	32,397	120,018	4,622	4,812
1/10/2010	4	35	222	6.3	81,980	30,478	112,458	4,322	4,490
1/17/2010	4	35	221	6.3	81,642	31,503	113,145	4,275	4,439
1/24/2010	4	32	195	6.1	74,979	31,782	106,761	4,741	4,903
1/31/2010	3	24	169	7.0	94,929	37,559	132,487	5,920	6,136
2/6/2010	2	17	123	7.2	94,910	38,395	133,304	5,895	6,082
2/14/2010	3	24	194	8.1	95,964	38,714	134,677	5,905	6,106
2/21/2010	3	24	183	7.6	100,676	43,060	143,736	6,280	6,509
2/28/2010	3	24	182	7.6	100,725	43,205	143,929	6,445	6,668
3/7/2010	3	24	169	7.0	92,371	38,708	131,079	5,864	6,045
3/14/2010	3	24	170	7.1	98,707	40,243	138,950	6,043	6,249
3/21/2010	3	25	181	7.2	101,878	37,152	139,031	6,092	6,325
3/28/2010	3	24	174	7.3	105,767	40,626	146,392	6,330	6,533
4/4/2010	3	24	167	7.0	99,506	41,860	141,366	6,293	6,490
4/11/2010	3	24	181	7.5	102,287	39,701	141,988	6,128	6,333
4/18/2010	3	26	207	8.0	95,798	39,866	135,664	5,963	6,159
4/25/2010	3	27	203	7.5	97,488	40,823	138,311	6,078	6,265
5/2/2010	3	27	216	8.0	108,238	48,057	156,295	6,684	6,873
5/9/2010	3	27	209	7.7	95,299	41,962	137,261	6,024	6,207
5/16/2010	3	27	215	8.0	105,130	51,428	156,559	6,879	7,096
5/23/2010	3	27	209	7.7	91,848	40,664	132,512	6,003	6,219
5/30/2010	3	27	208	7.7	100,590	42,404	142,995	6,261	6,448
6/6/2010	3	31	271	8.7	97,610	42,943	140,553	6,223	6,408
6/13/2010	3	30	233	7.8	90,992	37,525	128,517	5,728	5,915
6/20/2010	3	30	215	7.2	84,918	34,122	119,041	5,358	5,550
6/27/2010	3	30	206	6.9	86,531	34,007	120,538	5,275	5,453

The increased takeout went into effect in the week ended 1/24/10 and purses earned, as a percentage of handle, increased from 3.78% to 4.44%

The race week was shortened effective with the week ended 1/31/10 and the average field size increased from 6.5 horses in the 5 weeks prior to the change (\$114,258 average handle per race) to 7.5 horses in the next 18 weeks (\$140,363 average handle per race a 23% increase). In the most recent 3 weeks we've increased to 10 races per night with a resultant reduction in average field size to 7.2 horses and an average handle per race of \$122,700.

LOS AL HANDLE COMPARISON

Attachment 3
Prepared by HANA Jeff Platt

2009						2010					
Day Of Week	Date	HANDLE On Track	LOS AL Inter Track	Inter State	Total	Day Of Week	Date	HANDLE On Track	LOS AL Inter Track	Inter State	Total
Thu	1/22/2009	106,160	186,637	441,356	734,153	Thu	1/21/2010	63,313	146,666	366,958	576,937
Fri	1/23/2009	145,491	311,219	707,587	1,164,297	Fri	1/22/2010	95,713	215,185	529,385	840,283
Sat	1/24/2009	158,402	336,883	673,550	1,168,835	Sat	1/23/2010	131,741	244,073	619,987	995,801
Sun	1/25/2009	125,285	323,907	668,040	1,117,232	Sun	1/24/2010	94,389	225,677	583,265	903,331
					0						0
Thu	1/29/2009	100,783	174,077	417,569	692,429						0
Fri	1/30/2009	175,179	352,512	735,640	1,263,331	Fri	1/29/2010	135,439	274,763	640,563	1,050,765
Sat	1/31/2009	187,928	372,493	776,813	1,337,234	Sat	1/30/2010	129,152	272,613	648,392	1,050,157
Super Bowl Sun	2/1/2009	0	0	0	0	Sun	1/31/2010	115,148	261,632	701,992	1,078,772
					0						0
Thu	2/5/2009	88,733	196,456	482,983	768,172						0
Fri	2/6/2009	146,862	344,963	734,324	1,226,149	Fri	2/5/2010	99,521	262,739	716,598	1,078,858
Sat	2/7/2009	171,507	372,990	806,080	1,350,577	Sat	2/6/2010	143,162	303,019	741,134	1,187,315
Sun	2/8/2009	134,324	336,061	751,771	1,222,156	Super Bowl Sun	2/7/2009	0	0	0	0
					0						0
Thu	2/12/2009	97,857	182,064	462,866	742,787						0
Fri	2/13/2009	116,825	302,653	654,999	1,074,477	Fri	2/12/2010	146,306	288,417	757,683	1,192,406
Sat	2/14/2009	146,018	305,292	687,874	1,139,184	Sat	2/13/2010	116,881	265,301	615,009	997,191
Sun	2/15/2009	127,128	336,365	724,036	1,187,529	Sun	2/14/2010	102,462	243,048	697,147	1,042,657
					0						0
Thu	2/19/2009	122,121	198,474	475,243	795,838						0
Fri	2/20/2009	179,983	343,373	712,025	1,235,381	Fri	2/19/2010	139,202	257,704	710,035	1,106,941
Sat	2/21/2009	174,705	397,061	781,589	1,353,355	Sat	2/20/2010	163,197	313,936	721,898	1,199,031
Sun	2/22/2009	134,896	326,668	694,338	1,155,902	Sun	2/21/2010	104,914	283,629	755,154	1,143,697
					0						0
Thu	2/26/2009	110,532	188,195	451,125	749,852						0
Fri	2/27/2009	147,323	360,774	722,564	1,230,661	Fri	2/26/2010	135,712	283,134	794,106	1,212,952
Sat	2/28/2009	164,466	360,823	652,899	1,178,188	Sat	2/27/2010	124,323	245,620	582,704	952,647
Sun	3/1/2009	127,738	352,585	698,222	1,178,545	Sun	2/28/2010	139,013	326,103	823,579	1,288,695
					0						0
Thu	3/5/2009	101,140	189,001	458,085	748,226						0
Fri	3/6/2009	173,079	322,315	715,304	1,210,698	Fri	3/5/2010	130,502	283,941	700,877	1,115,320
Sat	3/7/2009	143,159	327,203	860,070	1,330,432	Sat	3/6/2010	106,474	243,540	613,183	963,197
Sun	3/8/2009	112,179	291,675	620,365	1,024,219	Sun	3/7/2010	106,297	286,785	674,283	1,067,365
					0						0
Thu	3/12/2009	104,280	152,815	475,036	732,131						0
Fri	3/13/2009	151,289	298,188	657,836	1,107,313	Fri	3/12/2010	123,264	234,918	674,016	1,032,198
Sat	3/14/2009	167,443	329,898	714,066	1,211,407	Sat	3/13/2010	125,367	260,164	728,214	1,113,745
Sun	3/15/2009	108,674	298,293	653,408	1,060,375	Sun	3/14/2010	114,879	283,643	790,322	1,188,844
					0						0
Thu	3/19/2009	93,687	155,480	485,296	734,463						0
Fri	3/20/2009	155,013	322,402	707,233	1,184,648	Fri	3/19/2010	142,151	264,496	687,903	1,094,550
Sat	3/21/2009	157,415	317,565	652,681	1,127,661	Sat	3/20/2010	149,393	297,659	708,025	1,155,077
Sun	3/22/2009	114,105	304,343	677,090	1,095,538	Sun	3/21/2010	127,181	279,458	819,494	1,226,133
					0						0
Thu	3/26/2009	97,898	158,632	454,963	711,493						0
Fri	3/27/2009	137,666	299,819	680,296	1,117,781	Fri	3/26/2010	144,576	303,951	802,566	1,251,093
Sat	3/28/2009	139,718	277,332	587,974	1,005,024	Sat	3/27/2010	135,548	296,056	750,653	1,182,257
Sun	3/29/2009	118,311	286,859	696,775	1,101,945	Sun	3/28/2010	95,063	262,060	722,937	1,080,060

					0								0
					0								0
					0								0
Start of Experiment						Start of Experiment							
Through End of March	2009 TOTALS	5,265,302	11,294,345	25,009,971	41,569,618	Through End of March	2010 TOTALS	3,680,283	8,009,930	20,678,062	32,368,275		

PCT CHANGE **-0.3010** **-0.2908** **-0.1732** **-0.2213**

Day Of Week	2009 Date	HANDLE On Track	LOS AL Inter Track	Inter State	Total	Day Of Week	2010 Date	HANDLE On Track	LOS AL Inter Track	Inter State	Total
Thu	4/2/2009	115,233	209,336	537,390	861,959						0
Fri	4/3/2009	164,560	383,215	772,455	1,320,230	Fri	4/2/2010	140,645	304,562	769,747	1,214,954
Sat	4/4/2009	154,865	345,308	768,706	1,268,879	Sat	4/3/2010	136,110	314,203	744,152	1,194,465
Sun	4/5/2009	129,843	332,435	696,215	1,158,493	Sun	4/4/2010	90,239	237,843	655,251	983,333
Thu	4/9/2009	106,885	201,749	495,705	804,339						0
Fri	4/10/2009	148,983	307,625	678,880	1,135,488	Fri	4/9/2010	135,733	289,603	733,366	1,158,702
Sat	4/11/2009	152,754	319,221	638,663	1,110,638	Sat	4/10/2010	126,304	291,862	717,189	1,135,355
Sun	4/12/2009	122,308	257,768	632,420	1,012,496	Sun	4/11/2010	119,185	282,281	712,182	1,113,648
Thu	4/16/2009	106,977	192,455	411,890	711,322						0
Fri	4/17/2009	139,811	241,721	550,875	932,407	Fri	4/16/2010	135,942	296,916	713,971	1,146,829
Sat	4/18/2009	141,866	270,590	634,418	1,046,874	Sat	4/17/2010	132,889	291,720	748,376	1,172,985
Sun	4/19/2009	116,169	295,968	613,336	1,025,473	Sun	4/18/2010	118,160	281,391	807,887	1,207,438
Thu	4/23/2009	93,315	174,860	419,823	687,998						0
Fri	4/24/2009	141,222	446,099	569,210	1,156,531	Fri	4/23/2010	154,047	400,586	893,794	1,448,427
Sat	4/25/2009	148,157	248,379	577,471	974,007	Sat	4/24/2010	134,941	280,440	768,886	1,184,267
Sun	4/26/2009	125,957	272,051	575,285	973,293	Sun	4/25/2010	110,923	260,458	730,331	1,101,712
Thu	4/30/2009	119,712	180,324	460,329	760,365						0
Fri	5/1/2009	145,841	350,739	751,732	1,248,312	Fri	4/30/2010	144,619	369,485	904,328	1,418,432
Sat	5/2/2009	164,490	335,134	718,008	1,217,632	Sat	5/1/2010	141,386	350,115	901,589	1,393,090
Sun	5/3/2009	129,814	292,951	631,434	1,054,199	Sun	5/2/2010	130,702	323,096	954,641	1,408,439
Thu	5/7/2009	116,828	184,192	464,940	765,960						0
Fri	5/8/2009	159,099	473,242	750,703	1,383,044	Fri	5/7/2010	155,133	407,553	835,549	1,398,235
Sat	5/9/2009	171,195	365,016	759,794	1,296,005	Sat	5/8/2010	138,651	263,407	843,052	1,245,110
Sun	5/10/2009	119,314	247,440	575,489	942,243	Sun	5/9/2010	98,328	245,905	718,471	1,062,704
Thu	5/14/2009	118,662	187,238	487,622	793,522						0
Fri	5/15/2009	156,555	464,623	738,203	1,359,381	Fri	5/14/2010	158,322	415,183	904,514	1,478,019
Sat	5/16/2009	166,842	347,803	838,201	1,352,846	Sat	5/15/2010	159,920	301,563	956,701	1,418,184
Sun	5/17/2009	124,316	262,055	653,576	1,039,947	Sun	5/16/2010	119,920	275,898	935,058	1,330,876
Thu	5/21/2009	113,655	174,694	446,991	735,340						0
Fri	5/22/2009	166,899	468,304	688,503	1,323,706	Fri	5/21/2010	158,815	391,643	810,164	1,360,622
Sat	5/23/2009	129,004	261,249	591,226	981,479	Sat	5/22/2010	143,075	250,010	677,549	1,070,634

13-01

Sun	5/24/2009	133,612	263,289	614,742	1,011,643	Sun	5/23/2010	121,621	258,045	766,898	1,146,564
Thu (na)	5/28/2009	0	0	0	0						0
Fri	5/29/2009	164,312	497,446	736,107	1,397,865	Fri	5/28/2010	135,255	396,887	846,402	1,378,544
Sat	5/30/2009	190,702	319,809	632,609	1,143,120	Sat	5/29/2010	143,569	303,153	818,389	1,265,111
Sun	5/31/2009	143,682	345,719	713,852	1,203,253	Sun	5/30/2010	126,868	273,074	817,258	1,217,200
Thu	6/4/2009	99,499	178,203	483,264	760,966						0
Fri	6/5/2009	169,571	476,988	789,450	1,436,009	Fri	6/4/2010	149,670	440,842	879,626	1,470,138
Sat	6/6/2009	201,962	340,752	853,621	1,396,335	Sat	6/5/2010	200,162	396,335	997,366	1,593,863
Sun	6/7/2009	132,050	300,167	687,359	1,119,576	Sun	6/6/2010	121,488	321,917	849,737	1,293,142
Thu	6/11/2009	132,999	258,254	552,112	943,365						0
Fri	6/12/2009	181,316	446,140	739,050	1,366,506	Fri	6/11/2010	155,104	425,778	785,102	1,365,984
Sat	6/13/2009	157,558	353,245	780,010	1,290,813	Sat	6/12/2010	133,608	275,625	730,685	1,139,918
Sun	6/14/2009	127,853	260,537	621,801	1,010,191	Sun	6/13/2010	145,023	285,639	918,945	1,349,607
Thu	6/18/2010	124,759	216,725	490,910	832,394						0
Fri	6/19/2010	171,583	466,504	693,410	1,331,497	Fri	6/18/2010	166,632	396,564	731,436	1,294,632
Sat	6/20/2010	220,961	374,825	830,278	1,426,064	Sat	6/19/2010	159,028	303,179	810,586	1,272,793
Sun	6/21/2010	117,229	222,334	571,819	911,382	Sun	6/20/2010	105,933	232,055	665,800	1,003,788
Thu	6/25/2010	98,882	191,122	348,620	638,624						0
Fri	6/26/2010	140,330	385,861	618,877	1,145,068	Fri	6/25/2010	151,656	361,666	704,091	1,217,413
Sat	6/27/2010	155,560	311,432	670,407	1,137,399	Sat	6/26/2010	139,948	259,951	667,441	1,067,340
Sun	6/28/2010	118,718	285,072	627,401	1,031,191	Sun	6/27/2010	116,389	290,693	924,311	1,331,393
Start of Experiment Through End Of June	2009 TOTALS	12,459,571	26,882,553	57,195,163	96,537,287	Start of Experiment Through End Of June	2010 TOTALS	9,036,226	20,357,056	52,028,883	81,422,164
						PCT CHANGE		-0.2748	-0.2427	-0.0903	-0.1566

DISCUSSION BY THE BOARD REGARDING A REPORT CONCERNING THE REVENUE STREAM; THE TAKEOUT DOLLAR IN CALIFORNIA WHERE IT GOES AND HOW IT IS USED AND THE SOURCES OF HANDLE.

Regular Board Meeting
July 22, 2010

BACKGROUND

Business and Professions Code section 19550 (a) states that the Board may tabulate, analyze and publish statistical information based on pari-mutuel handles, attendance, distribution of pari-mutuel proceeds among fees, commissions, purses, and awards, upon the breeding and production of race horses or other information related to pari-mutuel wagering. The California Horse Racing Information Management System (CHRIMS) is the organization recognized by the Board to provide the above services.

ANALYSIS

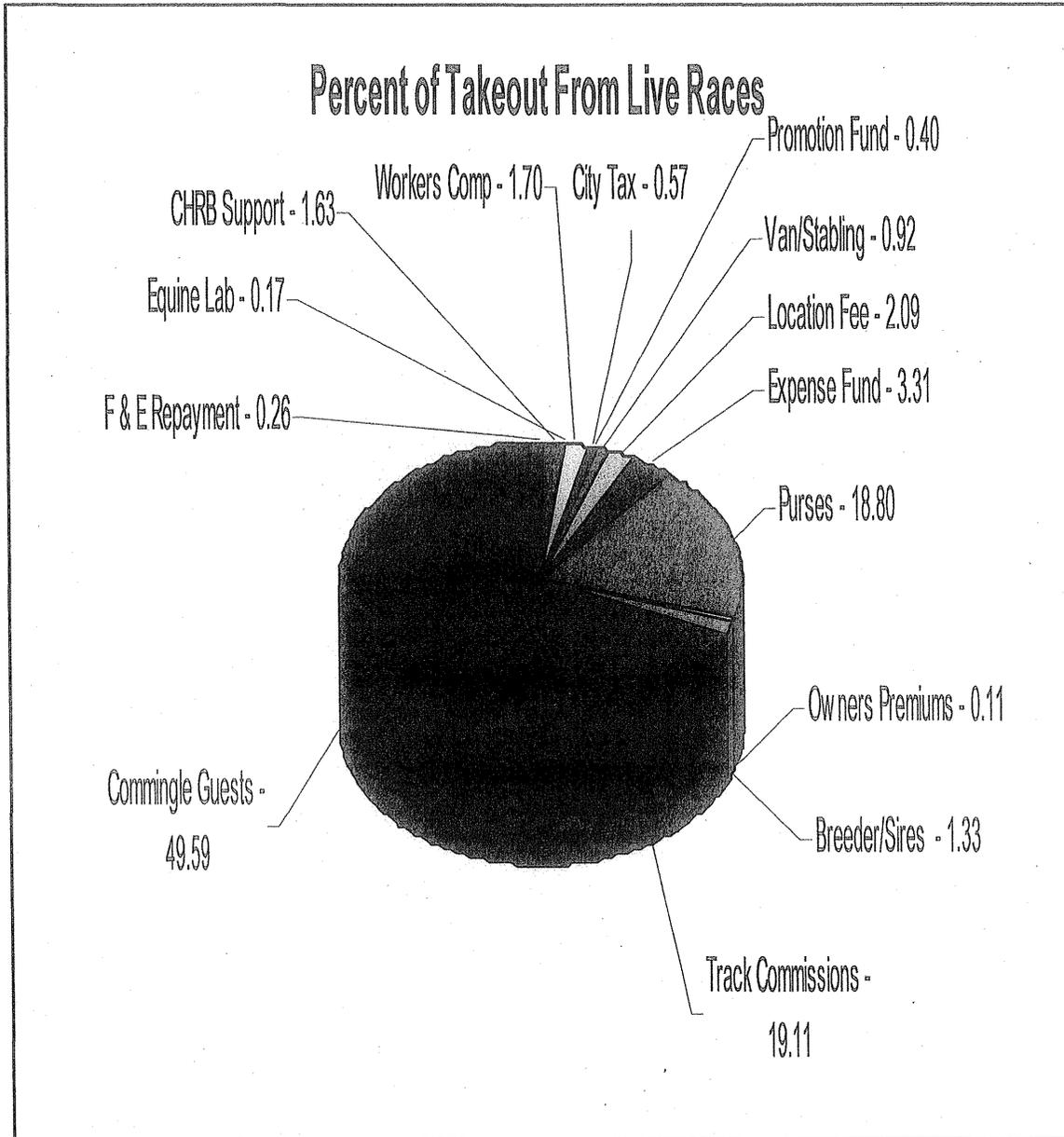
The California Horse Racing Law establishes statutory distributions and percentages for amounts that are not distributed back to the wagering public (takeout). Statutory distributions vary according to the location where the wager is placed, the breed being raced, and the type of wager as follows:

- The "location" of the wager includes on-track live races, out of zone races (wagers placed in the southern or central zones on the northern zone or vice versa), interstate (wagers placed on other states, or other states wagering on races originated in California), international races (wagers from outside the United States), and Advance Deposit Wagers (wagers placed via computer on line in one of the four ADW providers licensed to accept wagers in California).
- "Breed" refers to the different types of horses on which pari-mutuel wagering is conducted, including thoroughbred, quarter horse, standard bred, and the emerging breeds such as paint, mules, Arabians, and appaloosas.
- "Type of wager" refers to traditional wagers such as WPS and exotic wagers, both vertical (i.e. exacta, trifecta, superfecta, etc.) and horizontal (daily double, pick 3, pick 4, pick 6, etc.)

Given the number of variables that determine the statutory distributions of the takeout the blended percentages will vary from period to period depending on how predominant any of the variables may occur during a particular time period. For this exercise we focus on the location of the wager. Accordingly, we are using data from the different locations where the wager was placed. The time period is from July 1, 2009 through June 30, 2010 (fiscal year 2009-10). The data is presented for the different locations in individual figures showing the applicable statutory distribution of the takeout in percentages. The last figure shows the data blended from all locations in one graph and the corresponding takeout percentages. In addition, at the bottom of each figure the total takeout and handle attributable to that view is presented. Last, we have included definitions of the statutory distributions as well as their legal references.

Figure 1 shows the takeout distribution from live races for fiscal year 2009-2010. The total takeout from live races was \$416,107,612 which accounts for 19.83 percent of the total handle. For instance, the amount generated for purses from live races can be calculated as 18.80 times 416,107,612, the amount of the total takeout.

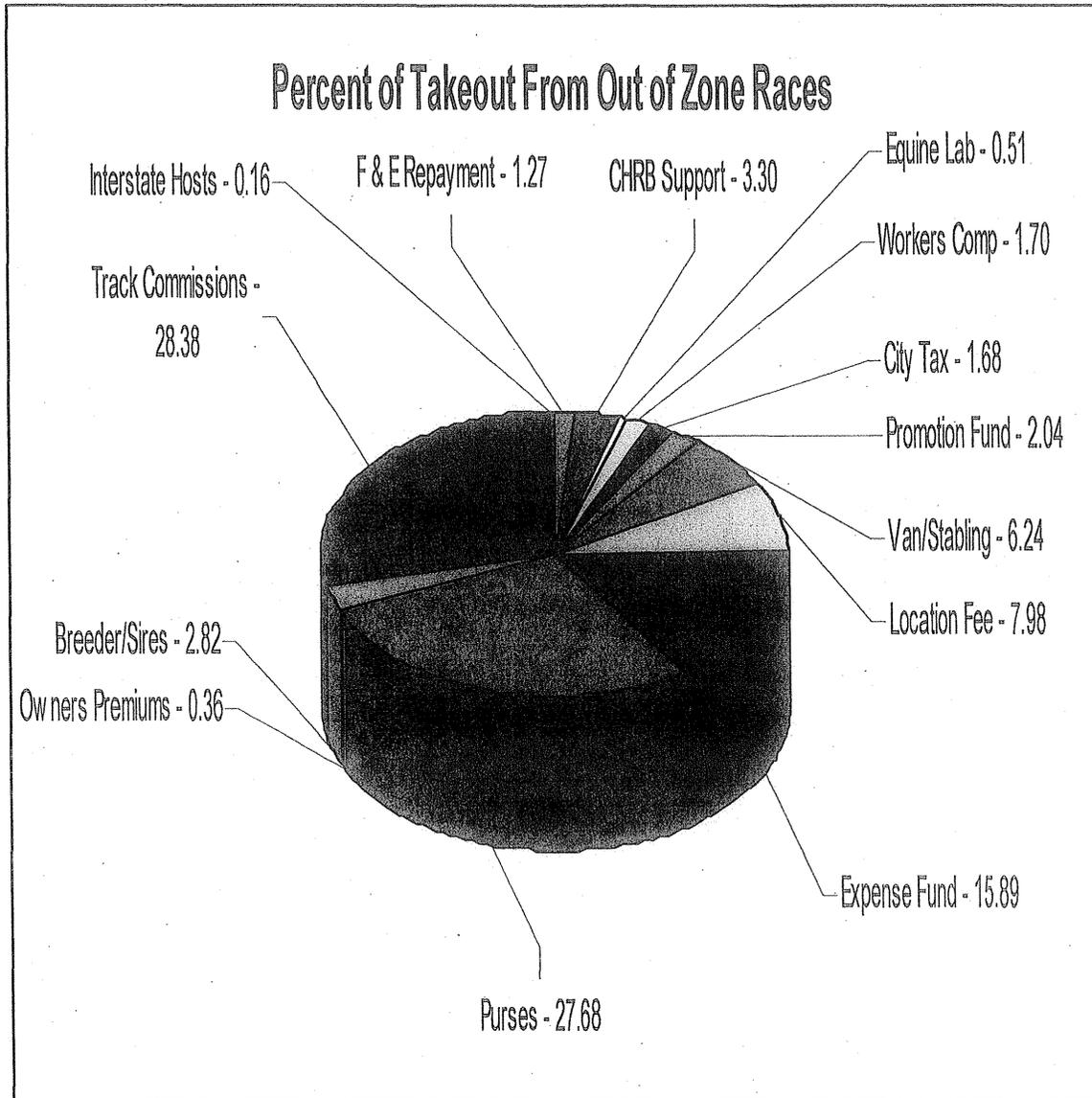
Figure 1. Live Races



	Amount	Percent
Takeout from Live Races	416,107,612	19.83
Payable to Public	1,682,098,446	80.17
TOTAL HANDLE	2,098,206,059	100.00

Figure 2 shows the takeout distribution from out of zone races for fiscal year 2009-2010. The total takeout from out of zone races was \$42,571,833 which accounts for 19.62 percent of the total handle. For instance, the amount generated for track commissions from out of zone races could be calculated as 28.38 times 42,571,833, the amount of the total takeout.

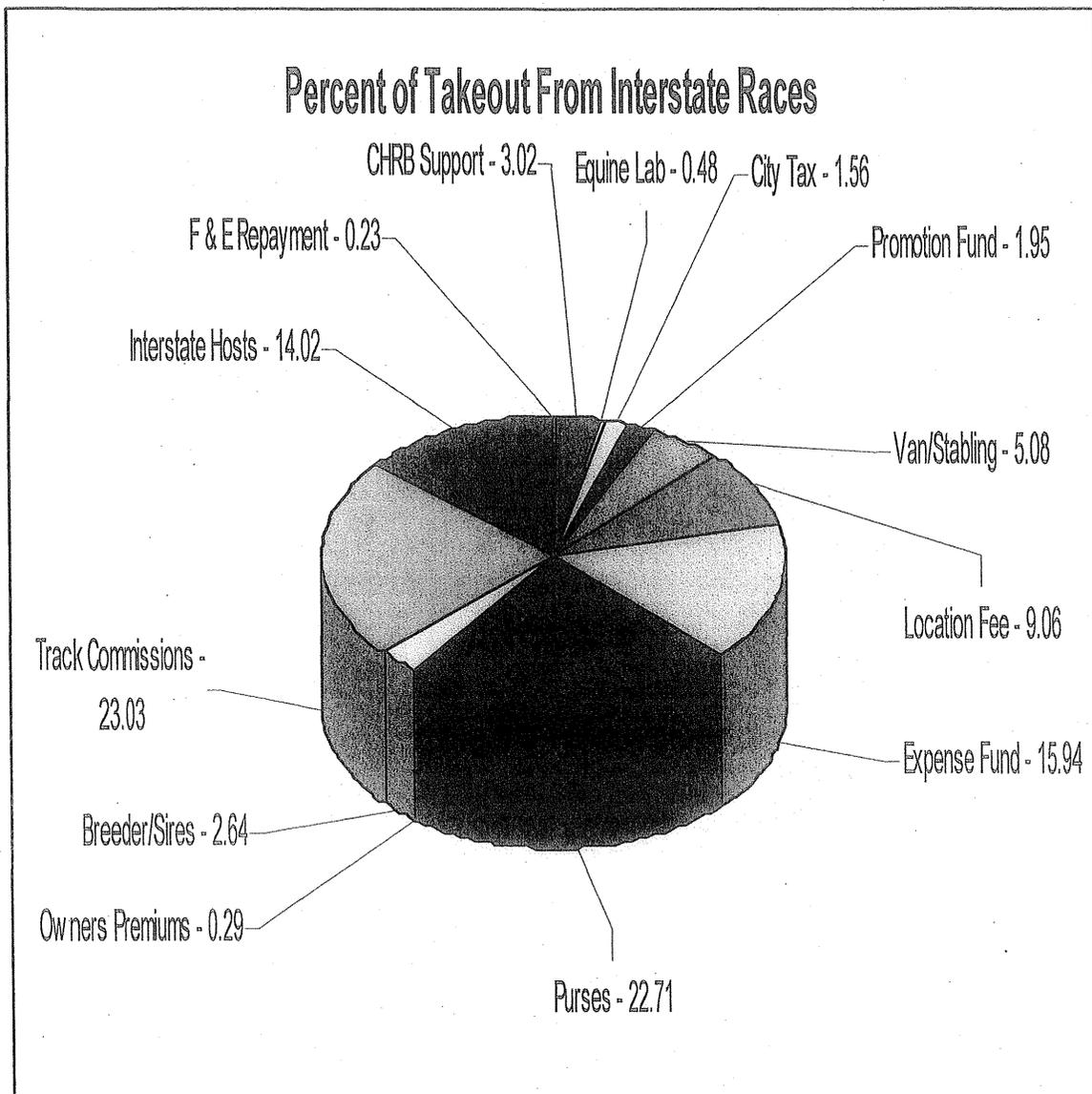
Figure 2. Out of Zone Races



	Amount	Percent
Takeout from Out of Zone Races	42,571,833	19.62
Payable to Public	174,412,616	80.38
TOTAL HANDLE	216,984,448	100.00

Figure 3 shows the takeout distribution from interstate races for fiscal year 2009-2010. The total takeout from interstate races was \$82,501,280 which accounts for 20.99 percent of the total handle. For instance, the amount generated for the Expense Fund from interstate races can be calculated as 15.94 times 82,501,280, the amount of the total takeout.

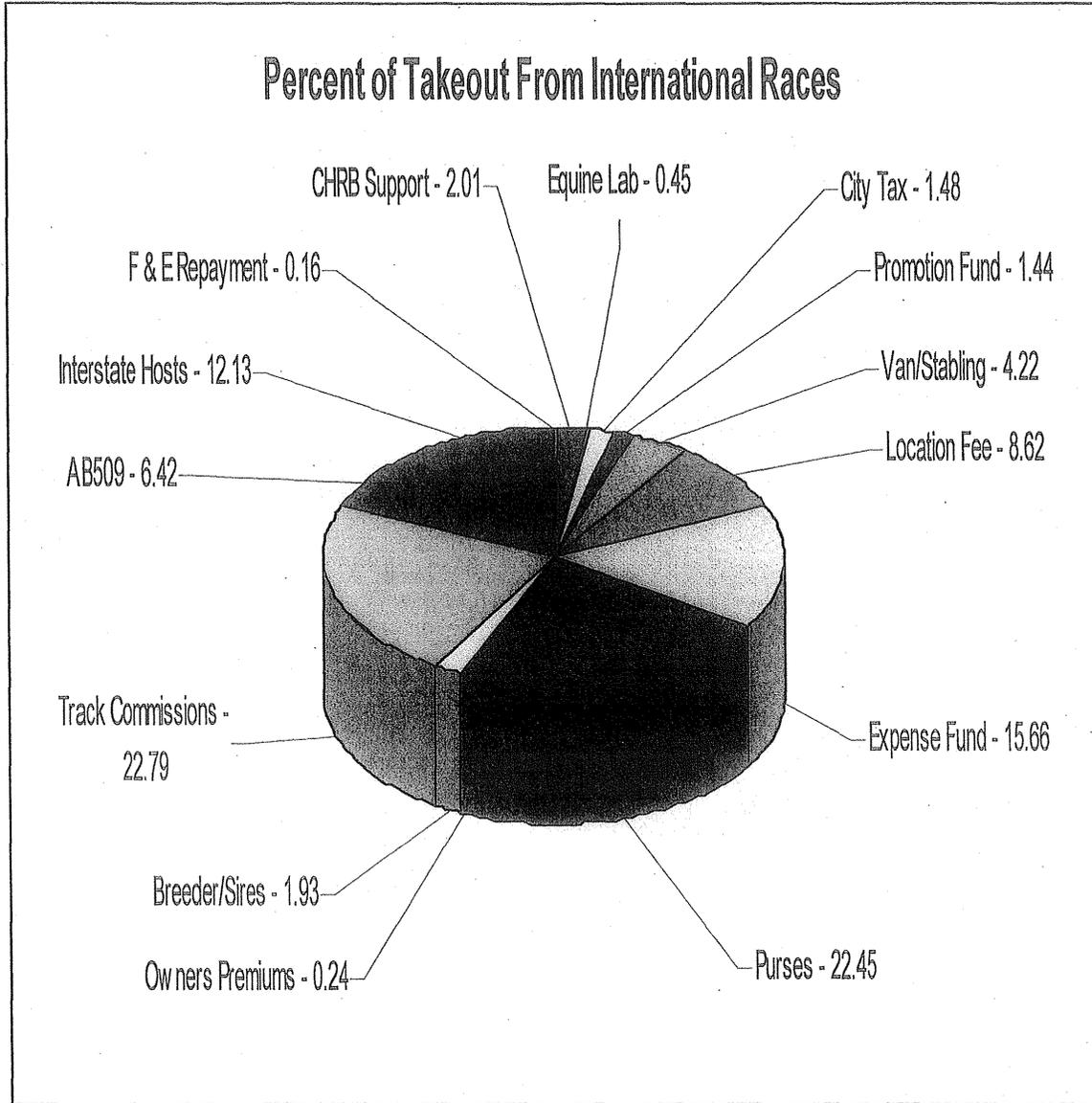
Figure 3. Interstate Races



	Amount	Percent
Takeout from Interstate Races	82,501,280	20.99
Payable to Public	310,500,040	79.01
TOTAL HANDLE	393,001,320	100.00

Figure 4 shows the takeout distribution from international races for fiscal year 2009-2010. The total takeout from international races was \$14,858,509 which accounts for 22.77 percent of the total handle. Similarly to the above figures the total statutory distribution can be obtained by multiplying the percentage of each statutory distribution by the total takeout.

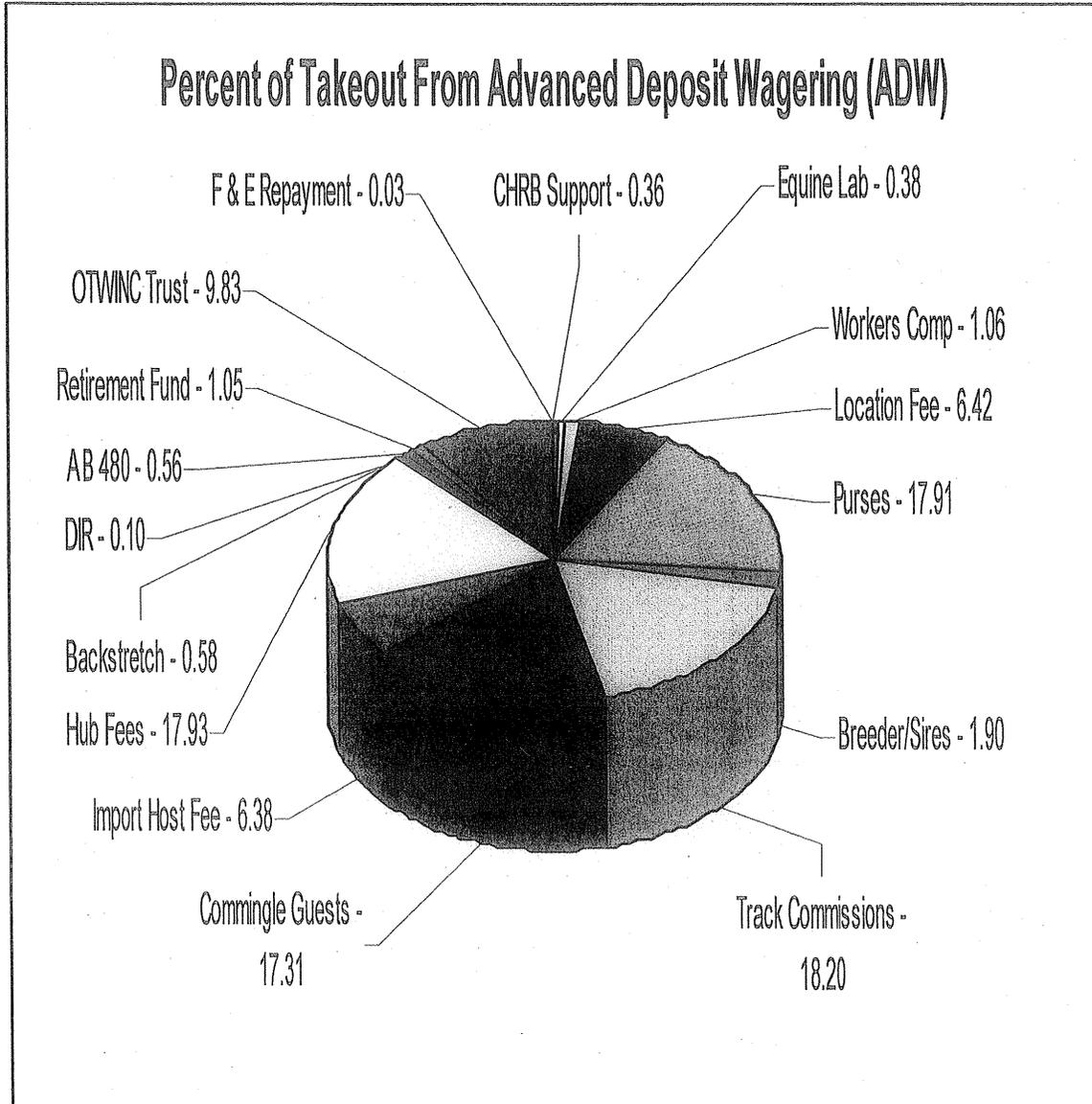
Figure 4. Interstate Races



	Amount	Percent
Takeout from International Races	14,858,509	22.27
Payable to Public	51,859,545	77.73
TOTAL HANDLE	66,718,055	100.00

Figure 5 shows the takeout distribution from advance deposit wagering for fiscal year 2009-2010. The total takeout from advance deposit wagers was \$132,321,230 which accounts for 19.86 percent of the total handle. Similarly to the above figures the total statutory distribution can be obtained by multiplying the percentage of each statutory distribution by the total takeout.

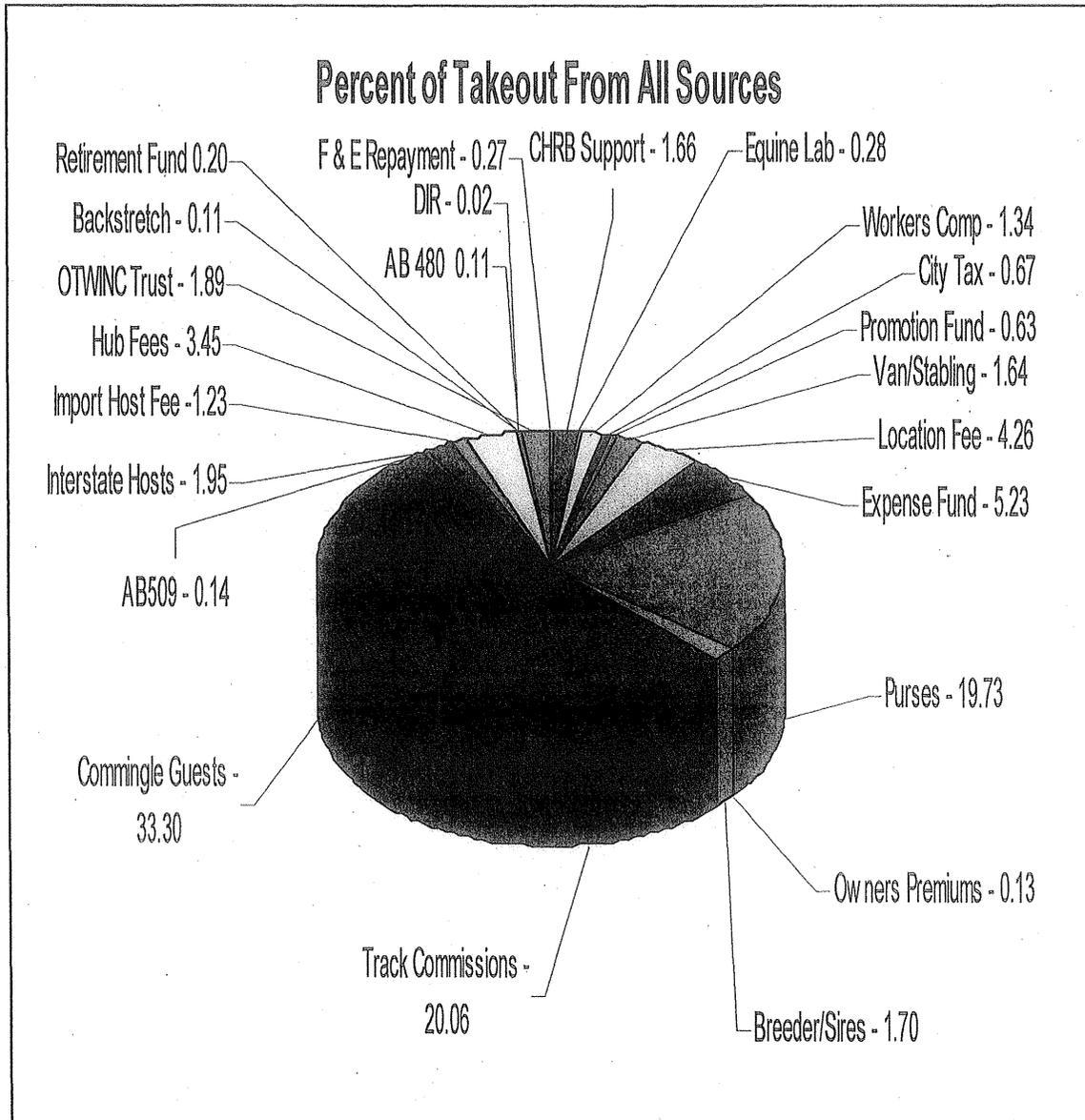
Figure 5. Advance Deposit Wagering



	Amount	Percent
Takeout from ADW Races	132,321,230	19.86
Payable to Public	534,058,987	80.14
TOTAL HANDLE	666,380,217	100.00

Figure 6 shows the blended takeout from all sources for fiscal year 2009-2010. The total blended takeout from all sources was \$688,360,464 which accounts for 20 percent of the total handle. Similarly to the above figures the total statutory distribution can be obtained by multiplying the percentage of each statutory distribution by the total takeout.

Figure 6. All Sources



	Amount	Percent
Takeout from All Sources	688,360,464	20.00
Payable to Public	2,752,929,634	80.00
TOTAL HANDLE	3,441,290,099	100.00

Table 1 presents a description of the different takeout distributions and the applicable Business and Professions Code sections.

Table 1. Description of Statutory Distributions

Law Section	Statutory Distribution	Fund Description for Traditional Handle
19601 (b) 19605.7 (d)	City Tax	For cities and counties that have live or simulcast racing within their borders, the Horse Racing Law provides for an in-lieu tax from the racing handle. This tax is in-lieu of billing the racing locations for the cost of city services necessary to support the racing activity in their jurisdiction.
19601 (b) 19610.2	Equine Research Fund	The Horse Racing law provides UCD funds for research on equine related diseases and other health related issues. This money has funded new laboratories and equipment at Davis.
19605.7 (a)	Expense Fund (2.5 %)	When off-track wagering was authorized in California, the law (19605.7a) allowed for the expense of creating the off-track network, of simulcast sites to be offset by a deduction from the off-track handle. This fund pays for the pari-mutuel labor at the simulcast sites in California, the telephone/data lines from the live tracks to the simulcast sites, the cost of sending the audio-visual signal of the racing program to the simulcast sites, and other related costs to support the off-track wagering program. This fund spends approximately \$36 million/year.
19605.7 (a)	Location fees (2%)	The various sites within CA. that participate in the off-track wagering program: live racetracks, dark racetracks, fair locations, and Indian Reservations are allowed by law (19605.7a) to keep approximately two percent of the amount that they handle at their location. The locations keep approximately \$28 million/year.
19605.73 (c)	Promotion Fund	The Horse Racing Law allows for the formation of an organization to promote thoroughbred and fair racing in California. The California Marketing Committee was created to fill this mandate and is funded by a percentage of the off-track handle. This program receives approximately \$6 million per year.
19607.3 (f)	Stabling and Vanning Fund	The Horse Racing Law mandates the creation of two funds; on north and one south; for the express purpose of reimbursing owners of thoroughbred race horses for the cost of transporting their horses to live race meets. In addition, the funds also pay race tracks and auxiliary stabling areas a subsidy to offset the daily cost of stabling horses.
19611.	State of California License Fees	For every thoroughbred association conducting a live racing meeting a percentage is retained from the association for the payment to the state as a license fee.
19605.75	Workers Compensation Fund	California Thoroughbred Breeders League receives 0.5 percent of the total amount handled in exotic parimutual pools of thoroughbred races for the purposes of administering a workers compensation fund for trainers and owners. Additional monies not used for the purposes of worker's compensation are used to fund health and safety programs, research or safety equipment or making capitol improvements that are designed to prevent work place accidents and increase the safety of jockey, exercise riders, backstretch employees and other race track personnel.
1961651 (a) (2)	CHRB Support	Funding for the Horse Racing Board in lieu of license fees. It established the annual formula devised by the Board in consultation with industry to provide the CHRB support.
19606.1, 19606.3, 19620.1, and 19620.2,	F and E Repayment	Repayment of prior years shortfall when the racing association remitted to the CHRH for the benefit of the Fairs and Exposition Fund less than the \$40 million in license fees.
19567. (a)	Breeder/Sires	Breeder owner awards
19596.1, 19596.2, and 19596.3	AB 509	Distribution and acceptance of wagers on out of country thoroughbred races.
19604. (f) (3) (A) (B)	Backstretch Fund	An amount equal to 0.16% (0.00165) of the amount handled on ADW that originate in CA. One-half of the amount shall be distributed to supplement, not supplant, the trainer-administered pension plans for backstretch personnel. The other one-half shall be distributed to supplement, not supplant, the welfare fund established for horsemen and backstretch personnel.

Law Section	Statutory Distribution	Fund Description for Traditional Handle
19604. (f) (2)	DIR/Problem Gambling	An amount of 0.03% of the amount handled on ADW wagers originating in California shall be distributed to the Department of Industrial Relations (DIR) to cover costs associated with its audits on California trainers' payroll. However, if the amount exceeds the costs incurred by DIR, the reduction shall be forwarded to an organization designated by the racing association to augment a compulsive gambling prevention program.
19604.(f) (1)	Equine Research Fund	An amount equal to 0.0011 multiplied by the amount handled on ADW originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy for the benefit of the School of Veterinary Medicine at the UC Davis
19604 (i) (1)	Retirement Fund	This law provides the amounts distributed under this section shall be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advance deposit wagers (ADW) originating in California for each racing meeting, and shall not exceed two million dollars (\$2,000,000).
19612.9-	Jockey Retirement Fund	Fifty percent of the money shall be distributed to the California Horse Racing Board (Board) to establish and to administer jointly with the organization certified as the majority representative of California licensed jockeys (Jockeys Guild) a defined contribution retirement plan for California licensed jockeys who retired from racing on or after January 1, 2009, and who, as of the date of their retirement, had ridden in a minimum of 1,250 pari-mutuel races conducted in California
19613	Backstretch Pension Plan	Trainer administered pension plan for backstretch personnel. The remaining 50 percent of the Retirement Fund money is then redistributed. 70 percent of the 50 percent is administered to this fund.
19641	Horseman and Backstretch Personnel Welfare Fund	The remaining 30 percent of the above is administered to this fund.
19605.75	Workers Compensation Fund	California Thoroughbred Breeders League receives 0.5 percent of the total amount handled in exotic parimutual pools of thoroughbred races for the purposes of administering a workers compensation fund for trainers and owners. Additional monies not used for the purposes of worker's compensation are used to fund health and safety programs, research or safety equipment or making capitol improvements that are designed to prevent work place accidents and increase the safety of jockey, exercise riders, backstretch employees and other race track personnel.
19604. (f) (3) (A)	AB 480 Reserve/ Location Fees	Satellite wagering commissions are funded by a percent of handle. For the first \$250M in handle there is a deduction of 2% of the handle for satellite commissions. For each additional threshold of \$250M up to \$750M there will be a reduction of 0.50 percent for satellite wagering commissions. In the event of a reduction in the satellite wagering commissions, the benefits there from shall be distributed equitably as purses and commissions to all associations and racing fairs generating ADW wagers in proportion to the handle generated by those associations and racing fairs. When the satellite percentage is reduced from 2% to 1.5%, the CHRIMS system will put the .5% in a holding "bucket" called "AB480 Fund" so that the ADW reports stay in balance. The host pays a single entity, SCOTWINC, these amounts when settling ADW monies and SCOTWINC will hold them in an account until the end of the year when they will be paid out according to ratios that are determined by the ADW handle. Once the AB480 holding fund is allocated to the hosts, it is distributed to purses and commissions. The CHRIMS ADW system has a report that tracks these amounts by host.
19604 (f) (5) (E)	OTWINC Trust	Modification of the net access market fee. Payable from distributions that otherwise would go to track commissions and purses. The beneficiaries are SCOTWINC and NOTWINC. Currently the rate is calculated as 4.12 for SCOTWINC and 4.00 for NOTWINC of the net access market fee.
19604 (a) (7)	Hub fee	Amount for the ADW providers based on a contractual agreement with the racing association and the horsemen. It is known as the Hub Agreement
19604 (a) (B)	Import Host Fee	Amount paid to host associations outside of the state for sending their signal and accepting wagers from California.

RECOMMENDATION

This item is presented for the information of and discussion by the Board

STAFF ANALYSIS
DISCUSSION BY THE BOARD REGARDING
A COMPREHENSIVE REPORT FROM MI DEVELOPMENTS, INC.,
AS REQUESTED BY THE BOARD AT ITS
MAY 2010 REGULAR BOARD MEETING,
CONCERNING ITS FUTURE PLANS FOR CALIFORNIA RACING AND ITS
PLANS FOR RACING AT
SANTA ANITA PARK RACE TRACK AND
GOLDEN GATE FIELDS

Regular Board Meeting
July 22, 2010

BACKGROUND

On March 5, 2009, Magna Entertainment Corporation (MEC) filed voluntary petitions for relief under Chapter 11 of the US Bankruptcy Code. In April 2010, MI Developments, Inc. (MID) acquired control of Santa Anita Park Race Track, Golden Gate Fields and XpressBet by putting into effect the Plan of Reorganization for the assets of MEC, which was previously confirmed by the US Bankruptcy Court. On May 20, 2010, MID issued a letter that was intended to "...share with the California Horse Racing Board...and the California horse racing industry, MID's views on horse racing in California." At the May 22, 2010 Regular Board Meeting, MID executives addressed the Board and engaged in a lengthy conversation with Commissioners regarding the sentiments expressed in the MID letter, and possible MID initiatives for regulatory and legislative change in California. The Board reminded MID that its takeover of MEC assets, and its ensuing statements regarding the need for broad changes to California's horse racing industry, had raised industry-wide concern and uncertainty. In addition, the Board emphasized that the MID letter lacked specifics in its criticisms of the California industry and in the solutions it proposed. The MID executives explained that MID had been in possession of MEC assets for only a short period of time, and that the MID team – including its Chairman, Frank Stronach, would return to address the Board at the June 2010 Regular Meeting. At that time, MID would present a comprehensive plan that would detail MID's proposals to get its newly acquired assets in a profitable condition.

At the June 22, 2010 Regular Board Meeting MID chairman, Frank Stronach, addressed the Board regarding his company's plans for Santa Anita Park Race Track and Golden Gate Fields. Mr. Stronach stated the California horse racing "model" no longer worked, and that the industry needed to do everything it could to ensure Santa Anita Park Race Track and Golden Gate Fields would remain racing entities. He indicated free enterprise was the key, and that if one had a store, one should be able to open it when one had the most for one's customers. The best people should put on the show, and should be allowed to succeed. The ones who did not invest, and did not put on a good show, should fall by the wayside. However, once the industry had free enterprise, it should not run any time it wanted to. Instead, the stakeholders should negotiate on a commercial basis. Mr. Stronach also indicated he did not think it was a good idea when government officials tell

the industry it had to have a business plan and market research, as it did not lead to anything. He spoke about various other causes for the decline in horse racing, including overregulation and new technology that fostered illegal wagering through offshore venues. Mr. Stronach stated he hoped to form a strong partnership with the California Racing Fairs and he asked that all segments of the industry – including the Board - come together to develop a structure that would bring customers back to live racing. In response to questions about specific plans for horse racing, Mr. Stronach suggested creation of a wager to rejuvenate horse racing. He described the wager as a “quadruple quadfecta.” He continued with an lengthy exchange with Commissioners about the state of horse racing in California, and possible directions the industry might take to improve the situation, Chairman Brackpool reminded the Board that at its July 22, 2010 Regular meeting, it would determine whether it would approve a permanent waiver for MID’s common ownership of Santa Anita Park Race Track, Golden Gate Fields and XpressBet. In addition, he stated MID would return to further discuss its plans in more detail. Chairman Brackpool said MID must provide the Board with a full plan for operations by July 1, 2010, so the Board would have an opportunity to review the documents before the July 2010 Regular Meeting. The July 1 deadline was later extended to July 6, 2010, at which time a transmittal was received at the Board’s headquarters office.

RECOMMENDATION

This item is presented for Board discussion. Representatives of MID are prepared to address the Board.

DISCUSSION AND ACTION BY THE BOARD REGARDING A FINDING
PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTIONS 19483 AND
19484 THAT MI DEVELOPMENTS, INC. OWNERSHIP OF
SANTA ANITA PARK RACE TRACK, GOLDEN GATE FIELDS AND
XPRESSBET IS IN THE BEST INTEREST OF HORSE RACING AND
WHETHER SUCH OWNERSHIP BETTER SERVES THE PURPOSES
OF BUSINESS AND PROFESSIONS CODE DIVISION 8 CHAPTER 4
(HORSE RACING LAW)

Regular Board Meeting
July 22, 2010

BACKGROUND

Business and Professions Code section 19483 states unless the Board finds that the purpose of this chapter will be better served thereby, no license to conduct a horse racing meeting at any track shall be issued to any person or held by any person having any financial interest in the conduct of any horse racing meeting by any other person at any other track in this State. Business and Professions Code section 19484 provides that unless the Board finds that the purpose of this chapter will be better served thereby, no person licensed under this article to conduct a horse racing meeting at any place, track or inclosure shall own or acquire any stock or hold or obtain any other financial interest in any other track of another such licensee or in the operation thereof, or in the operation of authorized wagering on the results of horse races at any such other track.

At the December 1998 Regular Board Meeting a discussion regarding the sale of Santa Anita Park Race Track was held. Cliff Goodrich, then representing the Los Angeles Turf Club, stated the Santa Anita Park Race Track would be bought for \$126 million by MI Ventures, a subsidiary of Magna International Corporation, an Ontario, Canada, corporation. At the November 1999 Regular Board Meeting, CHRB staff reported MI Ventures had changed its name to MI Entertainment (ME), and was in escrow with the purchase of Golden Gate Fields at a cost of \$87 million. Staff informed the Board that the sale of Golden Gate Fields to ME would result in dual ownership of California race tracks by ME, as it currently owned Santa Anita Park Race Track. Dual ownership would require that the Board make a determination under Business and Professions Code sections 19483 and 19484 that the best interest of horse racing would be served. James Nichol, representing ME, spoke to the Board about his organization and its plans for the future of the Golden Gate Fields facility. The Board and Mr. Nichol discussed the industry's concerns about the condition of the Golden Gate Fields backside, and whether ME would commit a definite amount towards repairs. The ME official stated he did not believe a bond in an amount equal to the cost of repairs at Golden Gate Fields was necessary – due to ME's strong financial position. After additional discussion and endorsements of the sale by the Thoroughbred Owners of California and California Thoroughbred Trainers, the Board unanimously passed a motion to approve the request of ME to purchase Golden Gate Fields subject to the receipt of a letter from ME stating

that prior to December 31, 2000, ME would invest not less than \$5 million in immediate repairs at the race track.

On March 5, 2009, Magna Entertainment Corporation (MEC) (formerly ME) filed voluntary petitions for relief under Chapter 11 of the US Bankruptcy Code. At the June 5, 2009, Regular Board Meeting MEC representatives reported that definitive bids for the MEC assets identified for sale were to be filed on July 31, 2009. The bids would be evaluated between July 31, 2009 and August 7, 2009, to determine the highest and best offer, which would then be designated the stalking horse bidder for the particular asset or group of assets. On September 8, 2009, a bidding auction would allow other parties to offer higher bids or better terms than the stalking horse bid. The auction would result in the final successful bidder for any asset or assets; however, the bankruptcy court would ultimately decide whether it would approve the winning bidder. At the August 27, 2009, Regular Board Meeting a MEC representative reported that MID, MEC's principal creditor, filed a proposed modified credit agreement with the Ontario, Canada, Securities Commission. The agreement would add up to \$28 million to the MEC loan that was currently in place. The additional funds would extend MEC's operational abilities through April 2010, and allow MEC to continue its operations and meet its obligations. The agreement contained milestones that pertained to some of MEC's California operations: 1) by October 31, 2009, MEC would obtain bankruptcy court orders approving the sale of various assets, including XpressBet and AmTote; 2) by November 30, 2009, there would be a sales order in place with respect to Golden Gate Fields and Santa Anita Park Race Track. MID reserved the right to credit bid on Golden Gate Fields and Santa Anita Park Race Track if it believed the sale price was not adequate.

In April 2010, MID acquired control of Santa Anita Park Race Track, Golden Gate Fields and XpressBet by putting into effect the Plan of Reorganization for the assets of MEC, which was previously confirmed by the US Bankruptcy Court. At the May 22, 2010 Regular Board Meeting, MID executives addressed the Board and engaged in a lengthy conversation with Commissioners regarding the sentiments expressed in a MID letter, and possible MID initiatives for regulatory and legislative change in California. The Board reminded MID that its takeover of MEC assets, and its ensuing statements regarding the need for broad changes to California's horse racing industry, had raised industry-wide concern and uncertainty. During the course of subsequent Board agenda items, the issue of MID having a financial interest in more than one California horse racing facility was raised. Business and Professions Code section 19483 provides that no license to conduct a horse racing meeting at any track shall be issued to any person or held by any person having any financial interest in the conduct of any horse racing meeting by any person at any other track in California. Business and Professions Code section 19484 provides that unless the Board finds that the purpose of horse racing law would be better served, no person licensed to conduct a horse racing meeting at any place, track or enclosure shall own or acquire any stock, or hold or obtain any other financial interest in any other track of another such licensee or in the operation thereof. The Board determined it did not have enough information to grant MID a waiver, so it voted to grant MID a short-term license to operate Santa Anita Park Race Track and

Golden Gate Fields through July 22, 2010. The issue would be revisited at the Board's July 22, 2010 Regular meeting at the Del Mar Race Track.

RECOMMENDATION

This item is presented for Board discussion and action.

STAFF ANALYSIS

July 22, 2010

Issue: DISCUSSION AND ACTION BY THE BOARD REGARDING THE AMENDMENT TO PACIFIC RACING ASSOCIATION'S APPLICATION FOR AUTHORIZATION TO OPERATE A SIMULCAST WAGERING FACILITY TO UPDATE THE APPLICATION TO REFLECT MAGNA INTERNATIONAL DEVELOPMENTS, INC. AS THE CURRENT PARENT COMPANY OF THE PACIFIC RACING ASSOCIATION.

On Monday, April 26, 2010, a Delaware bankruptcy judge approved a plan that allowed Magna Entertainment Corp. (MEC) to transfer the vast majority of its racing assets to its parent company and largest creditor, MI Developments. MI Developments took possession of Golden Gate Fields and assumed its role as parent company of Pacific Racing Association.

Subsequent to this change in ownership, Chairman Brackpool directed Pacific Racing Association (PRA) to submit an updated "Application for Authorization to Operate a Simulcast Wagering Facility". The simulcast wagering facility at Golden Gate Fields opened September 24, 1985.

Proposed dates of operation during current racing year:

- June 16 through August 22, 2010 and October 6 through October 17, 2010. January through December 2010 Los Alamitos Quarter Horse and Cal Expo Harness night simulcast.
- Days of operation are Wednesday through Sunday.
- Opening 10:00 a.m. and closing 6:00 p.m. Wednesday; Opening 10:00 a.m. and closing 11:00 p.m. Thursday through Sunday.

Admission Charges

- Level 1 \$4 – General Admission
- Level 2 \$ 7.00 – Premium Club House

Parking Charges

- Level 1 \$4 – General Parking
- Level 2 \$4 – Preferred Parking

General Admission

- Seating capacity – 471
- Number of tables – 166

Premium Admission

- Seating capacity – 361
- Number of tables – 113
- Number of Carrels – 41

RECOMMENDATION:

This item is presented for Board discussion and action.

The application is complete, pending decision by the Board whether one owner can own and manage more than one race track.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
APPLICATION FOR AUTHORIZATION TO OPERATE A SIMULCAST WAGERING FACILITY
CHRB-25 (Rev. 4/92)

Application is hereby made to the California Horse Racing Board (CHRB) for authorization to operate a simulcast wagering facility in accordance with the California Business and Professions Code (B&P), Chapter 4, Division 8 (Horse Racing Law) and the California Code of Regulations, Title 4, Division 4 (CHRB Rules and Regulations).

Name of applicant association, fair, or tribal facility:
Pacific Racing Association dba Golden Gate Fields

Location of facility (City and County):
**1100 Eastshore Highway
Albany, CA 94706
(Alameda County)**

Mailing address of association, fair, or tribal facility:
**1100 Eastshore Highway
Albany, CA 94706**

Telephone number: **510-559-7300**

Name and title of the managing officer or tribal council representative of the applicant association, fair, or tribal facility:
Robert Hartman, General Manager

Name of the affiliated (simulcast) organization(s) that will operate the pari-mutuel wagering at the facility:
Northern California Off-Track Wagering Incorporated (NCOTWINC)

The regular schedule for operation of the facility will be as follows:

Days: **Wednesday** Hours: **10:00 a.m. – 6:00 p.m.**
Days: **Thursday through Sunday** Hours: **10:00 a.m. – 11:00 p.m.**

Inclusive date during which the applicant proposes to operate as a simulcast wagering facility during the current racing year:

June 16 – August 22, 2010 and October 6 - October 17, 2010
January – December 2010 LAQH and Cal Expo Harness Night Simulcast

Application must be filed not later than 90 days before the scheduled start date for operation of the proposed facility pursuant to CHRB Rule 2057.

CHRB CERTIFICATION	
Application filed on: 5/7/10 Reviewed by: CRB Date of Hearing: 7/22/10	Approved on: License number issued: Date tribal compact approved:

OPERATION OF THE SIMULCAST WAGERING FACILITY

Inclusive hours for operation of the facility:

Daily Wed - Sun Tues - Sat Other - specify:

Normal schedule is Wednesday through Sunday with holiday Mondays 7/5/10 and 10/11/10; as determined by host tracks.

Inclusive time periods during the calendar year the facility will not be utilized as a simulcast wagering facility:

Not applicable

Exceptions to the foregoing:

Not applicable

If approved, wagering will be offered on live race meetings being held or conducted by the following racing associations:

RACE MEETING	BREED	DAY OR NIGHT
Arlington	Thoroughbred	Day*
Belmont	Thoroughbred	Day*
Cal Expo	Harness	Night (Full Card)
CARF	Mixed Breeds	Day (Full Card)
Churchill	Thoroughbred	Day*
Del Mar Thoroughbred Club	Thoroughbred	Day (Full Card)
Delaware	Thoroughbred	Day*
Hollywood Park	Thoroughbred	Day/Friday Night (Full Card)
Indiana Downs	Thoroughbred/Qtr. Horse	Day*
Los Alamitos	Quarter Horse	Night (Full Card)
Los Angeles Turf Club	Thoroughbred	Day (Full Card)
Oak Tree Racing Association	Thoroughbred	Day (Full Card)
Penn National	Thoroughbred	Day*
Woodbine	Thoroughbred	Day*
Australian Racing	Thoroughbred	Night*
Japan Racing	Thoroughbred	Night*
South America	Thoroughbred	Day*

(*) Number of races offered varies.

Dates during which the applicant will conduct or has conducted live horse racing during the current racing year (if none, so state):

December 26, 2009 – June 13, 2010

August 25 – October 3, 2010

October 20 – December 31, 2010

If applicable, names and titles of management personnel comprising management company or other entity operating gaming and simulcast wagering at the facility:

Has the management company or other entity been approved by the U. S. Bureau of Indian Affairs?
 Yes No If yes, the date of that approval _____.

NOTICE TO APPLICANT Changes to management personnel and Simulcast Facility Supervisor(s) must be immediately reported to the Board.

CONCESSIONAIRES AND VENDORS

The concessionaires, vendors, and other entities providing food service, beverage service, racing selection services, janitorial or custodial service, or other service or supplies within the simulcast wagering facility are (specify the name and type of service or supplies):

PRA provides its own food and beverage services and janitorial services.

Delmar Graphics - Daily program

DRF - Daily Racing Form

Jack's Blue Card - Racing Selections

Loomis Armored Services - Money Transport

Other vendors to be permitted to sell products or services outside, but on the premises of, the simulcast wagering facility are:

None

SUPERVISION, SECURITY AND FIRE PREVENTION

The names of all persons to be employed as a Simulcast Facility Supervisor at the simulcast wagering facility: **Calvin Rainey (day) and Robert Delorme (night)**

The workers' compensation insurance carrier and the policy number securing the applicant's liability for payment of workers' compensation is (if self-insured, give details):

Liberty Mutual #WC1-B71-072827-036

Attach a copy of the Certificate of Insurance.

Workers' Compensation certificate attached.

Attach a fire clearance from the fire authority having jurisdiction.

Current fire clearance attached. The next fire inspection to be conducted by the Albany Fire Department in June 2010.

The name of the person having responsibility for security controls at the facility is:

T.W. Johnson, Jr., Security Manager

The number of security officers and/or guards to be regularly employed at the facility is:

Three (3) Security Officers and One (1) Security Manager

Ref. No. 320006152370



Aon Reed Stenhouse Inc.
20 Bay Street
Toronto ON M5J 2N9
tel 416-868-5500 fax 416-868-5580

Re: Evidence of Insurance

California Horse Racing Board
Attention : Insurance Department
1010 Hurley Way
Sacramento, CA 95825
USA

Insurance as described herein has been arranged on behalf of the Insured named herein under the following policy(ies) and as more fully described by the terms, conditions, exclusions and provisions contained in the said policy(ies) and any endorsements attached thereto.

Insured

MI Developments Inc. a/o Pacific Racing Association a/o
Golden Gate
375 Magna Drive
Aurora, ON L4G 7L6

Coverage

Commercial General Liability	Insurer	Zurich American Insurance Company	
Policy #	GLO 9302183-07		
Effective	01-Apr-2009	Expiry	01-Jul-2010
Limits of Liability	Bodily Injury & Property Damage, Each Occurrence USD2,000,000 Policy may be subject to a general aggregate and other aggregates where applicable		
US Workers Comp/Employers Liability	Insurer	Liberty Mutual Insurance Company	
Policy #	WC1-B71-072827-030		
Effective	30-Apr-2010	Expiry	01-Jan-2011
Limits of Liability	Workers Compensation As per applicable Law		

THIS CERTIFICATE CONSTITUTES A STATEMENT OF THE FACTS AS OF THE DATE OF ISSUANCE AND ARE SO REPRESENTED AND WARRANTED ONLY TO THE INSURED. OTHER PERSONS RELYING ON THIS CERTIFICATE DO SO AT THEIR OWN RISK.

Aon Reed Stenhouse Inc.

Dated : 29-April-2010
Issued By : Basu, Arindam
Tel : 416 868 5742

**THE POLICY CONTAINS A CLAUSE THAT MAY LIMIT THE AMOUNT PAYABLE
OR, IN THE CASE OF AUTOMOBILE INSURANCE,
THE POLICY CONTAINS A PARTIAL PAYMENT OF LOSS CLAUSE**





FIRE DEPARTMENT
FIRE PREVENTION BUREAU

October 28, 2009

Calvin Rainey
Vice-President and Assistant General Manager
Golden Gate Fields
1100 Eastshore Highway
Albany, CA 94706

Dear Mr. Rainey,

On October 20 & 21, 2009, this office under the Fire Prevention Code, NFPA 1, conducted a Fire and Life Safety inspection and the Fundamental Requirements listed in the *Life Safety Code*, NFPA 101, Chapter 2, the 2007 California Fire Code and California Code of Regulations. Listed below are the results of the inspection and code references. All areas of Golden Gate Fields Race Track, within the jurisdiction of the Albany Fire Department have been inspected. Areas that have been inspected include the Administration Offices, kitchens, public areas and non-public areas of the Club House & Turf Club, public areas and non-public areas of A & B Decks, snack shops on all levels, underground level, Jockeys building and the Equine Hospital.

GENERAL

These buildings are in good condition. Housekeeping in the public and non-public areas are well maintained, fire extinguishers and existing exit/panic hardware and egress doors are in operational condition. Several of the emergency illumination devices need replacement of their back-up battery; all other emergency illumination devices and Exit signs are in good working order. The fire alarm system had an annual test in February 2009 and a quarterly test on August 10, 2009 with no deficiencies or problems noted at that time. However, recent problems with the Fire Alarm System is indicating that the FACP (Fire Alarm Control Panel) is getting old and a new upgraded FACP may be in the near future. If the fire alarm system fails, notification to the fire department and fire watch of the all facilities at GGF shall commence immediately. All other Fire & Life Safety requirements appear to be in order.

Letter of Correction Notices for GGF Main Building – Administration Offices, Public & Non Public Areas Turf Club, Club House, A & B Decks, Jockeys Room, Equine Hospital and Corporation Yard shall follow under separate cover.

Conditional Fire Clearance

Conditional fire clearance is granted to Golden Gate Fields/ Pacific Racing Association for the December 26, 2009 - June 13, 2010. During the course of the December 2009 - June 2010 Racing Season, the Albany Fire Prevention Bureau will conduct periodic Fire & Life Safety Inspections. If a flagrant Fire or Life Safety violation is discovered during GGF's December 26, 2009 – June 13, 2010 racing season, their fire clearance shall be revoked.

If you have any questions, please do not hesitate to contact me at (510) 528-5775.

Sincerely,



Brian J. Crudo
Battalion Chief/Fire Marshal

cc: Marc McGinn, Fire Chief
Colleen Germek, C.H.R.B.
Peter Tunney, Vice-President, GGF
Robert Hartman, General Manager, GGF
Merry Scalzo, Director of Operations, GGF
Roy Roenbeck, Director of Safety and Compliance, GGF

The police or sheriff's department having jurisdiction for criminal law enforcement over the premises of the facility is:

Albany Police Department
1000 San Pablo Ave.
Albany, CA 94706
911 or (510) 525-7300

Berkeley Police Department
2100 Martin Luther King Jr. Way
Berkeley, CA 94704
911 or (510) 981-5900

California Highway Patrol
Golden Gate Division
3601 Telegraph Ave.
Oakland, CA 94609
911 or (510) 450-3821

California Horse Racing Board Enforcement
Golden Gate Fields Sub-Station
1100 Eastshore Highway
Berkeley, CA 94710
(510) 559-7432

Specify the name, address and telephone number of the emergency ambulance service the applicant will utilize in event of illness or injury at the facility:

Albany Fire Department
1000 San Pablo Ave.
Albany, CA 94706
911 or (510) 525-7300

Berkeley Fire Department
2100 Martin Luther King Jr. Way
Berkeley, CA 94704
911 or (510) 981-5900

Does the applicant propose to have emergency medical care available at the facility:

Yes No

If yes, describe:

EQUIPMENT PROVIDED BY THE GUEST ASSOCIATION

Describe the television equipment (simulcast receivers, decoders, controls, monitors, etc.) to be utilized at the facility:

Simulcast receivers/Decoders/Controls:

- (1) Hedco Router – 16 input / 16 output audio and video router**
- (30) Monitors for monitoring channels and decoders**
- (10) Decoders supplied by Roberts Communication**
- (1) Decoder for NYRA Racing supplied by NYRA**
- (2) Decoders for Canada racing**
- (3) Satellite Dishes**
- (16) Blonder Tongue RF modulators to put the video signals on a TV cable**
- (2) Blonder Tongue RF amplifiers**

Television Monitors:

- | | |
|-------------------------------|---|
| (4) 120 Projection TVs | (46) 32" TVs |
| (16) 42" Plasma TVs | (154) 27" TVs (inside) + (25) 27" TVs (overflow) |
| (3) 32" LCD TVs | (10) 20" TVs |
| (2) 60" TVs | (135) 13" Table Top TVs |
| (4) 45" TVs | |
| (21) 35" TVs | 420 TOTAL TELEVISIONS |

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

- (1) Mackie 32 input 8 output audio mixer
- (4) Audio Amplifiers
- (2) Microphones
- (27) Speakers

Attach a detailed scale plan of the facility indicating all points of access, emergency exits, and the placement of offices and food and beverage service locations.

Golden Gate Fields uses its Club House area for simulcasting. Facility scale plan attached.

PARI-MUTUEL EQUIPMENT AND WAGERING SERVICES

Describe the pari-mutuel equipment, odds displays, modems or muxes, and method of data transmission to be utilized (include the number of pari-mutuel terminals to be on-site):

Pari-Mutuel equipment contracted through Scientific Games Racing, Exp. September 2012. Odd displays are generated by our tote company who in turn sends out the data to our sites to be displayed on televisions throughout the facility.

Golden Gate Fields does not use modems or muxes – Data transmission within California takes place by way of an MPLS (multi-protocol label switching) network owned and operated by CHRIMS (California Horse Racing Industrial Management Systems). It connects GGF and the satellites with the Sacramento Quantum Data Center and other necessary sites.

Total number of pari-mutuel terminals used for simulcasting is 122 Bet Jets and 7 Bill Machines.

Will the applicant be responsible for maintenance of the pari-mutuel equipment?

Yes No

Describe the method by which patron complaints regarding wagering operation and/or the facility or its employees may be filed:

Patrons may report wagering complaints to the following persons/places:

Day Simulcast – Customer Service Booth and the Operations office.

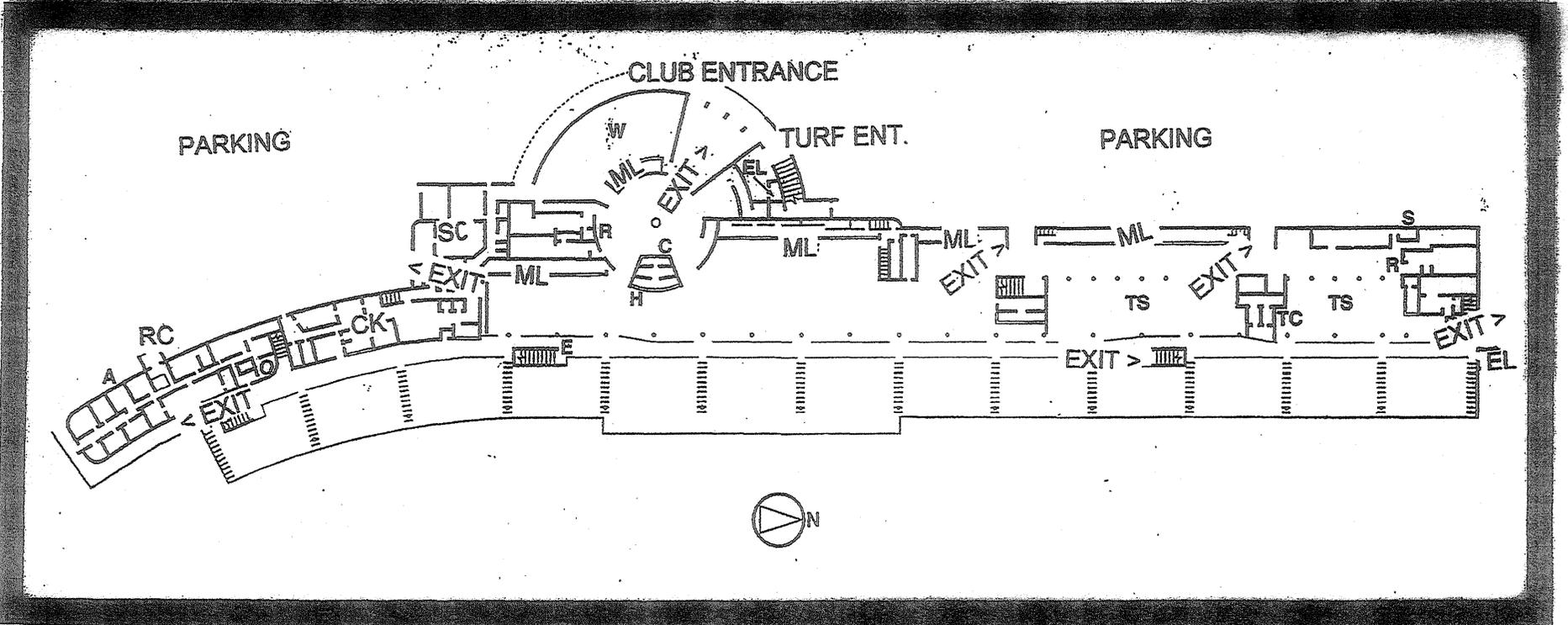
Night Simulcast – Night Facility Manager

Has the applicant made arrangements to provide for the encashment of valid pari-mutuel tickets issued at other facilities or at California race meetings?

Yes No

Golden Gate Fields

CLUBHOUSE LEVEL



LEGEND

R=RESTROOM
 RC=RECEPTION
 A= ADMIN OFFICES
 O=OPERATIONS OFFICE
 CK=CLUB KITCHEN

TS=TOP OF THE STRETCH
 TC=THE CARVERY
 C=CIRCLE BAR
 H=HORSEMEN'S BAR
 SC=SAFETY CLASSROOM

EL=ELEVATOR
 S=SECURITY
 W=WIN CENTER
 ML= MUTUEL LINE

E=ESCALATOR
 EL=ELEVATOR

Revised 11/03

ADMISSIONS, CHARGES AND SERVICE FEES

The admissions charges are:	Level 1 (Gen. Adm.)	\$4.00
	Level 2 (Premium CH)	\$3.00 additional charge
	Level 3 (Membership)	N/A

Parking Charges are:	Level 1 (General)	\$4.00
	Level 2 (Premium)	Same as General
	Level 3 (Valet)	N/A

Program costs are: \$2.25

Seating costs, if any, are: N/A

FOOD AND BEVERAGE SERVICE

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; barn counters; or other description as appropriate):

Horseman's Circle (Concession): Counter Service, Short Order, Fast Foods, Breakfast Items, and Beverages including Bottled Beer and Wine

The Carvery (Concession): Counter Service, Short Order, Sandwiches, Soups, Snacks, Daily Hot Plated Specials, Beverages, Draft Beer and Wine

Circle Bar (Bar): Full Bar Service

The seating capacity in the general admission area is: 471
ITW General Admission area is the Club House

The number of tables in the general admission area is: 166

The seating capacity in the premium area is: 361
ITW Premium Area is the Top of the Stretch

The number of tables in the premium area is: 113 Tables
45 Carrels

Overall square footage in the public general admission area is: 35,416 sq. ft.

Overall square footage in the public premium admission area is: 25,270 sq. ft.

Overall square footage available for "overflow" attendance: 30,856 sq. ft.
ITW "Overflow" is the outdoor Club House Box Seats Area

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

The total number of parking spaces available in the combined parking areas can accommodate (number of standard sized automobiles): 701

Describe any other activities to be scheduled on or near the facility premises that may have a negative impact on available parking:

Facility rentals held throughout the year in non-simulcast wagering areas affect the total number of available parking spaces; however we have additional overflow parking available.

AGREEMENTS

Fair applicants must attach the resolution of its governing body that determined that the conduct of simulcast wagering at its fair facility best serves the interest of the fair.

Not applicable

Attach a copy of the agreement between the applicant and the (simulcast) organizations(s) that sets forth therein the duties of the respective parties.

NCOTWINC agreement on file with the Board.

Attach a copy of the written consent of the horsemen's organization(s), if applicable, consenting to the acceptance of wagers at the facility.

Not applicable.

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 simulcast facility until notified otherwise.

Notice is also 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 regulation of the Board.

Notice is also 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, approved concessionaire, or approved service contractor.

DECLARATIONS

All labor agreements, concession contracts, service contracts, horsemen's agreement, lease agreements and agreement with the (simulcast organization(s) necessary to conduct and operate the

simulcast wagering program at the facility have been finalized except as follows (if there are no exceptions, so state): No exceptions.

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 approval except as follows (if there are no exceptions, so state): No exceptions.

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): No exceptions.

By authority of Article 9.2, of the California B&P Code; and the Federal Indian Gaming Act; in order to allow an evaluation of the competence, integrity, and character of potential simulcast facility operators authorized by the CHRB, any person, corporation, trust association, partnership, joint venture, or management firm who submits an application for such authorization 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 California B&P 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.

Robert Hartman
Print Name

[Handwritten Signature]
Signature

General Manager
Print Title

5/6/10
Date

STAFF ANALYSIS

July 22, 2010

Issue: DISCUSSION AND ACTION BY THE BOARD REGARDING THE AMENDMENT TO LOS ANGELES TURF CLUB'S APPLICATION FOR AUTHORIZATION TO OPERATE A SIMULCAST WAGERING FACILITY TO UPDATE THE APPLICATION TO REFLECT MAGNA INTERNATIONAL DEVELOPMENTS, INC. AS THE CURRENT PARENT COMPANY OF THE LOS ANGELES TURF CLUB.

On Monday, April 26, 2010, a Delaware bankruptcy judge approved a plan that allowed Magna Entertainment Corp. (MEC) to transfer the vast majority of its racing assets to its parent company and largest creditor, MI Developments. MI Developments took possession of Santa Anita Park and assumed its role as parent company of Los Angeles Turf Club.

Subsequent to this change in ownership, Los Angeles Turf Club (LATC) has submitted an updated "Application for Authorization to Operate a Simulcast Wagering Facility". The Los Angeles Turf Club at Santa Anita opened its simulcast wagering facility July 27, 1988.

Proposed dates of operation during current racing year:

- April 21st through December 19, 2010.
- Days of operation are Wednesday through Sunday.
- Opening 10:00 a.m. and closing 11:00 p.m.

Admission Charges

- Level 1 \$5 – General Admission
- Level 2 \$ 8.50 – Club House
- Level 3 \$20 – Turf Club

Parking Charges

- Level 1 \$4 – General Parking
- Level 2 \$6 – Preferred Parking
- Level 3 \$ 10 – Valet Parking

General Admission

- Seating capacity – 5,000
- Number of tables – 500

Premium Admission

- Seating capacity – 700
- Number of tables – 300

RECOMMENDATION:

This item is presented for Board discussion and action.

The application is complete, pending decision by the Board whether one owner can own and manage more than one race track.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
APPLICATION FOR AUTHORIZATION TO OPERATE A SIMULCAST WAGERING FACILITY
CHRB-25 (Rev. 4/92)

Application is hereby made to the California Horse Racing Board (CHRB) for authorization to operate a simulcast wagering facility in accordance with the California Business and Professions Code (B&P), Chapter 4, Division 8 (Horse Racing Law) and the California Code of Regulations, Title 4, Division 4 (CHRB Rules and Regulations).

Name of applicant association, fair, or tribal facility:
Los Angeles Turf Club, Incorporated
Santa Anita Park

Location of facility (City and County):
285 W. Huntington Drive
Arcadia, CA 91007

Mailing address of association, fair, or tribal facility:
285 W. Huntington Drive
Arcadia, CA 91007

Telephone number: 626/574-7223

Name and title of the managing officer or tribal council representative of the applicant association, fair, or tribal facility:
Ron Charles, President and Chief Executive Officer

Name of the affiliated (simulcast) organization(s) that will operate the pari-mutuel wagering at the facility:
Southern California Off-Track Wagering, Inc. (SCOTWINC)

The regular schedule for operation of the facility will be as follows:
Days: Wednesday – Sunday Hours: 10:00 AM – 11:00 PM

Inclusive date during which the applicant proposes to operate as a simulcast wagering facility during the current racing year:
April 21 – September 8, 2010 and November 3 – December 19, 2010

Application must be filed not later than 90 days before the scheduled start date for operation of the proposed facility pursuant to CHRB Rule 2057.

CHRB CERTIFICATION	
Application filed on: 5/6/10 Reviewed by: [Signature] Date of Hearing: 4/22/10	Approved on: License number issued: Date tribal compact approved:

OPERATION OF THE SIMULCAST WAGERING FACILITY

Inclusive hours for operation of the facility: 10:00 AM – 11:00 PM

Daily Wed - Sun Tues - Sat Other - specify:

Inclusive time periods during the calendar year the facility will not be utilized as a simulcast wagering facility:

N/A

Exceptions to the foregoing:

N/A

If approved, wagering will be offered on live race meetings being held or conducted by the following racing associations:

RACE MEETING	BREED	DAY OR NIGHT
Arlington	Thoroughbred	Day*
Belmont	Thoroughbred	Day*
Cal Expo	Harness	Day (Full Card)
Churchill	Thoroughbred	Day*
Del Mar Thoroughbred Club	Thoroughbred	Day*
Delaware	Thoroughbred	Day*
Golden Gate	Thoroughbred	Day (Full Card)
Hollywood Park	Thoroughbred	Day/Friday Night (Full Card)
Indiana Downs	Thoroughbred/Qtr. Horse	Day*
Los Alamitos	Quarter Horse	Night (Full Card)
Penn National	Thoroughbred	Day*
Woodbine	Thoroughbred	Day*
Australian Racing	Thoroughbred	Night*
South America	Thoroughbred	Night*

(*) Number of races offered varies.

Dates during which the applicant will conduct or has conducted live horse racing during the current racing year (if none, so state):

- December 26, 2009 – April 18, 2010
- September 29, 2010 – October 31, 2010
- December 26, 2010 – December 31, 2010

ELIGIBILITY FOR APPROVAL AS A GUEST ASSOCIATION

The applicant association is: Racing Association Fair
 Tribal Facility Other Business Entity

COMPLETE THE APPLICABLE SUBSECTION:

RACING ASSOCIATION - approval pursuant to B&P Section 19605.

The name under which the association is licensed by the Board:
Los Angeles Turf Club, Incorporated

The names and titles of management personnel assigned to the facility:

- Ron Charles, President and Chief Executive Officer
- George Haines, Vice-President & General Manager
- Frank DeMarco, Jr., Vice-President Regulatory Affairs & Assistant Secretary
- Allen Gutterman, Vice-President Marketing & Sales
- Gina Lavo, Controller
- Aaron Vercruysse, Vice-President Racing/Wagering
- Amy Zimmerman, Vice President Business Coordination/Director of Broadcasting
- Candace Coder-Chew, Director of Print & Graphics
- Randy Fowler, Director of Food & Beverage
- Randy Hartzell, Director of Mutuels
- Dick Honaker, Director of Operations & Security
- Chris Quinn, Director of Group Sales
- Pete Siberell, Director of Community Service & Special Events
- Jason Spetnegal, Director of Facilities
- Ken Walker, Director of Labor Relations
- Mike Willman, Director of Publicity & Public Relations
- Nina Zukin, Director of Information Services

FAIR

N/A

Approval is requested pursuant to B&P Section [] 19605.1 OR [] 19605.2.

Correct title of the fair or fair association:

Names and titles of the present fair directors:

Names and titles of management personnel assigned to the simulcast wagering facility:

TRIBAL FACILITY

N/A

Approval is requested pursuant to the Tribal-State Compact signed on _____.

The name of the tribe under which the Tribal-State Compact was approved:

Names and titles of management personnel assigned to the facility:

If applicable, names and titles of management personnel comprising management company or other entity operating gaming and simulcast wagering at the facility:

Has the management company or other entity been approved by the U. S. Bureau of Indian Affairs?

[] Yes [] No If yes, the date of that approval _____.

NOTICE TO APPLICANT Changes to management personnel and Simulcast Facility Supervisor(s) must be immediately reported to the Board.

CONCESSIONAIRES AND VENDORS

The concessionaires, vendors, and other entities providing food service, beverage service, racing selection services, janitorial or custodial service, or other service or supplies within the simulcast wagering facility are (specify the name and type of service of supplies):

No outside concessionaires or vendors. Food and beverage service provided through Santa Anita Hospitality department.

Other vendors to be permitted to sell products or services outside, but on the premises of, the simulcast wagering facility are: None

SUPERVISION, SECURITY AND FIRE PREVENTION

The names of all persons to be employed as a Simulcast Facility Supervisor at the simulcast wagering facility: Randy Hartzell, Director of Mutuels, serves as Simulcast Facility Supervisor reporting to George Haines, VP-General Manager.

The workers' compensation insurance carrier and the policy number securing the applicant's liability for payment of workers' compensation is (if self-insured, give details):

Liberty Mutual Insurance Company Policy #WC1-B71-072827-022
Effective 01-Jan-10 – 01-Jan-11
Certificate attached.

Attach a fire clearance from the fire authority having jurisdiction.
Letter attached.

The name of the person having responsibility for security controls at the facility is:
Richard Honaker, Director of Operations & Security
Lou Scalera, Chief of Security

The number of security officers and/or guards to be regularly employed at the facility is:

- 1 Chief of Security
- 1 Supervising Area Manager
- 3 Area Managers
- 1 Uniform Lieutenant
- 1 Uniform Sergeant
- 10/20 Security Guards

The police or sheriff's department having jurisdiction for criminal law enforcement over the premises of the facility is:
City of Arcadia Police Department

Specify the name, address and telephone number of the emergency ambulance service the applicant will utilize in event of illness or injury at the facility:
City of Arcadia Fire Department "911" Emergency Service

Does the applicant propose to have emergency medical care available at the facility?

Ref. No. 320006158419 AMENDED



Aon Reed Stenhouse Inc.
 20 Bay Street
 Toronto ON M5J 2N9
 tel 416-868-5500 fax 416-868-5580

Amending Certificate No. : 320006133313

Re: Evidence of Insurance

California Horse Racing Board
 Attention : Insurance Department
 1010 Hurley Way
 Sacramento, CA 95825
 USA

Insurance as described herein has been arranged on behalf of the Insured named herein under the following policy(ies) and as more fully described by the terms, conditions, exclusions and provisions contained in the said policy(ies) and any endorsements attached thereto.

Insured

Magna Entertainment Corp a/o Los Angeles Turf Club,
 Incorporated a/o MI Developments Inc.
 285 West Huntington Drive
 Arcadia, CA 91007
 USA

Coverage

Commercial General Liability	Insurer	Zurich American Insurance Company	
Policy #	GLO 9302183-07		
Effective	01-Apr-2009	Expiry	01-Jul-2010
Limits of Liability	Bodily Injury & Property Damage, Each Occurrence USD2,000,000 Policy may be subject to a general aggregate and other aggregates where applicable		
US Workers Comp/Employers Liability	Insurer	Liberty Mutual Insurance Company	
Policy #	WC1-B71-072827-030		
Effective	01-Jan-2010	Expiry	01-Jan-2011
Limits of Liability	Workers Compensation As per applicable Law		

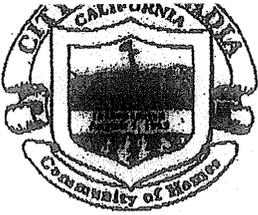
THIS CERTIFICATE CONSTITUTES A STATEMENT OF THE FACTS AS OF THE DATE OF ISSUANCE AND ARE SO REPRESENTED AND WARRANTED ONLY TO THE INSURED. OTHER PERSONS RELYING ON THIS CERTIFICATE DO SO AT THEIR OWN RISK.


 Aon Reed Stenhouse Inc.

Dated : 05-May-2010
 Issued By : Basu, Arindam
 Tel : 416 868 5742

**THE POLICY CONTAINS A CLAUSE THAT MAY LIMIT THE AMOUNT PAYABLE
 OR, IN THE CASE OF AUTOMOBILE INSURANCE,
 THE POLICY CONTAINS A PARTIAL PAYMENT OF LOSS CLAUSE**





City of Arcadia

Fire Department

Tony L. Trabbie
Fire Chief

September 18, 2009

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

RE: Los Angeles Turf Club Fire Clearance (2009-2010 Main Meet)

To Whom It May Concern:

The Arcadia Fire Department, Bureau of Fire Prevention conducted a Fire and Life Safety Inspection of the facilities at Los Angeles Turf Club to be used for the 2009-2010 Main Meet and subsequent simulcast until opening of Oak Tree on September 29, 2010.

It is requested that this letter be accepted as the report of that inspection. During this inspection no serious fire or life safety code violations were noted, and all permitted uses may continue.

In accordance with regulations as adopted by the California Horse Racing Board, this letter may be accepted as a fire clearance from this office for the 2009-2010 Main Meet at Los Angeles Turf Club, Arcadia, California.

Sincerely,

Mark Krikorian
Fire Marshal

cc: George Haines, General Manager, L.A.T.C.
Mary Saenz, Office Operations, L.A.T.C.
Jason Spetnagel, Director of Facilities & Grounds, L.A.T.C.
Doug Thorneberry, Asst. Facility Manager, L.A.T.C.
Jerry Gardner, Fire Safety Consultant, L.A.T.C.
Mike Miscr, Fire Marshal, L.A.T.C.

[] Yes [X] No If yes, describe:

EQUIPMENT PROVIDED BY THE GUEST ASSOCIATION

Describe the television equipment (simulcast receivers, decoders, controls, monitors, etc.) to be utilized at the facility:

Public

250 - 13" Gateway Flat Screen Monitors

100 - 42" LG Plasma Monitors

Over 600 - 9" Sony receivers

Over 500 - 27" Sony receivers

Over 350 - 32" Sony receivers

Over 75 - 13" Sony receivers

Over 150 - 10" Sony receivers

150 - 20" Sony receivers

8 - Barco Video Projectors

40'x53' Display Ad Large screen LED video board

Barco LED Screens

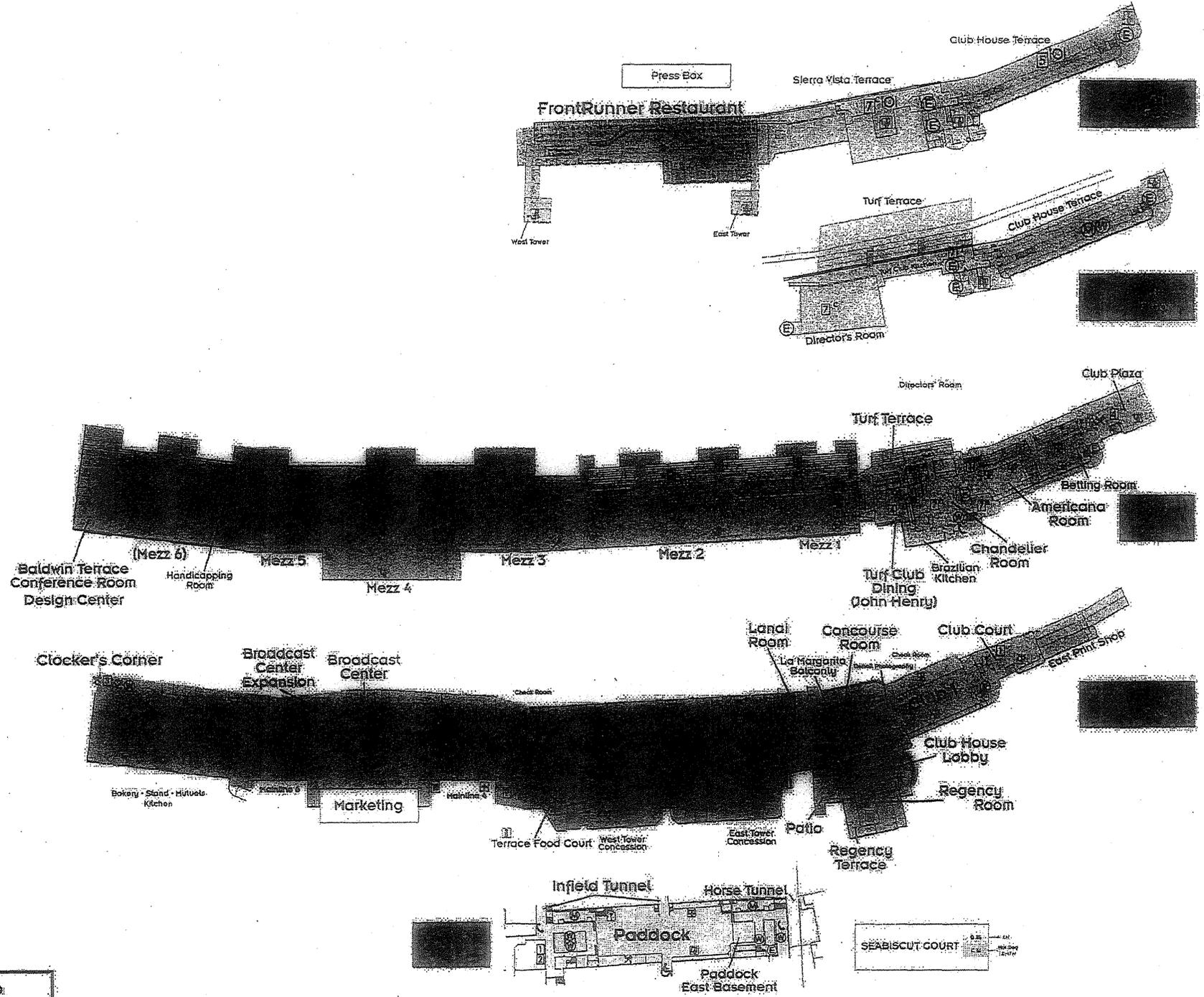
Describe the public address equipment (controls, microphones, speakers, etc.) to be utilized at the facility:

Public address system under the operation of the Broadcast department; same as live racing.

Attach a detailed scale plan of the facility indicating all points of access, emergency exits, and the placement of offices and food and beverage service locations.

(See attached)

- LEGEND**
- \$ ATM
 - ☒ No Service
 - ⌘ Cash Link
 - ☒ Concessions Stand
 - ⌘ Dining Service
 - Ⓜ Elevator
 - Ⓜ Fire Exit
 - Ⓜ Handicapped Accommodation
 - Ⓜ Information
 - Ⓜ Mail Room
 - Ⓜ Telephone
 - Ⓜ Wagering Station
 - Ⓜ Wines & Spirits



- LEGEND**
- Ⓜ Book
 - Ⓜ Live Daily
 - Ⓜ Inter Track Wagering
 - Ⓜ Week End Live
 - Ⓜ As Needed



Saddling Barn
Jockey's Quarters

SEABISCUT COURT

PARI-MUTUEL EQUIPMENT AND WAGERING SERVICES

Describe the pari-mutuel equipment, odds displays, modems or muxes, and method of data transmission to be utilized (include the number of pari-mutuel terminals to be on-site):

Contracted through Scientific Games Racing
 Brooks Pierce, President

Expires: September, 2012

Will the applicant be responsible for maintenance of the pari-mutuel equipment?

Yes No

Describe the method by which patron complaints regarding wagering operation and/or the facility or its employees may be filed:

Complaints may be filed at the Patrons Service desk or Operations office.

Has the applicant made arrangements to provide for the encashment of valid pari-mutuel tickets issued at other facilities or at California race meetings?

Yes No

ADMISSIONS, CHARGES AND SERVICE FEES

The admissions charges are:	Level 1	(Gen. Adm.)	\$ 5.00
	Level 2	(Club House)	\$ 8.50
	Level 3	(Turf Club)	\$20.00

Parking Charges are:	Level 1	(General)	\$ 4.00
	Level 2	(Preferred)	\$ 6.00
	Level 3	(Valet)	\$10.00

Program costs are: \$ 2.25

Seating costs, if any, are: N/A

FOOD AND BEVERAGE SERVICE

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; bar counters; or other description as appropriate):

Club House Bar (Bar 19)	Full bar
FrontRunner Restaurant	Seated dining; menu service
Lanai Room Stand (Stand 33)	Counter service, sandwiches, fast foods, beverage
Mainline Bar (Bar 15)	Full bar
Paddock Room Bar (Bar 8)	Full bar
Paddock Room Stand (Stand 14)	Counter service, fast foods, beverage
Seabiscuit Court (Stand 51)	Counter service, beverage
Sirona's Bar (Bar 12)	Full bar
Terrace Food Court	Multi-counter service, fast foods, sandwiches, beverage
Turf Club Dining Room	Seated dining; menu service

Note: Hours of operation change according to weekday and weekend simulcast schedule.

The seating capacity in the general admission area is: 5,000 + (expandable)

The number of tables in the general admission area is: 500

The seating capacity in the premium area is: 700+ (expandable)

The number of tables in the premium area is: 300

Overall square footage in the public general admission area is: 150,000

Overall square footage in the public premium admission area is: 50,000

Overall square footage available for "overflow" attendance: 700,000

Describe occupancy restrictions, if any, imposed by the fire authority having jurisdiction:

None

The total number of parking spaces available in the combined parking areas can accommodate (number of standard sized automobiles):

13,000

Describe any other activities to be scheduled on or near the facility premises that may have a negative impact on available parking:

None

AGREEMENTS

Fair applicants must attach the resolution of its governing body that determined that the conduct of simulcast wagering at its fair facility best serves the interest of the fair.

N/A

Attach a copy of the agreement between the applicant and the (simulcast) organizations(s) that sets forth therein the duties of the respective parties.

SCOTWINC agreement on file with the Board.

Attach a copy of the written consent of the horsemen's organization(s), if applicable, consenting to the acceptance of wagers at the facility.

N/A

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 simulcast facility until notified otherwise.

Notice is also 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 regulation of the Board.

Notice is also 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, approved concessionaire, or approved service contractor.

DECLARATIONS

All labor agreements, concession contracts, service contracts, horsemen's agreement, lease agreements and agreement with the (simulcast organization(s) necessary to conduct and operate the simulcast wagering program at the facility have been finalized except as follows (if there are no exceptions, so state):

No exceptions.

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 approval except as follows (if there are no exceptions, so state):

No exceptions.

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):

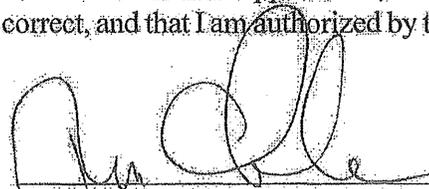
No exceptions.

By authority of Article 9.2, of the California B&P Code; and the Federal Indian Gaming Act; in order to allow an evaluation of the competence, integrity, and character of potential simulcast facility operators authorized by the CHRB, any person, corporation, trust association, partnership, joint venture, or management firm who submits an application for such authorization 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 California B&P 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.

RON CHARLES
Print Name


Signature

PRESIDENT AND CEO
Print Title

5-6-10
Date

STAFF ANALYSIS

July 22, 2010

ISSUE: DISCUSSION AND ACTION BY THE BOARD REGARDING THE AMENDMENT TO THE XPRESSBET APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF XPRESSBET, INC., FOR A CALIFORNIA MULTI-JURISDICTIONAL WAGERING HUB, TO UPDATE THE APPLICATION TO REFLECT MI DEVELOPMENTS INC. AS THE CURRENT PARENT COMPANY OF XPRESSBET.

On Monday, April 26, 2010, a Delaware bankruptcy judge approved a plan that allowed Magna Entertainment Corp. (MEC) to transfer the vast majority of its racing assets to its parent company and largest creditor, MI Developments. Rule 2072 (l) provides that changes or amendments to information or operating procedures contained in an ADW Application are required to be submitted to the Board in writing by the applicant for approval. Subsequent to this change in ownership, XpressBet, LLC has filed an amended ADW application to reflect MI Developments Inc. as the current parent company of XpressBet, LLC. The applicant has provided that "*MI Developments Investments Inc. holds 100% of the membership interest in the LLC.*" XpressBet, LLC is now a wholly owned subsidiary of MI Developments Investments Inc.

XpressBet, Inc. (XpressBet) filed its application as an out-of-state multi-jurisdictional wagering hub to provide Advance Deposit Wagering (ADW). It is currently licensed through December 31, 2010 as an out-of-state multi-jurisdictional wagering hub.

A bond or other form of financial security in the amount of \$500,000 is required to be submitted with an application for license to conduct advance deposit wagering. XpressBet, as a current ADW provider, has a \$500,000 bond on file that will expire January 1, 2011.

This application provides for:

- Operation through December 31, 2010, during all times races are run which could be up to twenty-four hours a day.

Specific changes from the 2010 Magna/XpressBet ADW license application:

- XpressBet has altered its business structure from a corporation to a limited liability company. Consequently changing the company name from XpressBet, Inc. to XpressBet, LLC.
- Dan Newman and Jane Lynn have been added as new management personnel.
- Stephen McCassey, Blake Tohona, William Ford and Mary Lyn Seymour have been removed from the listing of management personnel.
- Business and Profession Code section 19604 includes specific provisions that must be met before an ADW provider can accept wagers. These include:

19604 (b)(1) and (2)

No ADW provider may accept wagers on races conducted in California from a resident of California unless all of the following conditions are met:

1. The ADW provider must be licensed by the Board.

2. A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.
3. The agreement referenced in subparagraph (2) shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made in accordance with the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of those wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider. For purposes of this subdivision, the substantive provisions of the Interstate Horseracing Act shall be taken into account without regard to whether, by its own terms, that act is applicable to advance deposit wagering on races conducted in California accepted from residents of California.

No ADW provider may accept wagers on races conducted outside of California from a resident of California unless all of the following conditions are met:

1. The ADW provider must be licensed by the Board.
2. There is a hub agreement between the ADW provider and one or both of (i) one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wager is placed, and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

19604 (a)(7)

"Hub agreement" as a written agreement providing for contractual compensation paid with respect to advance deposit wagers placed by California residents on a particular breed of racing conducted outside of California. In the event a hub agreement exceeds a term of two years, then an ADW provider, one or more racing associations or fairs that together conduct no fewer than five weeks of live racing for the breed covered by the hub agreement, and the horsemen's organization responsible for negotiating purse agreements for the breed covered by the hub agreement shall be signatories to the hub agreement. A hub agreement is required for an ADW provider to receive contractual compensation for races conducted outside of California."

19604 (d)(1) (B)

"The board shall not approve an application for an original or renewal license as an ADW provider unless the entity, if requested in writing by a bona fide labor organization no later than ninety days prior to licensing, has entered into a contractual agreement with that labor organization . . ."

Documents received in compliance with Business and Professions code section 19604:

- Thoroughbred Owners of California, Inc. (TOC) – Hollywood Park agreement to transmit audio visual signal
- TrackNet Media Group, LLC -XpressBet: Amendment and Extension of Simulcast Wagering Agreement
- Cal Expo – Addendum Simulcast
- Del Mar-XpressBet: Simulcast Wagering Agreement

- Northern California Racing Fairs – Churchill Downs Incorporated: Simulcast Agreement
- TOC-California Authority of Racing Fairs agreement to transmit audio visual signal
- Los Alamitos- TrackNet Media Group, LLC: Simulcast Wagering Agreement
- Los Angeles Turf Club – XpresBet hub agreement
- Local 280 – XpressBet Labor agreement

The following items are outstanding and will need to be submitted and/or resolved before ADW wagers can be accepted:

1. Audited Financial Documents

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 and recommends the applicant be required to appear again before the Board to address the status of the outstanding documents and to remove the contingency status from the Board's approval.

STATE OF CALIFORNIA
 CALIFORNIA HORSE RACING BOARD (CHRB)
 APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING
 CHRB-133 (New 9/01)

Application is made to the CHRB for a license to conduct Advance Deposit Wagering in accordance with the California Business and Professions (B&P) Code and CHRB Rules and Regulations (Rule) and comply with the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

NOTICE – By submitting the Application the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct advance deposit wagering and must be accompanied by a bond or other form of financial security in the amount of \$500,000.

1. OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB (out-of-state Hub)

A. Name, mailing address, telephone and fax numbers:

XpressBet, LLC
 200 Race Track Road
 Washington, PA 15301
 Telephone: (412) 232-6916
 Facsimile: (412) 232-6917

B. Name, title, license number and racing jurisdiction where licensed for all management personnel:

Please note that under Oregon law, the following individuals are not required to hold a license issued by the Oregon Racing Commission, but each individual does hold a license issued by the CHRB.

<u>Name</u>	<u>Title</u>	<u>CHRB License No.</u>
Ronald W. Luniewski	President	275875
Dan Newman	Vice President	*
Jane Lynn	Secretary	302888
Scott Fischer	Vice-President, Finance	302873

* Newly appointed officer – application pending

C. Name, title and mailing address of the California agent for receipt of service of process:

CT Corporation System
 818 West Seventh Street
 Los Angeles, CA 90017

D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

Below is a list of the Race Track licensees with which XpressBet either has contracted or is in the process of contracting for the purpose of offering such licensees' content through XpressBet's advance deposit wagering service. Please find attached as Exhibit 1 a copy of various Race Track licensee agreement, along with a copy of XpressBet's agreement with the Thoroughbred Owners of California.

<u>Race Track</u>	<u>Licensee</u>
Santa Anita Park	Los Angeles Turf Club, Incorporated
Golden Gate Fields	Pacific Racing Association/ Cal Fair
California Expo	Sacramento Harness Association
Sacramento	California State Fair
Stockton	San Joaquin Fair
Fresno	Fresno County Fair
Pleasanton	Alameda County Fair
Vallejo	Solano County Fair
Santa Rosa	Sonoma County Fair
Del Mar	Del Mar Thoroughbred Club
Fairplex Park	Los Angeles County Fair Association
Humboldt	Humboldt County Fair
Los Alamitos Race Course	Los Alamitos
Los Angeles Turf Club	Oak Tree Racing Association
Hollywood Park	Hollywood Park Racing Association, LLC

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:
XpressBet, LLC will continue to conduct advance deposit wagering on the dates previously approved by California Horse Racing Board for XpressBet, Inc, which were January 1, 2010 up to and including December 31, 2010.
- B. Hours Advance Deposit Wagering will be conducted:
While races are run, up to twenty-four (24) hours per day

3. BUSINESS STRUCTURE

- A. Corporation (complete subsection B)
 LLC (complete subsection C)
 Other (specify, and complete subsection D)

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation:
2. State where incorporated:
3. Registry or file number for the corporation:

4. Name of all officers and directors, titles, and number of shares of the corporation held by each;
5. Names (true names) of all entities and persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
6. Number of outstanding shares in the corporation:
7. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
9. If more than 50% 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:
10. Attach the most recent annual audited financial statements for the corporation, 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.
11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

C. LLC

1. Registered name of the LLC:
XpressBet, LLC
2. State where articles of organization are filed:
Delaware
3. Registry or file number for the LLC:
3373240

4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:

<u>Name</u>	<u>Title</u>	<u>Number of Shares Owned</u>
Ronald W. Luniewski	President	None
Dan Newman	Vice President	None
Jane Lynn	Secretary	None
Scott Fischer	Vice-President, Finance	None

5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:

MI Developments Investments Inc. holds 100% of the membership interests in the LLC

6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:

7. If more than 50% 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: N/A

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

An unaudited financial statement for 2009 is being provided under separate confidential cover, and it is requested that such financial statement remain confidential at all times to the CHRFB

9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

XpressBet's business plan for 2010 is being provided under separate confidential cover, and it is requested that such business plan remain confidential at all times to the CHRFB

D. OTHER - Not Applicable

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.
3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2075

- A. List the procedures to establish an Account:
Included in the attached Exhibit 2, Plan of Operation, is the Applicant's *Account Opening Procedures*.

B. If an application form is used to establish an Account, attach a copy of the form. Attached as Exhibit 3 is a copy of the application form. Similar forms are used for on-site or in-person applications.

C. Name and address of the third party you will use to confirm identity, residence and age verification:

In respect of wagers placed through the Applicant's internet and telephone account wagering products, the Applicant will utilize the services of Equifax Information Services LLC to provide identity, residence and age verification services. The address of Equifax Information Services LLC is set forth below:

Equifax Information Services LLC
1550 Peachtree N.W.
Atlanta, Georgia 30348

Attached hereto as Exhibit 4 is information about Equifax and a Internet link connecting to their most recent Form 10-K as filed with the United States Securities and Exchange Commission

5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2073.

A. Submit a copy of your plan for operation.
Attached as Exhibit 2 is Applicant's *Plan of Operation*.

B. List the type of deposits you will accept:
In respect of internet and telephone account wagering, the Applicant will accept the following types of deposits: cash deposits made directly, personal checks, cashier's checks, money orders made directly or mailed, debits to an Account Holder's credit card or debit card, and wire and other electronic transfers from a monetary account controlled by Account Holder.

C. Identify any fees or transaction-related charges and the amount that will be assessed:
For purposes of internet and telephone account wagering, customers will not be charged a monthly membership or wagering fee or a per-call or wager transaction fee. However, customers may be charged a value added transaction fee of \$0.25 per telephone call when dealing with a live teller. Processing fees may be charged in respect of deposits made pursuant to Item 5B above, via credit card cash advance or wire transfers.

To the extent credit cards are used/permitted to be used in connection with internet and telephone account wagering, processing fees for credit card cash advances will be no greater than 6%. High value customers may not be subject to credit card cash advance processing fees.

A wire transfer of less than \$250.00 is subject to a \$5 processing fee. A wire transfer of greater than \$250.00 is not subject to any charge.

Customers requesting special delivery (e.g. courier) may be charged the cost of those services.

As the distribution platforms evolve and future enhancements deliver increased functionality to customers, monthly fees or surcharges may be implemented for added value services.

6. SECURITY ACCESS

- A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:
Please refer to Exhibit 5 for Items 1 – 4.
1. Description of the technology to ensure identity, residence, and age verification when an Account is established.
 2. Description of the technology to ensure confidentiality of the Means of Personal Identification.
 3. Methods and locations available for Account Holders to withdraw funds from their Account.
 4. If the Account Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation.

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:

Bowen & McBeth
10722 Arrow Route, Suite 110
Rancho Cucamonga, California 91730
Telephone: 909-944-6465
Facsimile: 909-980-4788

- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:
- (i) Types of pari-mutuel or totalizator equipment to be used.
Totalizator equipment and services will be provided to Applicant by AmTote International, Inc. In addition to standard totalizator equipment and services, Applicant will be utilizing (a) IVR – “interactive voice response technology” (an automated touch-tone betting system), provided by AmTote International, Inc. (b) on-line computer wagering technology (c) IVR – natural language voice recognition system provided by AmTote International, Inc. and Applicant is currently operating under an agreement with AmTote International, Inc. which expires on October 31, 2012.

- (ii) Simulcast Organization
Roberts Communications Network, Inc., and AmTote International, Inc.
- (iii) Name of entity supplying equipment, and expiration date of the service contract.
Equipment to be supplied by:

AmTote International, Inc. Expiration date: October 31, 2012
11200 Pepper Road
Hunt Valley, MD 21031-1324

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:
Attached as Exhibit 6 is the list of racing venues on which the Applicant currently intends to accept Advance Deposit Wagering. We will update you as racing venues are confirmed or added.

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 21.

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you contracted with to facilitate Advance Deposit Wagering:

AmTote International, Inc.
11200 Pepper Road
Hunt Valley, MD 21031-1324

- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed: N/A

9. ADVERTISING

Name and address of the advertising agency you will use:
Candelaria Advertising
1545 Idlewood Rd.
Glendale, California 91202

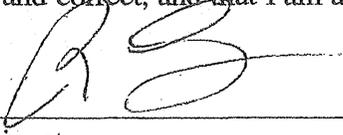
NOTICE – Pursuant to Rule 2072 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3), advertisements shall not be deceptive to the public.

10. CERTIFICATION

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 to attest to this application.

Ron Luniewski

Print Name:


Signature:

President

Print Title:

6-11-10
Date:

STAFF ANALYSIS
July 22, 2010

Issue: DISCUSSION AND ACTION BY THE BOARD REGARDING 1) REALLOCATION OF AUGUST 25, 2010 THROUGH OCTOBER 3, 2010 RACE DATES FROM PACIFIC RACING ASSOCIATION TO THE LOS ANGELES TURF CLUB, AND 2) THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES TURF CLUB AT GOLDEN GATE FIELDS AUGUST 25, 2010 THROUGH OCTOBER 3, 2010

- The Los Angeles Turf Club (LATC) is proposing to conduct the race meeting at Golden Gate Fields (GGF) which will necessitate the reallocation of Pacific Racing Association's (PRA) previously allocated dates to LATC. Business and Professions Code section 19532(a) states any association licensed to conduct thoroughbred racing in the northern zone may receive no more than 35 weeks of racing. PRA was allocated 27 race days for their August - October 2010 race meet. It was allocated a total of 40 race weeks for the 2010 race meet calendar, providing it with five weeks over the 35 week limitation. The proposed Los Angeles Turf Club application is seeking permission to run a northern race meet using the 2010 calendar days allocated (6 weeks) to Pacific Racing Association. LATC has not conducted thoroughbred racing in the northern zone at any time during the calendar year 2010.

Los Angeles Turf Club filed its application to conduct a thoroughbred horse racing meeting at Golden Gate Fields:

- August 25, 2010 through October 3, 2010, or 27 days. LATC proposes to race a total of 230 races, or 8.52 races per day. The LATC did not conduct a Northern California race meet during the prior year time frame. In 2009 fair racing occurred during this time frame. In the fall of 2009, PRA ran 42 days at GGF from October 21, 2009 through December 20, 2009. It ran a total of 356 races, or 8.48 races per day with an average of 7.75 runners per race during the 2009 fall meet. The average daily purse for the 2009 fall race meeting was \$143,359.56. The (estimated) average daily purse for this meet is \$134,983.61.

August - 2010						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September - 2010						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

October - 2010						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

- Racing 4 to 5 days per week. Racing Wednesday through Sunday the first two weeks; Wednesday, Friday, Saturday, Sunday the third week; and Thursday through Sunday the last three weeks.

- 8 races weekdays and 9 on weekends and holidays. If horse population permits may run additional races, not to exceed an 8.52 average per day for the race meeting. Administrative approval will be requested if plans develop to exceed this amount.
- 2 stakes races are proposed (2 overnight / 0 non-overnight).
- First post 12:45 p.m. daily with the following exceptions:
 - Sunday, October 3, 2010 (Cal Cup) – 12:15p.m
 - Request the option to change post times to coordinate north/south signals.
- The officers and directors of LATC are listed as:
 - George Haines, President
 - Frank De Marco Jr., Vice-President Regulatory Affairs and Assistant Secretary
 - Gina Lavo, Vice-President, Contoller
 - Scott Fischer, Vice-President Finance and Operations
 - Jane Lynn, Secretary
- Wagering program will use CHRB and ARCI rules.
 - Early wagering will not be offered.
- The Advance Deposit Wagering (ADW) providers are Xpressbet, Youbet, TwinSpires and TVG.

Pursuant to Business and Profession Code section 19604, specific provisions must be met before an ADW provider can accept wagers.

Summary of B&P code 19604

To accept wagers on races conducted in California from a resident of California.

- The ADW provider must be licensed by the Board.
- A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.
- The agreement shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made.

To accept wagers on races conducted outside of California from a resident of California.

- The ADW provider must be licensed by the Board.
- There is a hub agreement between the ADW provider and one or both of (i) one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wager is placed, and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

LATC has provided its ADW agreements.

- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.
- The simulcast agreement between Pacific Racing Association and NCOTWINC will cover race dates August 25, 2010 through October 3, 2010 run by Los Angeles Turf Club, Inc. at Golden Gate Fields.
- Request Patrick Kealy be appointed horse identifier pursuant to CHRB Rule 1525.
- Fire clearance from the City of Berkeley is on file and does not expire until January 14, 2011. A conditional fire clearance has been granted by the City of Albany for the period of June 14, 2010 through December 19, 2010.
- Track safety inspection has been requested and will be completed before the race meeting begins.
- Inspection of backstretch worker housing has been requested and will be completed before the race meeting begins.

RECOMMENDATION:

This item is presented for Board discussion and action.

The application is complete, pending decision by the Board whether one owner can own and manage more than one race track.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING
CHRB-17 (Rev 12/06)

Application is hereby made to the California Horse Racing Board (CHRB) for a license to conduct a horse racing meeting in accordance with the California Business and Professions (B&P) Code, Chapter 4, Division 8, Horse Racing Law, and the California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

1. APPLICANT ASSOCIATION

A. Name, mailing address, telephone and fax numbers of association:

Los Angeles Turf Club, Incorporated

Golden Gate Fields

1100 Eastshore Highway

Berkeley, California 94710

Phone (510) 559-7300

Administration Fax (510) 559-7464

B. Breed of horse: TB QH H

C. Racetrack name: Golden Gate Fields

D. Attach a certified check payable to the Treasurer of the State of California in the amount of \$10,000 as deposit for license fees pursuant to B&P Code Section 19490. On file with the Board.

NOTICE TO APPLICANT: Application must be filed not later than 90 days before the scheduled start date for the proposed meeting pursuant to CHRB Rule 1433.

2. DATES OF MEETING

A. Inclusive dates for the entire meeting: August 25, 2010 through October 3, 2010

B. Actual dates racing will be held: August 25-29; September 1-5, 6, 8, 10-12, 16-19, 23-26, 30; October 1-3.

C. Total number of days or nights of racing: 27 days

D. Days or nights of the week races will be held:

Wed - Sun Tues - Sat Other (specify)

Exceptions; racing on Monday, September 6, 2010.

Dark on Thursday, 9-9-10, Wednesdays September 15, September 22, and September 29, 2010.

E. Number of days or nights of racing per week: 5 days per week except as set forth in Item D above

3. RACING PROGRAM

A. Total number of races: 230

Application received: 5/27/10 Deposit received: ON FILE Reviewed: CJY	CHRB CERTIFICATION	Hearing date: 7/22/10 Approved date: License number:
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June 11, 2010

Hon. Keith Brackpool, Chairman
 California Horse Racing Board
 1010 Hurley Way, Suite 300
 Sacramento, California 95825

Re: Application of Los Angeles Turf Club, Incorporated

Dear Mr. Brackpool:

Los Angeles Turf Club, Incorporated ("LATC") has placed before you its application for a license to conduct a Thoroughbred horse racing meet at the Golden Gate Fields racing concourse at Albany, California, for the period from August 25, 2010 to October 3, 2010, dates originally awarded to Pacific Racing Association that under the present state of the Horse Racing Law cannot legally be conducted by Pacific Racing Association. In support of this request LATC offers the following for your consideration.

Business and Professions Code ("BP") Section 19531(a) limits Thoroughbred racing in the northern zone to no more than 44 weeks per year.

BP Section 19532(a) limits a licensed racing association from conducting more than 35 weeks of racing in the northern zone.

At the November 17, 2009 meeting of the Race Dates Committee of the California Horse Racing Board, Golden Gate Fields was awarded a total of 40 weeks of racing to be conducted in the northern zone from December 26, 2009 to December 19, 2010. Thus, it appears that Golden Gate Fields has been allocated a total of 40 racing weeks in the northern zone for the calendar racing year of 2010, which is five weeks over the statutory limit of 35 weeks for one association in the northern zone.

Pacific Racing Association has conducted racing for 25 weeks thus far in the racing calendar year 2010 in the northern zone, from December 26, 2009 to June 13, 2010 and proposes to race the nine additional weeks authorized by the Race Dates Committee during the period October 20, 2010 to December 19, 2010.

Pacific Racing Association proposes to sublease the Golden Gate Fields racing grounds to LATC to conduct the race meet for the six-week period in question and thereby avoid exceeding the statutory limit of 35 weeks.

Hon. Keith Brackpool
June 11, 2010
Page 2

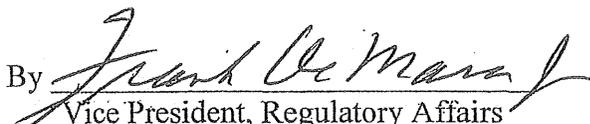
LATC has not conducted Thoroughbred racing in the northern zone at any time during the racing calendar year 2010. LATC management personnel, specified in the application, have had substantial experience in conducting successful Thoroughbred race meets in California. Absent the granting of the application of LATC to conduct a Thoroughbred racing meet in the northern zone for the six weeks requested by this application, the northern zone racing fans will be deprived of any Thoroughbred horse racing during the late summer of 2010.

This Board has authority under BP Section 19530 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 this chapter." It is submitted that absent the granting of the LATC application, northern California will be deprived of racing during the summer of 2010, which is not in the public interest. The procedure outlined herein is the same as requested by LATC and granted by the Board in connection with the extra dates granted to Pacific Racing Association during the 2008 racing year.

Under Section 1430 of the California Horse Racing Board Rules and Regulations which provides that racing dates and weeks previously allocated "may be subject to reconsideration or amendment" upon a showing of unforeseen circumstances, this Board has authority to reconsider its previous allocation of dates.

Very truly yours,

LOS ANGELES TURF CLUB,
INCORPORATED

By 
Vice President, Regulatory Affairs
and Assistant Secretary

FDM:sm

- B. Number of races for each day or night: **8.52 will be the average throughout the meet; we propose to conduct 8 races on weekdays and 9 races on weekends and holidays. If the horse population permits, we may run 10 races as long as we do not exceed an average of 8.52 races per day for the meet. If we plan to exceed this amount, we will request administrative approval.**
- C. Total number of stakes races: 2
Two overnight stake races scheduled during the Summer/Fall race dates (8/25/10 – 10/3/10).
- D. Attach a listing of all stakes races and indicate the date to be run and the added money or guaranteed purse for each. Note the races that are designated for California-bred horses. **Attached.**
- E. Will provisions be made for owners and trainers to use their own registered colors?
 Yes No If no, what racing colors are to be used:
- F. List all post times for the daily racing program:

<u>Post Time</u>	<u>Race Number</u>
12:45 p.m.	1
1:15 p.m.	2
1:45 p.m.	3
2:15 p.m.	4
2:45 p.m.	5
3:15 p.m.	6
3:45 p.m.	7
4:15 p.m.	8
4:45 p.m.	9
5:15 p.m.	10

The following post time exceptions will be made to coordinate North/ South signals:
 Post time scheduled at 12:15 p.m. on Sunday, October 3, 2010 (Cal Cup)
 Request the option to change post time schedules in order to coordinate North/South signals.

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to B&P Code Section 19568(b).

4. RACING ASSOCIATION

- A. Association is a: Corporation (complete subsection C)
 LLC (complete subsection D)
 Other (specify, and complete subsection E)
- B. Complete the applicable subsection and attached Addendum, Background Information and Ownership. **On File.**

*Golden Gate Fields
Stakes Schedule
Summer meet 2010
August 25-October 3*

*The Rosie the Riveter
For Fillies, Two Years Old
Purse \$50,000 Added
1 1/16
Runs Monday, September 6, 2010
Closes Saturday, August 28, 2010*

*The Angel Island
For Two Year Olds
Purse \$50,000 Added
1 1/16
Runs Saturday, September 11, 2010
Closes Saturday, September 4, 2010*

C. CORPORATION

1. Registered name of the corporation: **Los Angeles Turf Club, Incorporated**
2. State where incorporated: **California**
3. Registry or file number for the corporation: **481360**
4. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
George Haines, President
Frank De Marco Jr., Vice-President Regulatory Affairs and Assistant Secretary
Gina Lavo, Vice-President, Controllor
Scott Fischer, Vice-President Finance and Operations
Jane Lynn, Secretary
The officers of the corporation hold zero shares in Los Angeles Turf Club, Incorporated
5. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
MI Developments Investments, Inc.
6. Number of outstanding shares in the corporation: **25 Authorized Shares; 25 common shares issued to MI Developments Investments, Inc.**
7. Are the shares listed for public trading? Yes No
 If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: **Not applicable.**
9. If more than 50% 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: **Magna International Developments Investments, Inc.**
10. Attach the most recent audited annual financial statement for the licensee, 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. The licensee may submit the audited consolidated annual financial statements of its parent owner if the parent owner is a publicly traded company and guarantees the obligations of the licensee. **2009 MID financial statement on file with the Board.**

D. LLC

1. Registered name of the LLC: **Not applicable**
2. State where articles of organization are filed: **Not applicable**
3. Registry or file number for the LLC: **Not applicable**
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
Not applicable
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? Yes No
 If yes, on what exchange and how is the stock listed:
7. If more than 50% 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: **Not applicable**
8. Attach the most recent audited annual financial statement for the licensee, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission. **Not applicable**

E. OTHER

1. Name(s) of partners/sole proprietor: **Not applicable**
2. If a partnership, attach partnership agreement. **Not applicable**

F. Management and Staff

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 10B, who will be listed in the official program:

George Haines, President

Frank DeMarco, Jr., Vice-President Regulatory Affairs and Assistant Secretary

Scott Fischer, Vice-President Finance and Operations

Jane Lynn, Secretary

Gina Lavo, Controller

Peter W. Tunney, Executive Vice-President

Calvin Rainey, Vice-President and Assistant General Manager

Robert Hartman, General Manager

Adam Njaa, Controller

Merry Scalzo, Director of Operations

Jerry Aldoroty, Director of Hospitality and Sales

Bryan Wayte, Manager of Mutuels

Tom Ferrall, Publicity Manager

Kristin Finkel, Marketing Manager

Robert Hemmer, Operations Manager

T.W. Johnson, Security Manager

Michael Wrona, Track Announcer

Juan Meza, Track Superintendent

Richard Somers, Price Maker

William Vassar, Track Photographer

Aaron Vercruysse, Director of Simulcast

David Seftel, M.D., Track Physician

2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing address of such person(s) if other than the mailing address of the association:

Robert Hartman, General Manager

5. PURSE PROGRAM

- A. Purse distribution: *Prior meet represents October 21, 2009 through December 20, 2009 (42 Days). Please note: Prior meets in August 2009 and September 2009 were not used because the meets belonged to CARF not PRA.*

1. All races other than stakes:
 Current meet estimate: **\$3,144,420.00**
 Prior meet actual: **\$5,053,534.00**

Average Daily Purse (5A1 ÷ number of days):

Current meet estimate: **\$116,460.00**

Prior meet estimate: **\$120,322.24**

- 2. Overnight stakes:
 Current meet estimate: **\$100,000.00**
 Prior meet actual: **\$248,200.00**

Average Daily Purse (5A2 ÷ number of days):
 Current meet estimate: **\$3,703.70**
 Prior meet estimate: **\$5,909.52**

- 3. Non-overnight stakes:
 Current meet estimate: **\$0.00**
 Prior meet actual: **\$0.00**

Average Daily Purse (5A3 ÷ number of days):
 Current meet estimate: **\$0.00**
 Prior meet estimate: **\$0.00**

B. Stakes races:

- 1. Purse distribution for all stakes races:
 Current meet estimate: **\$100,000.00**
 Prior meet actual: **\$248,200.00**

Average Daily Purse (5B1 ÷ number of days):
 Current meet estimate: **\$3,703.70**
 Prior meet estimate: **\$5,909.52**

- 2. Percentage of the purse distribution for all stakes races that will be distributed for California-bred stakes races:
 Current meet estimate: **0%**
 Prior meet actual: **20%**

Average Daily Purse (5B2 ÷ number of days):
 Current meet estimate: **0%**
 Prior meet estimate: **.48%**

- C. Funds to be generated for all California-bred incentive awards:
 Current meet estimate: **\$277,536.42**
 Prior meet actual: **\$488,616.90**

- D. Payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):

Recognized Horsemen's Organization

Current meet estimate:		Prior meet actual:	
TOC (NTRA Contribution)	\$ 50,482.81	TOC (NTRA Contribution)	\$ 95,014.93
TOC	\$ 28,847.32	TOC	\$ 54,294.25
CTT (Administration)	\$ 14,423.66	CTT (Administration)	\$ 27,147.12
CTT (Pension)	\$ 28,847.32	CTT (Pension)	\$ 54,294.25
Total	\$ 122,601.10	Total	\$230,750.55

- E. Amount from all sources to be distributed in the form of purses or other benefits to horsemen (5A+5C+5D):
 Current meet estimate: \$ 3,644,557.53
 Prior meet actual: \$6,021,101.45
- Average Daily Purse (5E ÷ number of days):
 Current meet estimate: \$134,983.61
 Prior meet estimate: \$143,359.56
- F. Purse funds to be generated from on-track handle and intrastate off-track handle:
 Current meet estimate: \$2,400,553.98
 Prior meet actual: \$4,066,205.35
- Average Daily Purse (5F ÷ number of days):
 Current meet estimate: \$88,909.41
 Prior meet estimate: \$96,814.41
- G. Purse funds to be generated from interstate handle:
 Current meet estimate: \$435,578.00
 Prior meet actual: \$1,305,835.53
- Average Daily Purse (5G ÷ number of days):
 Current meet estimate: \$16,132.52
 Prior meet estimate: \$31,091.32
- H. Bank and account number for the Paymaster of Purses' purse account:
 Account #: On File
- I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meeting:
 Bowen & McBeth, 10722 Arrow Route, Suite 110, Rancho Cucamonga, California 91730,
 (909) 944-6465

NOTICE TO APPLICANT: All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, **shall not** be deemed as income to the association; **shall not** be transferred to a parent corporation outside the State of California; and **shall**, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the association is entitled to carry forward the deficit to its next succeeding meeting as provided by B&P Code Section 19615(c) or (d). In the event of **underpayment** of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

6. STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held: **1325**
- B. Minimum number of stalls believed necessary for the meeting: **2000**
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: **680**
- D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site: **Pleasanton - 680 Stalls**
- E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses that cannot be provided stabling on-site. **On file.**

Complete subsections F through H if the association will request reimbursement for off-site stabling as provided by B&P Code Sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, skip to Section 7.

- F. Total number of usable stalls made available on-site for the **1986** meeting: **1405**
- G. Estimated cost to provide off-site stalls for this meeting. Show cost per day per stall:
Stabling costs for this meet: \$364,000.00
Stabling costs per day per stall: \$10.30
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse:
Vanning fees for this meet: \$31,050.00 **Vanning fee per horse: \$115.00**

7. PARI-MUTUEL WAGERING PROGRAM

- A. Pursuant to B&P Code Section 19599, and with the approval of the CHRB, associations may elect to offer wagering programs using CHRB Pari-mutuel Rules, the Association of Racing Commissioners International (RCI) Uniform Rules of Racing, Chapter 9, Pari-mutuel Wagering, or a combination of both. Please complete the following schedule for the types of wagering other than WPS and the minimum wager amount for each:

Use DD for daily double, E for exacta (special quinella), PK3 for pick three, PK4 for select four, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Example Race:	\$1 E; \$1 Double	CHRB #1959; RCI #VE
Race #1	\$2 DD*; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 PPN%; \$.10 SF# \$2 PAR^, \$1 PNP!	CHRB#1957; 1959; 1958; 1977; 1979; 1976.8; 1979.1; 1954.1; 1976.9
Race #2	\$2 DD*; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 PPN%; \$.10 SF# \$2 PAR^, \$1 PNP!	CHRB#1957; 1959; 1958; 1977; 1979; 1976.8; 1979.1; 1954.1; 1976.9
Race #3	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF#; \$1 PPN%; \$2 PAR^, \$1 PNP!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1954.1, 1976.9
Race #4	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$2 PAR^, \$1 PNP!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1954.1, 1976.9
Race #5	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$1 PNP!; \$2 PAR^	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1

Race #6	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$1 PNP!; \$2 PAR^	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8, 1976.9; 1954.1
Race #7	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$1 PNP!; \$2 PAR^	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1
Race #8	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$1 PNP!; \$2 PAR^	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1
Race #9	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$1 PNP!; \$2 PAR^	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1
Race #10	\$2 DD*; \$2 PNP @; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$1 PNP!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9

- * - \$2 Daily Double on all races
- @ - \$2 Pick 6 on last six races
- + - \$1 Pick 3 on every race
- ++ - \$1 Trifecta on every eligible race
- # - \$.10 cent Superfecta on all eligible races
- % - \$1 Place Pick All on all races carded
- ! - \$1 Pick 4 on first four and last four races
- ^ - \$2 Parlay on every eligible race

- B. Maximum carryover pool to be allowed to accumulate before its distribution OR the date(s) designated for distribution of the carryover pool: **October 3, 2010 for the period of August 25, 2010 through October 3, 2010.**
- C. List any options requested with regard to exotic wagering: **2 Tier – 70%/30% split**
- D. Will "advance" or "early bird" wagering be offered? Yes No
If yes, when will such wagering begin:
- E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract:
Scientific Games Racing, LLC, Bill Huntley, Expires: September 2012

8. ADVANCE DEPOSIT WAGERING (ADW)

- A. Identify the ADW provider(s) to be used by the association for this race meeting:
Xpressbet
TVG
Yobet
TwinSpires

9. SIMULCAST WAGERING PROGRAM

- A. Simulcast organization engaged by the association to conduct simulcast wagering:
Northern California Off-Track Wagering, Inc.
- B. Attach the agreement between the association and simulcast organization permitting the organization 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. **On file.**

C. California simulcast facilities the association proposes to offer its live audiovisual signal:

Northern California

- Alameda County Fair, Pleasanton
- Big Fresno Fair, Fresno
- California State Fair & Exposition, Sacramento
- Club One, Fresno
- Kern County Fair, Bakersfield
- Monterey County Fair, Monterey
- San Joaquin County Fair, Stockton
- San Mateo Event Center, San Mateo
- Santa Clara County Fair, San Jose
- Shasta District Fair, Anderson
- Solano County Fair, Vallejo
- Sonoma County Fair, Santa Rosa
- Stanislaus County Fair, Turlock
- Tulare County Fair, Tulare

Southern California

- Antelope Valley Fair, Lancaster
- Barona Casino, Lakeside
- California Mid-State Fair, Paso Robles
- Del Mar Thoroughbred Club, Del Mar
- Derby Club at Seaside Park, Ventura
- Earl Warren Showgrounds, Santa Barbara
- Fairplex Park, Pomona
- Hollywood Park, Inglewood
- Indian Fantasy Springs Casino, Indio
- Los Alamitos Racecourse, Los Alamitos
- National Orange Show, San Bernardino
- Santa Anita Park, Arcadia
- Santa Barbara County Fair, Santa Maria
- Shalimar Sports Center, Indio
- Sports Pavilion, Lake Perris
- Sports Pavilion, Victorville
- Sycuan Casino, El Cajon
- Commerce Casino, City of Commerce
- Viejas Casino, Alpine

D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:

Los Angeles Turf Club, Inc. / Golden Gate Fields

August 25, 2010 through October 3, 2010

Out-of-State & International Imports - Full or Partial Card (Subject to Change)

OUT-OF-STATE TRACK
ARLINGTON
BELMONT PARK
CALDER RACECOURSE
DELAWARE PARK
EMERALD DOWNS
HAWTHORNE
KENTUCKY DOWNS
LAUREL PARK
LOUISIANA DOWNS
MONMOUTH PARK
PENN NATIONAL
PHILADELPHIA PARK
PRESQUE ISLE
SARATOGA
SUFFOLK DOWNS
TURF PARADISE
TURFWAY PARK
INTERNATIONAL TRACK
FORT ERIE
HASTINGS
WOODBINE

E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association:

American Tab, OH	Hinsdale Greyhound Park, NH	Rosecroft Raceway, MD
Arapahoe Park, CO	Hoosier Park, IN	Royal Beach Casino
Arima Race Club	Horsemen's Park, NE	Royal River Racing
Arlington International Race Course, IL	Indiana Downs, IN	Ruidoso Downs, NM
Atlantic City Casino Assn., NJ	International Racing Group	Sam Houston, TX
Atlantic City Race Course, NJ	Jackson Harness Raceway, MI	Saratoga Raceway, NY
Atokad Downs, NE	John Martin's Manor Restaurant	Scarborough Downs, ME
Balmoral Park, IL	Keeneland Association, KY	Scioto Downs, OH
Beulah Park, OH	Kentucky OTB	Seabrook Greyhound
Birmingham Race Course, AL	Lebanon Raceway, OH	Shoreline Star Greyhound Park
Blue Ribbon Downs, OK	Les Bois/Idaho	Skydancer Casino
Bluffs Run Greyhound	Lewiston Raceway Inc., ME	Southland, AR
Buffalo Raceway, NY	Lien Games, Inc., ND	Sports Center
Calder Race Course, FL	Lein Games, LLC	Sports Creek Raceway, MI
Canadian Associations	Lincoln Greyhound	Stables
Canterbury Park, MN	Lodge Belmont Greyhound Park	State Fair Park, NE
Capital District OTB	Lone Star, TX	Suffolk District OTB
Capital Sports Ply, Ltd, Australia	Louisiana Downs, LA	Suffolk Downs, MA
Casino Association	Manor Downs	Sunland Park, NM
Catskills OTB	Maryland Jockey Club, MD	Sunray Park, NM
Charlestown Race Course, VA	Maywood	Tampa Bay Downs, FL
Chester Downs & Marina LLC	Meadowlands	Tauton Dog Track, Inc.
Choctaw Racing Services, LLC, OK	Meadowlands The	Thistledown Racing, OH
Churchill Downs, KY	Meskwaki Casino	Timeout Lounge
Coeur d'Alene Greyhound, ID	Millers OTB	Tioga Downs
Coeur d'Alene Casino, ID	Mohegun Sun	Tri-State Racetrack & Gaming Center, WV
Colonial Downs, VA	Monmouth Park, NJ	Turfway Park, KY
Columbus Races, NE	Montana OTB, MT	Turf Paradise, AZ
Comanche Nation	Monticello Raceway, NY	TVG
Connecticut OTB, CT	Mount Pleasant Meadows, MI	Valley Greyhound Park
Corpus Christi Greyhound Track, TX	Mountaineer Park, WV	Vernon Downs, NY
Crystal Palace	Nevada Indian Casinos	Western Fair Raceway
Dairyland Greyhound Park, WI	Nevada Pari-Mutuel Association, NV	Western Regional OTB
Darwin All Sports	New Mexico	Wheeling Downs, WV
Delaware Park, DE	New York City Off-Track Betting, NY	Wichita Greyhound Park, KS
Delta Downs	New York Racing Association, NY	Will Rogers Downs, OK
Downs at Albuquerque, NM	Newport Jai Alai, FL	Wonderland Greyhound Park, MA
Elite Turf Club	North Dakota Horse Park, ND	Woodlands, KS
Ellis Park, KY	Northfield Park, OH	Wyoming OTB, WY
Emerald Downs, WA	Northville Racing Corp., MI	XpressBet, Inc., CA
Equus St. Thomas Racing, Inc.	Oaklawn Park, AR	YouBet
European Simulco, Austria	Ocean Downs, MD	Yonkers Raceway, NY
Evangeline Downs, LA	Oneida Bingo and Casino	Zia Park, NM
Evansville OTB	Penn National Race Course, PA	
Fair Meadows	Philadelphia Park, PA	Separate Pools:
Fairgrounds Race Course, LA	Plainfield Greyhound Park, NJ	Caymanas
Finger Lakes Race Track, NY	Plainridge Racecourse, MA	Hipodromo Presidente Remon, Panama
Fonner Park, NE	Poconos	LVDC (NV)
Foxwoods	Pojoaque	MIR/Caliente
Freehold Raceway, NJ	Portland Meadows, OR	
Geneva Lakes	Prairie Meadows, IA	
Gillespie County Downs	Raceway Park, OH	
Great Lakes Downs, MI	Racing & Gaming Services, British WI	
Greentrack	Red River Casino	
Gulf Greyhound, TX	Remington Park, OK	
Gulfstream Park, FL	Retama Park, TX	
Harrington Raceway	Riders Up OTB	
Hawthorne	River Downs, OH	
Hazel Park, MI	Rockingham Park, NH	

F. For THOROUGHBRED racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred 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":

NOTICE TO APPLICANT: B&P Code Section 19596.2(a) stipulates that on days when live thoroughbred or fair racing is being conducted in the state, the number of thoroughbred races which may be imported by an association or fair during the calendar period the association or fair is conducting its racing meeting cannot exceed a combined daily total of 23 imported thoroughbred races

statewide. The limitation of 23 imported thoroughbred races per day statewide does not apply to those races specified in B&P Code Section 19596.2(a)(1), (2), (3) and (4).

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
See 8D above.	TBD	

- G. For **QUARTER HORSE** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse 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":

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Los Alamitos	Per CHRB calendar	Full Card

- H. For **STANDARD BRED** racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness 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":

HARNESS SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Cal Expo Harness	Per CHRB calendar	Full Card

- I. For **ALL** racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported:

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be Imported
None			

- J. For **ALL** racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Sections 19596.2 and 19596.3, attach a copy showing the agreement by the appropriate racing association(s). **Not applicable.**

NOTICE TO APPLICANT: All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of B&P Code Sections 19596, 19596.1, 19596.2, 19596.3, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

Every association shall pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions. Every association shall pay to its Paymaster of Purses' account within 3 calendar days following the closing of wagering for each day or night racing program, or upon receipt of the proceeds, such amounts that are retained or obligated from off-track simulcast wagering, interstate and out-of-state wagering for purses, breeders' awards or other benefits to horsemen. (See Notice to Applicant, Section 5.)

10. CHARITY RACING DAYS

- A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association:
Board of Directors, Los Angeles Turf Club, Incorporated
285 W. Huntington Dr., Arcadia, CA 91007
- B. Names and addresses of the trustees or directors of the distributing agent:
Los Angeles Turf Club, Incorporated, Frank De Marco, Assistant Secretary
285 W. Huntington Dr., Arcadia, CA 91007
- C. Dates the association will conduct races as charity racing days OR:
- D. Will the association pay the distributing agent an amount equal to the maximum required under B&P Code Section 19550(b)? Yes

NOTICE TO APPLICANT: Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of B&P Code Section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 20% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of B&P Code Section 19556(b).

11. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

- A. Racing officials nominated:

Association Veterinarian(s)	Heather Kerr, D.V.M (Track Veterinarian)
	Joan Hurley, D.V.M. (CHRB Veterinarian)
	Diane Isbell, D.V.M. (Examining Veterinarian)
Clerk of Scales	Ken Sjordal
Clerk of the Course	Tina Walker
Film Specialist	Ross Allardyce
Horse Identifier	Patrick Kealy
Horseshoe Inspector	Butch Fyellingness
Paddock Judge	Linda Anderson
Patrol Judges	Tammy McDuffie-Morris & Joshua Wyatt
Placing Judges	Ella Robinson & Myra Troske
Starter	Todd Stephens
Timer	Richard Somers

- A. Management officials in the racing department:

Director of Racing	Sean Greely
Racing Secretary	Sean Greely
Assistant Racing Secretary	C. Gregory Brent, Jr.
Associate Racing Secretary	David Jerkens
Paymaster of Purses	Patricia Prospero
Others (identify by name and title)	
Main Track Superintendent	Juan Meza
Turf Track Superintendent	Calvin Rainey
Price Maker	Richard Somers
Stable Superintendent	Carrie Fawcett

- C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards: **Christine Niccoli
Niccoli Reporting Service, 619 Pilgrim Drive, Foster City, CA 94404-1707, (650) 573-9339**
- D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract:
Plusmic Corp., USA, Bill O'Brien, Expires: December 31, 2010
- E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks.
Pegasus Communications, Inc, Jim Porep, Jr., System maintained in house, Equipment contract expires: March 5, 2013
- F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract:
Electronic timer is installed and maintained by on-site staff.

12. SECURITY CONTROLS

- A. Name and title of the person responsible for security controls on the premises. Include an organizational chart of the security department and a list of the names of security personnel and contact telephone numbers.
**T.W. Johnson, Security Manager is responsible for security on-site.
Security Department organizational chart is attached.
Security Department phone number (510) 559-7370
Stable Security phone number (510) 559-7533
T.W. Johnson cell phone number (510) 418-3161**
- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis: **29**
1. Attach a written plan for enhanced security for graded stakes races, and races of \$100,000 or more, to include the number of security guards in the restricted areas during a 24-hour period and a plan for detention barns. **Attached**
 2. Detention Barns:
 - A. Attach a plan for use of graded stakes or overnight races.
**6 hour surveillance prior to race in Graded Stakes with purses of \$100,000 or over
24 hour surveillance in detention barn for Trainers with high-test results and repeat offenders.**
 - B. Number of security guards in the detention barn area during a 24-hour period.
Four Security Guards
 - C. Describe number and location of surveillance cameras in detention barn area.
Attached.

**Attachment to Los Angeles Turf Club / Golden Gate Fields License I Application
11 (E):**

Track Camera Equipment:

There are a total of seven (7) cameras placed at the following strategic locations around the race track:

7/8 Pole

3/8 Pole

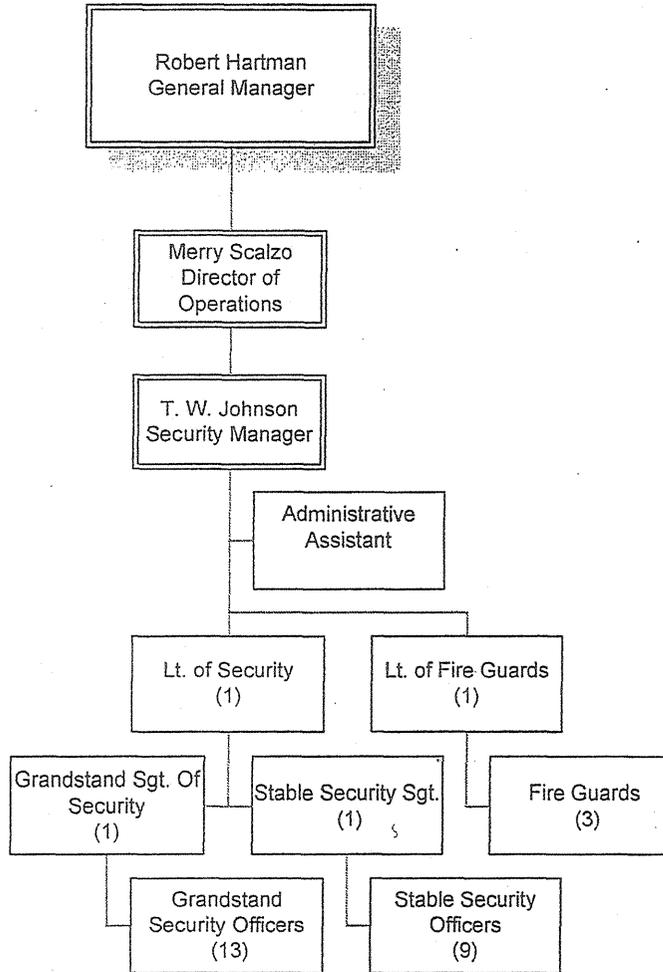
1/4 Pole

Paddock

Starting Gate

(2) Pan Cameras on Roof

LOS ANGELES TURF CLUB / GOLDEN GATE FIELDS
SECURITY DEPARTMENT ORGANIZATIONAL CHART
ATTACHMENT 12A



3. TCO2 Testing:
 - A. Number of races to be tested, and number of horses entered in each race to be tested.
Pre-race TCO2 testing will be performed for all races and a minimum of one-third of the horses in any race will be randomly chosen for TCO2 testing (see attached). All horses in any stake race will be pre-race tested for TCO2.
 - B. Plan for enhanced surveillance for trainers with high-test results.
24 Hour detention and video surveillance prior to the race.
 - C. Plan for detention barns for repeat offenders.
Assigned to detention barns with 24 hour surveillance
 - D. Number of security personnel assigned to the TCO2 program.
As needed per the direction of CHRB staff
- C. Describe the electronic security system:
 1. Location and number of video surveillance cameras for the detention barn and stable gate.
Attached.
- D. For night racing associations. Describe emergency lighting system: **Not Applicable.**

13. EMERGENCY SERVICES

- A. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races:
**Brad Winding Turf Rescue, LLC, 19615 Barclay Road, Castro Valley, CA 94546,
(510) 581-8470**
- B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites:
Pleasanton – American Medical Response, 640-143rd Ave., San Leandro, CA 94577, 510-895-7600
- C. Describe the on-track first aid facility, including equipment and medical staffing: **Attached.**
- D. Name and emergency telephone number of the licensed physician on duty during the race meeting:
(If quarter horse racing association see D(1):
**Dr. David Seftel
Office Number: 510-559-7375, Cell Number: 650-520-6204**
 1. Name address and emergency telephone number of hospital located within 1.5 miles of the racetrack, which whom an agreement is in place to provide emergency medical services:
N/A
- E. Name, address and emergency telephone number of the hospital to be used for admittance and treatment of emergency injuries in the event of an on-track injury to a jockey:
Alta Bates Summit Medical Center, 2450 Ashby, Berkeley, CA 94705 (510) 204-4444
- F. Attach, in English and Spanish, the emergency medical plan procedures that will be posted in each jockey's room to be used in the event of an on-track injury to a jockey: **Attached.**
- G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to B& P Code 19481.3(d):
**Roy Roenbeck, Director of Safety and Compliance
Calvin Rainey, Assistant General Manager, serves as Assistant Safety Manager**

**Attachment to Los Angeles Turf Club / Golden Gate Fields License Application
12B (2) and 12C (1):**

Detention Barn Surveillance:

Barn #44 contains 27 stalls and is utilized as our Transit and Detention Barn. The surveillance system in place contains cameras strategically placed to monitor entrances and exits along with a camera monitoring each stall.

The camera equipment is connected to a digital recording system which is kept in a secured area with a power back-up in place.

Stable Gate Surveillance:

Cameras are strategically placed to monitor all activities at the Main Stable Gate and the Horsemen Walk-In Gate.

Attachment to Los Angeles Turf Club / Golden Gate Fields License Application
12B (1) and 12B (2):

SECURITY CONTROLS

Graded Stakes and Races of \$100,000 or more

The following procedures have been put in place at Los Angeles Turf Club / Golden Gate Fields to ensure that proper security surveillance guidelines for races of \$100,000 or more are followed:

- Carrie Fawcett, Stable Superintendent, provides a list of starters to T. W. Johnson, Director of Security which includes the following information:
 1. Name of horse
 2. Name of trainer
 3. Barn number
 4. Stall number
- Supplemental security staff, provided by a licensed security contractor and licensed by the CHRB, are called in the morning of the race to meet with the Director of Security for the following instruction:
 - A. An overview of the race track operating procedures
 - B. A briefing of their duties throughout the day
 - C. All guards are asked to sign out for their specific video camera
 - D. A form is provided by the CHRB to each guard which is to be signed by the attending veterinarian when administering medication to bleeders.
 - E. Each guard is given a video camera to record ALL activities involving individuals entering and exiting their assigned stall. Instruction is given to first record the posted number on the stall to confirm that the camera is directed at the assigned horse.
 - F. Instruction is given to monitor any and all suspicious activity and to contact the Director of Security if and when suspicious activity occurs.
 - G. Guards are instructed to position themselves as close to the horse's stall without jeopardizing safety.
 - H. The horse and handler will be followed on foot by each guard to the receiving barn before the race.
 - I. After all horses are safely in the receiving barn, the guards are instructed to meet in the Security office with the Director of Security. The guards sign that they have returned their video camera and participate in a discussion of the day's surveillance activities.
- Surveillance videotapes are saved until all test results have received a negative result.

LOS ANGELES TURF CLUB / GOLDEN GATE FIELDS
ATTACHMENT 12B (3)
TCO2 TESTING

Pre-race TCO₂ testing will be performed for all races and a minimum of one-half of the horses in any race will be randomly chosen for TCO₂ testing:

HORSES IN RACE	MINIMUM NUMBER TESTED
3	2
4	2
5	3
6	3
7	4
8	4
9	5
10	5
11	6
12	6
13	7
14	7

EXHIBIT A

Track is entitled to perform physiological tests consisting of the taking of blood samples from owners' horses entered in races to be conducted at the 2009/2010 race meets. It is the understanding of the parties that such samples will be tested for bicarbonate levels. Trainers of horses showing a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, and owners' horses within their control, will be subject to the following:

- 1st Incidence** - For the first test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, subject to surveillance for a period of 45 days from the date set by the TCO₂ Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 30 days from the date set by the TCO₂ Committee, will be quarantined to a Protection Barn beginning at noon on the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant for stall renovation, per day, being born by the trainer or owner of such horse.

- B. **2nd Incidence** - For the second test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, which occurs within three years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 75 days from the date set by the TCO₂ Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 60 days from the date set by the TCO₂ Committee, will be quarantined to a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant for stall renovation, per day, being born by the trainer or owner of such horse.
- C. **3rd Incidence** - For the third test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, which occurs within three years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 105 days from the date set by the TCO₂ Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 90 days from the date set by the TCO₂ Committee, will be quarantined to a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant for stall renovation, per day, being born by the trainer or owner of such horse.

Track further agrees that it shall enforce these penalties when imposed as a result of similar contract provisions with other racing associations in California. By way of example only, Track agrees that should any horse running at its meet be subject to detention barn confinement as the result of a positive at another association, Track will continue to require detention barn confinement for the remainder of said 30 day period. Also by way of example, should a trainer have a TCO₂ positive or positives at a race meet other than its own and a subsequent positive at Track's race meet or at another associations meet, Track will enforce paragraph B, and may, at its discretion, enforce paragraph C above as though the original positive(s) had taken place at its meet.



EMERGENCY MEDICAL PROCEDURES FOR ON-TRACK INJURY TO JOCKEYS

"FIRST RESPONSE"

- In the event of an accident, the Stewards and/or Outriders shall immediately contact the Track Physician ("Jockey Down") using Radio Channel #7 *(or the accident may very well be witnessed directly by the Track Physician)*;
- The on-track GGF Human Ambulance (manned by GGF-contracted EMTs) and the Track Physician (transported via the GGF "chase" or "Vet" truck) shall respond immediately to the site of the accident;
- The attending medical professionals shall arrive equipped with advanced cardiac life support (ACLS) and other necessary acute medical treatment equipment & supplies;
- An "on-site evaluation" of injuries to the jockey(s) shall be made by the Track Physician.



"ON-SITE EVALUATION"

- Based on the Track Physician's "on-site evaluation" of injuries, a decision shall be made to either treat the injured jockey(s) on-site or to request emergency medical transport for off-site treatment at a hospital trauma center;
 - If on-site treatment is deemed sufficient, the GGF Human Ambulance shall transport the injured jockey(s) directly to the GGF Medical Clinic; or,
 - If off-site treatment is deemed necessary, "911" shall be used to summon a City of Albany Fire Dept. ambulance *(a Fire Dept. truck shall also respond)*.



"INJURY TREATMENT"

- If the injured jockey(s) is treated at the GGF Medical Clinic, the Track Physician shall be the primary care provider unless (or until) the Track Physician surrenders custody of the patient based on his/her medical judgment;
- If the City of Albany Fire Dept. ambulance is summoned to respond, the injured jockey(s) shall be transferred to this ambulance *(accompanied by the Track Physician)* at either of the two following locations for transport to a local hospital;
 - If the injuries are deemed less severe, the jockey will be transported by the GGF Human Ambulance to an off-track location for pick-up by the City of Albany Fire Dept. ambulance; or,
 - If the injuries are deemed severe and the jockey(s) cannot be moved, the City of Albany Fire Dept. ambulance will be escorted by GGF security personnel directly onto the track for patient pickup.

In consultation with the Track Physician, an "Accident/Injury Investigation Report" must be completed by track management following completion of the above-noted procedures.

(REV 1.0, JUNE 2007)



PROCEDIMIENTOS MÉDICOS EN EMERGENCIAS

PARA LESIONES DE JOCKEYS EN LA PISTA

"PRIMERA RESPUESTA"

- En caso de accidente, los comisarios y/o escoltas deberán contactar inmediatamente al Médico de Pista ("Jockey Abajo") usando el canal de radio n°7 (*salvo que el Médico de Pista sea testigo directo del accidente*);
- La Ambulancia para Humanos de GGF (con personal de emergencias médicas contratado por GGF) y el Médico de Pista (transportado a través del camión de "chase" o "Vet" de GGF) deberá acudir en forma inmediata al lugar del accidente;
- Los médicos que asistan deberán estar equipados con soporte vital cardíaco avanzado (ACLS) y otros equipos y elementos necesarios para el tratamiento médico;
- El Médico de Pista hará una "evaluación en el lugar" de las lesiones del jockey.



"EVALUACIÓN EN EL LUGAR"

- En base a la "evaluación en el lugar" de lesiones por parte del Médico de Pista, se tomará una decisión acerca de si tratar al jockey lesionado en el lugar o pedir transporte de emergencia médica para un tratamiento en un hospital o centro de salud;
 - Si se considera suficiente el tratamiento en el lugar, la Ambulancia para Humanos de GGF trasladará al jockey lesionado directamente a la Clínica Médica de GGF; o,
 - Si se considera necesario un tratamiento fuera del lugar, se usará el "911" para pedir una ambulancia del Departamento de Bomberos de la Ciudad de Albany (*un camión del Departamento de Bomberos también acudirá*).



"TRATAMIENTO DE LA LESIÓN"

- Si el jockey lesionado recibe tratamiento en la Clínica Médica de GGF, el Médico de Pista será el que proporcione atención primaria a menos que (o hasta que) el Médico de Pista dé de alta al paciente en base a su juicio médico;
- Si se requiere que acuda la ambulancia del Departamento de Bomberos de la Ciudad de Albany, el jockey lesionado será transferido a esta ambulancia (*acompañado por el Médico de Pista*) en cualquiera de los siguientes lugares para luego ser trasladado a un hospital local;
 - Si se considera que las lesiones son menos severas, el jockey será trasladado por la Ambulancia Humana de GGF a una ubicación fuera de la pista para ser recogido por la ambulancia del Departamento de Bomberos de la Ciudad de Albany; o,
 - Si se considera que las lesiones son severas y no puede moverse al jockey, la ambulancia del Departamento de Bomberos Ciudad de Albany será conducida por el personal de seguridad de GGF directamente sobre la pista para recoger al paciente.



Description of GGF Medical Clinic (Live Racing)

Services (Mission)

- Pre-race examinations on jockeys;
- Preventive & curative medical services for jockeys;
- Urgent care facility for jockeys;
- Assist CHRB in assessment of any impaired individuals;
- Urgent care for patrons & GGF employees.

Staffing

- Physician Medical Director ("Track Physician");
- Full-time Medical Assistant;
- Part-time Medical Assistant "Intern".

Equipment

- Advanced cardiac life support (ACLS) equipment;
- 12-Lead EKG;
- Lung function testing equipment;
- Ultrasound (for internal organ injury assessment);
- Blood work & hematology supplies & equipment;
- Basic surgical care supplies & equipment.

Availability

- One-hour before first posted race until one-to-two hours following last posted race;
- Extended hours for necessary follow-up care and/or upon request from track management or CHRB.

- H. Attach a fire clearance from the fire authority having jurisdiction over the premises.
Berkeley fire clearance attached.
Albany fire clearance attached.
- I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): **Liberty International - #WC1-B71-072827-030**
- J. Attach a Certificate of Insurance for workers' compensation coverage. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of insurance that secures the liability of the association for payment of workers' compensation.
Workers' Compensation certificate of insurance is attached; valid through January 1, 2011.

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall pursuant to B&P Code 19481.3 maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to any quarter horse racing at the racetrack if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide emergency medical services to jockeys and riders. An ambulance licensed to operate on public highways provided by the track shall be available at all times during live racing and shall be staffed by two emergency medical technicians licensed in accordance with Division 2.5 (commencing with Section 1797) of the Health and Safety Code, one of whom may be an Emergency Medical Technician Paramedic, as defined in Section 1797.84 of the Health and Safety Code. (b) Each racing association and racing fair shall adopt and maintain an emergency medical plan detailing the procedures that shall be used in the event of an on-track injury. The plan shall be posted in each jockey room in English and Spanish. (c) Prior to every race meeting, the racing association or racing fair shall contact area hospitals to coordinate procedures for the rapid admittance and treatment of emergency injuries. (d) Each racing association or racing fair shall designate a health and safety manager and assistant manager, who shall be responsible for compliance with the provisions of this section and one of whom shall be on duty at all times when live racing is conducted. The health and safety manager may, at the discretion of the racing association, be the person designated to perform risk management duties on behalf of the association.

14. CONCESSIONAIRES AND SERVICE CONTRACTORS

Names and addresses of all persons to whom a concession or service contract has been given, **other than those already identified**, and the goods and/or services to be provided by each:

Tip Sheets	Jack's Blue Card, 127 Sun Avenue, Hayward, CA 94544
Armored Car Services	Loomis Armored Car, P.O. Box 44196, San Francisco, CA 94144
Track Physician	Dr. David Seftel, Conocen Corp., 20066 Austin Lane, Castro Valley, CA 94546
Official Program	Del Mar Graphics, 1100 Eastshore Highway, Albany, CA 94706
Jockey's Laundry	F. Lorene Dutton, Bailey's Mobile Laundry, 3263 Vineyard Ave., Pleasanton, CA 94566
Starting Gate	Mike Costello, United Puett Starting Gate Co., P.O. Box 18, S. Salem, NY 10590
Track Photographer	Bill Vassar, Vassar Photography, 1167 Sapphire Drive, Livermore, CA 94550

15. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

Describe any promotional plans: **The tentative Summer/Fall 2010 promotional/giveaway schedule is listed below (subject to change).**

August 25, 2010 – Opening Day

- **Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.**

August 26, 2010

- **Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.**
- **Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.**

August 27, 2010

- **Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.**

August 28, 2010



Department of Fire and Emergency Services
Division of Fire Prevention

Date: 14 January 2010

Merry Scalzo
Director of Operations
Golden Gate Fields
1100 Eastshore Highway
Albany, CA 94706
Phone (510) 559-7325
Fax (510) 559-7465

Subject: Fire & Life Safety Inspection – Golden Gate Fields - Stables

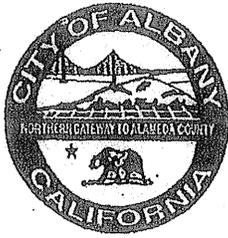
On January 14, 2010 the Berkeley Fire Prevention Division conducted an annual inspection of the Golden Gate Field Horse Stables. This inspection will be valid through January 14, 2011. Our fire life safety report indicates that there are no outstanding violations noted or corrections need to be made at this time.

Should you have any questions regarding the annual inspection please call my office (510.981-5582) at your convenience.

Thank you for your time and I look forward to speaking with you in the near future.

A handwritten signature in black ink, appearing to read "Stan Fernandez". The signature is stylized and cursive.

Stan Fernandez
Fire Inspector / Investigator



City of Albany

1000 SAN PABLO AVE. • ALBANY, CALIF. 94706 • TELEPHONE (510) 528-5775 • FAX (510) 528-5774

FIRE DEPARTMENT
FIRE PREVENTION BUREAU

June 3, 2010

Calvin Rainey
Vice-President and Assistant General Manager
Golden Gate Fields
1100 Eastshore Highway
Albany, CA 94706

Dear Mr. Rainey,

On May 24 & 25, 2010, this office under the Fire Prevention Code, NFPA 1, conducted a Fire and Life Safety inspection and the Fundamental Requirements listed in the *Life Safety Code*, NFPA 101, Chapter 2, the 2007 California Fire Code and California Code of Regulations. Listed below are the results of the inspection and code references. All areas of Golden Gate Fields Race Track, within the jurisdiction of the Albany Fire Department have been inspected. Areas that have been inspected include the Administration Offices, kitchens, public areas and non-public areas of the Club House & Turf Club, public areas and non-public areas of A & B Decks, snack shops on all levels, underground level, Jockeys building and the Equine Hospital.

GENERAL

These buildings are in good condition. Housekeeping in the public and non-public areas are well maintained, most fire extinguishers and existing exit/panic hardware and egress doors are in operational condition. Several of the emergency illumination devices need replacement of their back-up battery; all other emergency illumination devices and Exit signs are in good working order. All other Fire & Life Safety requirements appear to be in order.

Letter of Correction Notices for GGF Main Building – Administration Offices, Public & Non Public Areas Turf Club, Club House, A & B Decks, Jockeys Room, Equine Hospital and Corporation Yard shall follow under separate cover.

Conditional Fire Clearance

Conditional fire clearance is granted to Golden Gate Fields/ Pacific Racing Association for the June 14, 2010 – December 19, 2010. During the course of the June 2010 - December 2010

Racing Season, the Albany Fire Prevention Bureau will conduct periodic Fire & Life Safety Inspections. If a flagrant Fire or Life Safety violation is discovered during GGF's June 14, 2010 - December 19, 2010 racing season, their fire clearance shall be revoked.

If you have any questions, please do not hesitate to contact me at (510) 528-5775.

Sincerely,



Brian J. Crudo
Battalion Chief/Fire Marshal

cc: Marc McGinn, Fire Chief
Colleen Germek, C.H.R.B.
Peter Tunney, Executive Vice-President, GGF
Robert Hartman, General Manager, GGF
Merry Scalzo, Director of Operations, GGF
Roy Roenbeck, Director of Safety and Compliance, GGF

Ref. No. 320006178389

CERTIFICATE OF INSURANCE

Aon Reed Stenhouse Inc.
20 Bay Street
Toronto ON M5J 2N9
tel 416-868-5500 fax 416-868-5580

Re: Contractual Agreement

California Horse Racing Board
Attention : Insurance Department
1010 Hurley Way
Sacramento, CA 95825
USA

Insurance as described herein has been arranged on behalf of the Insured named herein under the following policy(ies) and as more fully described by the terms, conditions, exclusions and provisions contained in the said policy(ies) and any endorsements attached thereto.

Insured

MI Developments Inc. a/o Los Angeles Turf Club,
Incorporated
1100 Eastshore Highway
Albany, CA 94706
USA

Coverage

Commercial General Liability	Insurer	Zurich American Insurance Company	
Policy #	GLO 9302183-07		
Effective	01-Apr-2009	Expiry	01-Jul-2010
Limits of Liability	Bodily Injury & Property Damage, Each Occurrence USD2,000,000 Policy may be subject to a general aggregate and other aggregates where applicable		
US Workers Comp/Employers Liability	Insurer	Liberty Mutual Insurance Company	
Policy #	WC1-B71-072827-030		
Effective	01-Jan-2010	Expiry	01-Jan-2011
Limits of Liability	Workers Compensation As per applicable Law		

Cancellation / Termination

The Insurer will endeavour to provide THIRTY (30) days written notice of cancellation/termination to the addressee except that statutory or policy conditions (whichever prevails) will apply for non-payment of premium.

**THE POLICY CONTAINS A CLAUSE THAT MAY LIMIT THE AMOUNT PAYABLE
OR, IN THE CASE OF AUTOMOBILE INSURANCE,
THE POLICY CONTAINS A PARTIAL PAYMENT OF LOSS CLAUSE**



- **Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.**

August 29, 2010

- **\$1 Day / Summer Concert – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer while enjoying live entertainment.**

September 2, 2010

- **Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.**

September 5, 2010

- **\$1 Day / Summer Concert – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer while enjoying live entertainment.**

September 6, 2010 – Labor Day

- **Blanket Giveaway where all fans will receive one giveaway item with paid admission while supplies last.**
- **Family Day – Kid’s Lunch Box Giveaway, Pony Rides, Petting Zoo, Face Painters, and Bounce Jumps.**

September 11, 2010

- **Day on Us – Fans on ½ GGF Mailing List will receive two complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a Program.**

September 12, 2010

- **\$1 NFL Sunday / Summer Concert – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer while enjoying live entertainment. Fans will be able to enjoy football games throughout the facility provided by the NFL ticket.**

September 16, 2010

- **Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.**

September 18, 2010

- **Race for the Cure Pink Ribbon Day – Partnership with Susan G. Komen Foundation where portion of the proceeds donated to breast cancer charity. Designated race where jockeys and other race track personnel will dress in pink to support the cause.**

September 19, 2010

- **\$1 NFL Sunday / Summer Concert – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer while enjoying live entertainment. Fans will be able to enjoy football games throughout the facility provided by the NFL ticket.**

September 23, 2010

- **Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.**

September 25, 2010

- **Day on Us – Fans on ½ GGF Mailing List will receive two complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a Program.**

September 26, 2010

- **\$1 NFL Sunday / Summer Concert – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer while enjoying live entertainment. Fans will be able to enjoy football games throughout the facility provided by the NFL ticket.**

October 2, 2010 – Cal Cup

- **Secretariat Giveaway in coordination with the release of Disney’s film “Secretariat”.**

October 3, 2010 – Closing Day

- **\$1 NFL Sunday / Summer Concert – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer while enjoying live entertainment. Fans will be able to enjoy football games throughout the facility provided by the NFL ticket.**

B. Number of hosts and hostesses employed for meeting:

General Admission:

1-3 Visits	\$3.00
4-8 Visits	\$2.50
9-15 Visits	\$2.00
16-20 Visits	\$1.50
Over 20 Visits	\$1.00

Club House Admission:

1-3 Visits	\$4.00
4-8 Visits	\$3.50
9-15 Visits	\$3.00
16-20 Visits	\$2.50
Over 20 Visits	\$2.00
Reserved seating	Free

Thoroughbred Club Prepaid Admissions

Valid during live and ITW

TB Club Members can purchase a minimum of 30 Prepaid G/A admissions @ \$1.75 each
 TB Club Members can purchase a minimum of 15 Prepaid C/H admissions @ 3.50 each

B. Describe any "Season Boxes" and "Turf Club Membership" fees:

Turf Club – Full Season Single Membership	\$ 1,000.00
Turf Club – Full Season Dual Membership	\$ 2,000.00
Top of the Stretch – Full Season Membership	\$ 500.00
Club House Box (4 seats, no admission)	\$ 450.00
Club House Season Pass (Admission only)	\$ 400.00
Grandstand Season Pass (Admission only)	\$ 200.00

C. Describe any "package" plans such as combined parking, admission and program: None

17. JOCKEYS/DRIVERS' QUARTERS

A. Check the applicable amenities available in the jockeys/drivers' quarters:

<input checked="" type="checkbox"/> Corners (lockers and cubicles)	How many	<input type="text" value="23"/>
<input checked="" type="checkbox"/> Showers	<input checked="" type="checkbox"/> Steam room, sauna or steam cabinets	<input checked="" type="checkbox"/> Lounge area
<input checked="" type="checkbox"/> Masseur	<input checked="" type="checkbox"/> Food/beverage service	<input checked="" type="checkbox"/> Certified platform scale

B. Describe the quarters to be used for female jockeys/drivers:

Fifteen by twenty foot room accessed from a community hallway. The room has a television and bed with an attached shower room, sink and toilet.

18. BACKSTRETCH EMPLOYEE HOUSING

A. Inspection of backstretch housing was completed by (name) _____ on (date) _____

CHRB to schedule inspection with Carrie Fawcett, Stable Superintendent.

B. Number of rooms used for housing on the backstretch of the racetrack: 128

C. Number of restrooms available on the backstretch of the racetrack:
 18 with showers, 7 in office areas.

D. Estimated ratio of restroom facilities to the number of backstretch personnel:
 1 restroom for every 12 people.

19. TRACK SAFETY

- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line:

5,280

 feet.
- B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course.
Inner and outer railings are metal gooseneck. Coverings are Rider Protection Rail by Horsemen's Track & Equipment, Inc. Approximate height of the top of the inner railing is 42 inches.
- C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474:
Juan Meza
- D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. **On File.**
- E. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing. **Not applicable.**

20. DECLARATIONS

- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state): **No exceptions.**
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044.
CTT agreement is on file.
TOC agreement is on file.
- C. Attach a lease agreement permitting the association to occupy the racing facility during the entire term of the meeting. (In the absence of either a lease agreement or a horsemen's agreement, a request for an extension pursuant to CHRB Rule 1407 shall be made). **On file with the Board.**
- D. 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 meeting except as follows (if no exceptions, so state): **No exceptions.**
- E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state): **No exceptions.**

NOTICE TO APPLICANT: Pursuant to CHRB Rules 1870 and 1871, the CHRB shall be given 15 days' notice in writing of any intention to terminate a horse racing meeting or the engagements or services of any licensee, approved concessionaire, or approved service contractor.

21. 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 association to attest to this application on its behalf.

Robert Hartman
Print Name

[Signature]
Signature

General Manager
Print Title

5/24/10
Date