

CALIFORNIA HORSE RACING BOARD
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REGULAR MEETING

of the California Horse Racing Board will be held on Thursday, June 28, 2012, commencing at 9:30 a.m., in the Sunset Room at Hollywood Park Race Track, 1050 South Prairie Ave., Inglewood, 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 May 24, 2012.
2. **Public Comment:** Communications, reports, requests for future actions of the Board. **Note:** Persons addressing the Board under this item will be restricted to three (3) minutes for their presentations.
3. Discussion and action by the Board on the **Application for License to Conduct a Horse Racing Meeting of the Humboldt County Fair (F) at Ferndale**, commencing August 15, 2012 through August 26, 2012, inclusive.
4. Discussion and action by the Board on the **Application for License to Conduct a Horse Racing Meeting of the Pacific Racing Association II (T) at Golden Gate Fields**, commencing August 17, 2012 through September 16, 2012, inclusive and the reallocation of the August 17, 2012 through September 16, 2012 race dates from Los Angeles Turf Club to Pacific Racing Association II.
5. Discussion and action by the Board regarding 1) an affirmation of the prior decision to suspend for twelve months the use of clenbuterol by all breeds at all California race tracks, and to acknowledge initiation of the recommended 21-day withdrawal pursuant to the provisions of CHRB Rule 1844.1, Suspension of Authorized Medication and 2) a request to modify the effective date of the suspension.
6. Discussion and action by the Board regarding the proposed addition of CHRB Rule 1927.1, Tampering with Smoke Detectors Prohibited, to include penalties relative to tampering with fire safety equipment i.e. smoke detectors.
7. Public hearing and action by the Board regarding the proposed addition of CHRB Rule 1489.1, Suspension of License Due to Delinquent Tax Debt, to require the suspension of an occupational license if the licensee's name appears on the Franchise Tax Board or Board of Equalization's list of 500 top largest tax delinquencies, pursuant to AB 1424, Chapter 455 Statutes of 2011. (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.)

8. Public hearing and action by the Board regarding the proposed addition of Article 27, Exchange Wagering and the following proposed CHRB Rules governing exchange wagering in California: CHRB Rule 2086, Definitions; 2086.1, Authorization for Exchange Wagering; 2086.5, Application for License to Operate Exchange Wagering; 2086.6, Operating Plan; 2086.7, Exchange Wagering Data; 2086.8, Monitoring Systems and Notification; 2086.9, Financial and Security Integrity Audits Required; 2087, Suspending Markets; 2087.5, Antepost Market; 2087.6, Cancellation of Matched Wagers; 2088, Declared Entries; 2088.5, Correcting Matched Wager Errors; 2088.6, Cancellation of Unmatched Wagers; 2089, Error in Payments of Exchanges Wagers; 2089.5, Requirements to Establishing Exchange Wagering Account; 2089.6, Deposits to an Exchange Wagering Account; 2090, Posting Credits for Winnings from Exchange Wagers; 2090.5, Debits to an Exchange Wagering Account; 2090.6, Withdrawals by Account Holder; 2091, Closing an Inactive Exchange Wagering Account; 2091.5, Suspending an Exchange Wagering Account; 2091.6, Powers of the Board to Review and Audit Records; 2092, Exchange Wagers Placed After the Start of a Race; 2092.5, Prohibitions on Wagers to Lay a Horse to Lose; 2092.6, Suspension of Occupational License and Rule 2093, Certain Practices Related to Exchange Wagering. (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.)
9. Discussion and action by the Board on the Application for License to Operate Exchange Wagering by Betfair U.S., LLC, for a period of up to two years.
10. Discussion and action by the Board on the Application for License to Operate Exchange Wagering by Churchill Downs Technology Initiatives Company dba Twinpires, for a period of up to two years.
11. Discussion and action by the Board on the request from the Los Alamitos Quarter Horse Racing Association to amend its current Application for License to Conduct a Horse Racing Meeting to add exchange wagering to its wagering format.
12. Discussion and action by the Board on the approval of the 2012/2013 Agreement providing funding support for the Board.
13. Closed Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
 - A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).
 - B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).

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

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

CALIFORNIA HORSE RACING BOARD

Keith Brackpool, Chairman

David Israel, Vice Chairman

Steve Beneto, Member

Jesse H. Choper, Member

Bo Derek, Member

Richard Rosenberg, Member

Chuck Winner, Member

Kirk E. Breed, Executive Director

Jacqueline Wagner, Assistant Executive Director

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PENDING LITIGATION
JUNE 2012

SUPERIOR COURT LITIGATION

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

PROCEEDINGS of the Regular Meeting of the California Horse Racing Board held at the Hollywood Park Race Track Sunset Room, 1050 South Prairie Avenue, Inglewood, California, on May 24, 2012.

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

APPROVAL OF THE MINUTES OF MARCH 22, 2012.

Chairman Brackpool asked for approval of the minutes of March 22, 2012. Commissioner Choper motioned to approve the minutes. Commissioner Rosenberg seconded the motion, which was unanimously carried.

APPROVAL OF THE MINUTES OF APRIL 26, 2012

Chairman Brackpool asked for approval of the minutes of April 26, 2012. Vice-Chairman Israel motioned to approve the minutes. Commissioner Winner seconded the motion, which was unanimously carried.

PUBLIC COMMENT

Diane Becker of "Save Hollywood Park" spoke about conducting instant racing games in California. Chairman Brackpool suggested Ms. Becker work with the racing associations and consider pursuing legislation.

PRESENTATION OF THE CALIFORNIA HORSE RACING BOARD RESOLUTION TO JERRY MOSS.

Chairman Brackpool stated the Board wished to honor ex-Commissioner Jerry Moss for his service on the Board. He said that when he was informed it was time to present a resolution to Commissioner Moss, he thought it would be appropriate to include a video presentation regarding Commissioner Moss's involvement in and service to the industry. (A video presentation was made, but not transcribed.) Commissioner Moss thanked the Board. He stated it was an honor and a pleasure to serve with Commissioners who made tough decisions, and who always kept in mind fairness and what was right for the horse and jockeys, as well as all the people connected with the sport. He also thanked the Board's Executive Director and staff who worked to support the Board in its efforts to improve horseracing in California.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST TO CONTINUE THE MODIFICATION OF THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCE DEPOSIT WAGERING (ADW) AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE SECTION 19604(f)(5)(E) FOR WAGERING CONDUCTED BY THOROUGHBRED ASSOCIATIONS, AND DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST TO CONTINUE THE MODIFICATION OF THE DISTRIBUTION OF TAKEOUT AS PERMITTED BY BUSINESS AND PROFESSIONS CODE SECTION 19605.7(a)(2)(A) FOR WAGERING CONDUCTED BY THOROUGHBRED ASSOCIATIONS IN THE NORTHERN ZONE.

Jacqueline Wagner, CHRB staff, said in June 2011 the Board approved a request from Northern California Off-Track Wagering, Inc. (NCOTWINC) and Southern California Off-Track Wagering, Inc. (SCOTWINC) for approval 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) for the southern zone and to modify the distribution of takeout as permitted by Business and Professions Code section 19605.7(a)(2)(A) for the northern zone. The modification was effective July 1, 2011 through June 30, 2012. Ms. Wagner stated the item

before the Board was a request to continue the agreement. Vice-Chairman Israel stated the NCOTWINC agreement did not seem to have a term, whereas the SCOTWINC agreement would run through December 21, 2012. Joe Morris, representing NCOTWINC, stated his organization was asking for a one year extension to run through June 30, 2013. Lou Raffetto of Thoroughbred Owners of California said SCOTWINC was in a different situation than NCOTWINC and it was requesting an end date of December 31, 2013. Commissioner Rosenberg stated that subsequent to the last request the parties reported on the specifics of their financial operations and how they functioned. In the future, if the parties were to make another request, it would be helpful if they again reported on the specifics of their financial operations. Chairman Brackpool commented a report could be scheduled before the end of the calendar year. Chairman Brackpool motioned to approve the request by NCOTWINC and SCOTWINC to continue the modifications of the distributions as requested. Commissioner Choper seconded the motion, which was unanimously carried.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE FEASIBILITY OF
SUSPENDING THE USE OF CLENBUTEROL FOR THOROUGHBRED HORSES AT
ALL CALIFORNIA RACE TRACKS.

Dr. Rick Arthur, CHRB Equine Medical Director, stated that in August 2011 the Pacific Coast Quarter Horse Racing Association and Los Alamitos Race Course (LARC) requested that the use of clenbuterol in quarter horses racing at LARC be suspended for a period of 12 months, effective October 14, 2011. He said in a 16-month period prior to the suspension there were 14 clenbuterol violations. Since the suspension of clenbuterol in quarter horses at LARC there have been no violations. The suspension of clenbuterol at LARC had not affected entries, and there was no evidence of any health effects for the horses. Dr. Arthur stated he and Dr. Stanley did a

survey of out-of-competition samples and found clenbuterol in over 50 percent of the samples. In addition about a third of the horses tested for TCO2 had trace levels of clenbuterol. Dr. Arthur said he believed a 21-day withdrawal time for clenbuterol was acceptable to the Thoroughbred Owners of California (TOC) and the California Thorough Trainers (CTT). Lou Raffetto of the TOC stated the CTT indicated it supported the 21-day withdrawal time. The industry wanted to ensure clenbuterol was used for therapeutic purposes, and not abused. That was why the 21-day period received support. Dr. Craig Shoemaker of Boheringer Ingelheim, the Food and Drug Administration (FDA) approved manufacturer of Ventipulmin, or clenbuterol, stated that his company was also concerned with the inappropriate use of clenbuterol. Within the quarter horse industry the issue was the use of the illegal product, with dosages exceeding the approved amount by up to 70 times the concentration. Dr. Shoemaker said his company did not believe the illicit products had any position in horse racing or veterinary medicine. However, the FDA approved clenbuterol should not be confused with the issue, as it was beneficial to horses and a safe therapeutic drug. Dr. Shoemaker added it did not appear that clenbuterol use in thoroughbred racing resembled the issues in quarter horse racing. The 21-day withdrawal period would take a useful therapeutic drug out of trainers and veterinarians hands. Horses may be exposed to non-FDA approved substances, or they might run in a compromised state. He said Boheringer Ingelheim would ask that the Board wait until recommendations from the University of California Davis study were released before it took action. Commissioner Winner thanked all parties involved in the discussions regarding clenbuterol. He stated the issue took a lot of work and an exchange of ideas, as there were various individuals with differing views. Commissioner Winner added Commissioner Derek would make a motion, which he would support. Commissioner Derek motioned to suspend the use of clenbuterol for one year commencing July

18, 2012, with a 21-day withdrawal time. Commissioner Choper asked if the proposal would be noticed. Assistant Executive Director Jacqueline Wagner said the item before the Board was a recommendation from the Medication and Track Safety Committee to suspend the use of clenbuterol in thoroughbreds under Board Rule 1844.1, Suspension of Authorized Medication. To put the recommendation in effect, it would have to appear on the June 2012 Regular Meeting Agenda. Commissioner Choper commented that at that time the Board would have the University of California Davis recommendations. However, it appeared the parties were satisfied with the 21-day withdrawal time. Mr. Raffetto stated the parties believed it was the best – proactive - approach. Chairman Brackpool stated the item was on the agenda, and the Board had emergency powers under Rule 1406, Suspension of Rule. He asked Staff Counsel if the Board could use its authority under the circumstances. Robert Miller, Staff Counsel, said the Board could act immediately if, in an emergency situation, it could specify factually the emergency and why the action was needed. Chairman Brackpool stated the proposed emergency action was to protect against misuse of clenbuterol for the same reason it was suspended for quarter horses racing at LARC. He said the suspension would commence on July 18, 2012 for one year, and that there would also be a 21-day withdrawal time. Dr. Arthur suggested the motion include all horses racing in California, as it would simplify the process. Chairman Brackpool stated that was fine; all breeds. Commissioner Choper commented that if there were any startling evidence produced between the Board's action and July 18, the item could be readdressed. Commissioner Derek said the Medication and Track Safety Committee would have a meeting. Chairman Brackpool stated the issue was handled in an ideal manner. It was controversial, but over time the parties worked together to achieve a balance to protect race horses from misuse while maintaining the therapeutic use of a necessary drug. Commissioner

Derek motioned to suspend the use of clenbuterol in all breeds entered to race for the period of one year, commencing July 18, 2012, and to institute a recommended 21-day withdrawal time.

Commissioner Winner seconded the motion, which was unanimously carried.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED ADDITION OF CHRB RULE 1581.2, PROHIBITION ON RACING OF PREGNANT MARES, TO PROHIBIT THE RACING OF PREGNANT MARES BEYOND 120 DAYS OF GESTATION.

Dr. Rick Arthur, CHRB Equine Medical Director, stated the proposed addition of Rule 1581.2, Prohibition on Racing of Pregnant Mares, was an animal welfare issue. Such mares were rarely entered, but in 2010 three mares were close to 140 days, while one was 143 days in foal. It was not worth the risk to the industry to have something untoward happen to such a mare due to its competing in a race. Dr. Arthur said the proposal was an international animal welfare standard, and he would recommend the Board adopt the amendment proactively. Commissioner Rosenberg asked if other United States racing jurisdictions had such a rule. Dr. Arthur said "no" but it was supported by the International Federation of Horse Racing Authorities, the British Horseracing Authority, Australia, Hong Kong and other jurisdictions. Commissioner Rosenberg asked how the regulation would work practically. Dr. Arthur stated the Board's claiming rules currently required the trainer to report if a mare was in foal. The breeding date was noted when the mare was entered in a claiming race. Such a requirement was not in the proposed rule, but it would be up to the trainer to report whether the mare was bred. The information was also reported to the Jockey Club, and it could easily be verified. Commissioner Rosenberg said it sounded like an administrative nightmare. If a mare in foal ran, and it was not reported at entry, would the purse be forfeit? Dr. Arthur said if a mare were more than 120 days in gestation, it would not be eligible to enter the race, so a purse would be forfeit. Executive Director Kirk

Breed stated the primary responsibility would fall with the racing secretary. The racing veterinarians conducting pre-race examinations had to make that determination. Vice-Chairman Israel asked in California how many times a year a mare past 120 days of gestation ran. Dr. Arthur stated there were no recorded instances in 2011, and only three in 2010. It was a rare occurrence. He added the rule would also protect the wagering public because such horses rarely ran well. Vice-Chairman Israel commented it was a worthy rule, but it did not seem to be a big issue. Given the limited number of mares that run in foal, it should also not be much of an administrative problem. Commissioner Winner said the issue was discussed by the Medication and Track Safety Committee, as well as the Medication Advisory Committee. All of the issues were considered, and the parties determined it would not be an administrative problem due to the limited number of mares involved. He stated he also believed it was the right thing to do for the horse and the wagering public. Commissioner Derek motioned to direct staff to initiate a 45-day public comment period regarding the proposed addition of Rule 1581.2. Commissioner Winner seconded the motion, which was unanimously carried.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION TO CONDUCT A HORSE RACING MEETING OF THE DEL MAR THOROUGHBRED CLUB (T) AT DEL MAR, COMMENCING JULY 18, 2012 THROUGH SEPTEMBER 5, 2012, INCLUSIVE.

Mike Ernst of Del Mar Thoroughbred Club (DMTC) stated his organization submitted a letter to staff requesting an amendment to the purse program to reflect a \$265,000 increase in the DMTC estimated purse distributions. He said DMTC prepared its application in March 2012; however, a subsequent analysis of wagering trends at Santa Anita and Hollywood Park was positive, so DMTC increased its purse projections for 2012. Craig Dado of DMTC spoke about his organization's marketing and promotion program. He stated 2012 was DMTC's 75th

anniversary, and that would be its advertising theme. The attendance goal was to attract more than 18,000 persons per day. The media campaign would feature jockey Chantal Sutherland, and would include television, radio, print, billboards, social media, direct mail and other venues. With regards to fan development, DMTC would engage in a two-part marketing strategy. The first part would be retention of core patrons via database marketing. That would free funds for an "attraction strategy" aimed at new and occasional fans with the "Del Mar, Cool As Ever" brand. DMTC had a high percentage of new fans that came to the facility for reasons other than horse racing, such as concerts and festivals, or to enjoy the DMTC social scene. It was DMTC's job to convert such persons into regular horse racing fans. To accomplish this DMTC would do a number of things. It would offer a free program to every person who came through the gate. Many racetracks that hosted other events required attendees to pay for programs. If the patron did not buy a program, they would not wager. The free programs increased the chances that the occasional visitor would wager. DMTC was also redesigning its program to be more user friendly for those unfamiliar with wagering. There would also be daily 30-minute seminars on wagering for beginners. The seminars would repeat themselves from the minute the gate opened until the first race. Mr. Dado stated the seminars were very popular, and were filled every day. DMTC also had a beginner's website, and it distributed beginner guides, as well as the Daily Racing Form Easy Form, which was a simplified Daily Racing Form" product. These items were distributed free of charge. DMTC would also repeat its Bring a Friend program, in which it encouraged patrons to bring someone who had not been to the facility. If a patron in the DMTC data base brought someone who was not in the database, they both received free entrance, as well as a gift, such as a sweatshirt or tote bag. Mr. Dado added DMTC tracked its on-track handle on a per-race basis to determine if the concerts and other events resulted in increased wagering. He

stated that when DMTC looked at its last two races on Fridays it found that they had a higher handle than any other race on Wednesday, Thursday or Sunday. The Friday races were two of DMTC's largest on-track handles of the entire week. DMTC believed that was because the concert crowd wagered. The Friday night patrons did not wager large amounts, but the lines at the windows were long, and as those who attended the concerts aged, they may return to enjoy the sport on their own. Commissioner Choper asked if DMTC could determine if the Bring a Friend program resulted in the friend returning to the track, and how often. Mr. Dado said the friend had to sign up and be entered into the data base. Each time the friend returned, he would use his database card to get in half price. So far, the results were mixed. A little bit less than half returned, but DMTC thought that was good. DMTC would continue to monitor the program. Commissioner Choper asked how often the patron could enter for half price. Mr. Dado stated the friend joined the Diamond Club, which included a half price entrance every time the patron attended the races. He added due to DMTC's short meeting it would take a couple of years to truly understand the data. Commissioner Choper asked if DMTC tracked the Diamond Club patrons at off-track wagering facilities after the close of its meeting. Mr. Dado said the programs were tied together. Commissioner Choper stated he thought DMTC's program was worthwhile, but he wondered if DMTC's data demonstrated that it worked, as the results seemed mixed. It would be nice if 5 percent of the program participants could become regular horseracing fans. Tom Robbins of DMTC stated the racing association would conduct a Ship and Win program. He commented that the foal population was down in California and nationally. To maintain its quality racing program DMTC needed to attract horses that normally would not participate in the meeting. The Ship and Win program offered a financial reward for the owner that shipped a horse to DMTC if the horse made its last start outside of California. If

an owner or trainer lived in California, they could find a horse in another state and share in the reward. Mr. Robbins stated in 2011 the program worked well, and DMTC beat industry national trends by running the same number of races as it did the previous year. DMTC actually increased field sizes. In 2012 DMTC – working with the Thoroughbred Owners of California (TOC) – was offering a bigger Ship and Win program. The rewards were increased, and the campaign to get new faces, and to encourage California horsemen to look for horses in other jurisdictions, was more aggressive. Mr. Robbins said another DMTC initiative would be a paddock sale on the first Sunday of its race meeting, July 22, 2012, after the last race. DMTC was working with Barrett's Sales Company to sell 20 to 30 horses from outside California. The sale would help those who did not have the ability to go out of state to find horses. It was also an effort to get horses from outside California to reinforce the existing horse population. Finally, the paddock sale was an opportunity to educate individuals who might be interested in becoming new horse owners. The TOC would have a booth to inform such persons about horse ownership. Chairman Brackpool stated the process should be as easy and welcoming as possible. CHRB licensing staff should be present to assist with explaining horse ownership and licensing. Commissioner Rosenberg asked how the Ship and Win program would relate to the paddock sale. Mr. Robbins said the Ship and Win program required the horse to have its last start outside of California. DMTC was hoping many of the horses in its paddock sale would qualify. Commissioner Rosenberg asked if late two-year-olds that had not raced, but were ready to race would be eligible for the Ship and Win program. Mr. Robbins stated DMTC recognized that not all two-year-olds would have started, but hopefully some would be qualified. Commissioner Choper asked if 2011 was the first year for the Ship and Win program. Mr. Robbins said 2011 was the first year it was offered. Commissioner Choper asked if DMTC could track which

horses returned in 2012, and where they went after the DMTC meeting. Mr. Robbins said DMTC did track the horses. Many went to run at Santa Anita and Hollywood, and both meetings had slightly larger field sizes. He added DMTC would continue tracking horses from the Ship and Win program. Commissioner Beneto asked if DMTC had a ceiling on the program's cost. Mr. Robbins said there was no ceiling. DMTC shared 50 percent of the costs and the TOC paid the remaining 50 percent through purse money. In 2012 the program cost each entity \$84,000. Mr. Ernst stated DMTC analyzed the program and found that each runner brought in about \$4,000 of additional purses and commissions while the cost was roughly \$1,500 per horse. That meant for the Ship and Win program the revenue exceeded the cost. Commissioner Benito asked if the Ship and Win program would pay the full amount if a horse were shipped to California for \$5,000. Mr. Robbins said the program paid every horse a \$1,000 starter fee, and if the horse were entered in a non-stakes race at DMTC it would receive 25 percent bonus on purse money earned. Chairman Brackpool commented the risk was shared equally between DMTC, the TOC, and the horse owner who brought the horse to California. Josh Rubenstein of DMTC stated TVG would be handling DMTC's onsite television production. DMTC would be the first California track to broadcast its races in high definition (HD). Chairman Brackpool said that did not translate to home television viewing. Mr. Rubenstein stated that was correct, but the live DMTC race feed would be in HD. He added DMTC received a lot of media requests for tapes of its races. DMTC would be able to provide all media outlets with an HD feed. Mr. Rubenstein said in 2011 DMTC launched a mobile wagering platform as a beta test. About 1,000 customers signed up and while on-track at DMTC they were able to wager via their smartphones. The program would continue in 2012, and DMTC expected to sign up many more patrons. He stated the wager was an on-track wager. Patrons could sign up at a

dedicated window and could wager with their smart phones. Chairman Brackpool commented that ease of wagering was what counted. Patrons would take the most convenient route to wager, so the tracks had to at least offer the same technology as the advance deposit wagering providers. Vice-Chairman Israel said wagering by smartphones could be tracked. Would DMTC offer any rewards as a component of the program? Mr. Rubenstein said players qualified for rewards at a certain level. The California Marketing Committee offered a significant rewards program, and patrons would qualify for that, as well. Chairman Brackpool asked how the California Thoroughbred Trainers (CTT) agreement was progressing. Mr. Rubenstein said the parties met, but an agreement was not in place. John Sadler of the CTT said there was no horsemen's agreement due to the issue of exchange wagering. Chairman Brackpool said there was no exchange wagering application before the Board. Items related to exchange wagering would be heard at the Board's June 2012 Regular Meeting. The law required an agreement between the TOC and the racing association to be approved by the Board. It did not call for an agreement with the CTT. He asked if the CTT was stating it would not be prepared to train and race horses at DMTC in 2012 if the TOC and DMTC agreed to allow exchange wagering. Mr. Sadler stated the CTT could not find anyone who wanted to race under such a structure. Chairman Brackpool said the CTT agreements with racetracks traditionally dealt with issues of track safety and track race issues. He asked if the CTT was indicating it was not prepared to sign an agreement unless it was able to get a veto over exchange wagering. Mr. Sadler stated the CTT was currently not ready to sign an agreement. His organization was prepared to meet with DMTC and TVG, but at the current time it was not prepared to reach an accord. Chairman Brackpool asked what would happen if the Board approved the DMTC application for license to operate a race meeting and there still was no CTT agreement. Executive Director Breed stated if the CTT's consent was not

granted the Board could approve the DMTC application without the agreement. Commissioner Choper said in his experience when fans perceived something untoward in the running of a race, they tended to look at the jockeys, not the trainer. Occasionally, fans talked about the owners. He stated he would ask the CTT to consider that with regards to fans pointing fingers. Within the industry the CTT had a reasonable point of view. The CTT was on record as stating if something went wrong it raised a warning. However, the CTT could not do more than that, as it certainly was not prepared to boycott the race meeting. In its discussions with DMTC the CTT should remember it was protected on the outside, and it did everything in its power to protect itself within the industry. Commissioner Winner said the exchange wagering issue would be heard at the Board's June 2012 Regular Meeting. He asked if the Board could approve the DMTC application and deal with the wagering issue at the June 2012 Regular Meeting. Chairman Brackpool stated all interested parties would have a chance to express their views about exchange wagering at the June 2012 Regular Meeting. The Board could approve the DMTC application subject to receipt of the CTT agreement, or it could move the item to the June 2012 Regular Meeting agenda. John Bucalo of Barona Casino Off-Track Betting praised the DMTC's customer service and its recognition of the importance of the on-track patrons. He stated he hoped other racing associations could emulate the DMTC model. Chairman Brackpool commended DMTC for the creativity of its programs. The Ship and Win program was very important, as increases in field size were critical for a healthy handle. He said he hoped that DMTC would return and tell the Board the program was more successful than the previous year. Following the DMTC meeting it would be beneficial to have a marketing discussion to examine DMTC's data and to examine how well the electronic innovations worked. Chairman Brackpool stated he would make a motion to approve the DMTC application subject to an agreement with

the CTT. Commissioner Rosenberg said he would favor approving the application without the agreement, as the CTT did not seem to be involved in approving exchange wagering. Chairman Brackpool stated he wished to encourage further dialogue. The horsemen would participate in the DMTC meeting, but it would be better to have a productive conversation that resulted in a completed agreement. Commissioner Rosenberg said the CTT indicated its members would not want to run at DMTC if there were exchange wagering. However, it was in the Board's interest to give individual trainers the right to decide if they would participate. The CTT could continue its talks with DMTC. Commissioner Winner stated he agreed, especially regarding trainers who would come from out-of-state. If exchange wagering was approved at the June 2012 Regular Board Meeting, and if the trainers (as an organization) decided not to participate in the race meeting, what would that do to the meeting? Individual trainers might decide to participate, as well as trainers from out of state. The Board's objective was to encourage dialogue between the parties, but did that have to be in a motion? Chairman Brackpool said the Board was trying to encourage continued dialogue. Withholding the CTT agreement was not the appropriate way to have that dialogue. The real conversation would take place at the June 2012 Regular Board Meeting when the exchange wagering rules would be heard. It would also be in multiple meetings between CTT and DMTC prior to June 2012. Chairman Brackpool stated the issue of exchange wagering needed to stand on its own, and not be an element of the CTT agreement. Chairman Brackpool motioned to approve the DMTC application for license to operate a race meeting, as presented. Commissioner Beneto seconded the motion, which was unanimously carried.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION TO CONDUCT A HORSE RACING MEETING OF THE CALIFORNIA EXPOSITION AND STATE FAIR (F) AT SACRAMENTO, COMMENCING JULY 11, 2012 THROUGH JULY 22, 2012, INCLUSIVE.

David Elliott of the California Exposition and State Fair (Cal-Expo) said in 2012 Cal-Expo would run one day less, or eight days versus nine days. Cal-Expo hoped that would increase the field size. Cal-Expo would also do a Pick 4 guarantee, which was a wager that worked well with the harness meeting. All the fair-goers that entered the track would receive a free program. It was really a free "cheat sheet" for first timers that would give them the information to place wagers. Mr. Elliott stated Cal-Expo would promote the opening day of the Del Mar Thoroughbred Club (DMTC) meeting because Cal-Expo would not be running races and it would be the northern host. The Cal-Expo frequent player program would continue at the fair meeting. The program was offered to Cal-Expo's harness patrons, and it provided a discounted fair pass to get into the fair, as well as free parking. Cal-Expo would also make an effort to provide more horseracing information throughout the fair grounds. There would be information booths, signage, videos and messages on the public address system. Mr. Elliott added Cal-Expo would bring back its "Let it Roll" program, which five times a day gave away \$50 for a total of \$250 a day. Winners were required to wager the \$50 prize, and they could roll it over into any amount. Commissioner Choper stated Cal-Expo would run its first week with Hollywood Park and its second week with DMTC. The first post time at Cal-Expo was 1:45 p.m. Mr. Elliott stated Cal-Expo wanted the ability to adjust its post-time schedules, excepting the first post time. Commissioner Choper commented that meant Cal-Expo would never start before 12:25, even if Hollywood Park started at 1:00 p.m. Mr. Elliott said the license application required a post-time schedule. Cal-Expo was indicating that the second race, which on its application was scheduled for 2:15 p.m. might not be at that time. However, Cal-Expo would not adjust its first race post-

time. Chairman Brackpool said Cal-Expo would adjust its races so it would not start a race at the same time as Hollywood Park. Mr. Elliott stated that was correct. Commissioner Choper said he was just suggesting that if Cal-Expo continued with races after Hollywood Park finished, it would lose some of its audience. Chairman Brackpool stated Cal-Expo could solve the issue by starting earlier. Mr. Elliott said Cal-Expo was starting late to stay with DMTC. It would confuse patrons if Cal-Expo started its first races at one time the first week, then changed the starting time the second week. In addition, there were plenty of races to import. Commissioner Choper **motioned** to approve the application for license to operate a race meeting of Cal-Expo. Commissioner Rosenberg **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION TO CONDUCT A HORSE RACING MEETING OF THE SONOMA COUNTY FAIR (F) AT SANTA ROSA, COMMENCING JULY 25, 2012 THROUGH AUGUST 12, 2012, INCLUSIVE.

Tawny Tesconi of the Sonoma County Fair (SCF) said SCF was celebrating its 75th anniversary in 2012. The SCF meeting would be similar to the 2011 meeting, as there would be a 17 day fair with a 15 day race meeting. In 2012 the SCF purses would be over \$2 million, which was up about \$150,000 from 2011. In addition, SCF would offer two stakes races at \$75,000 each, which was up from \$50,000 in 2011. Ms. Tesconi stated SCF had a new paddock, which provided an opportunity for fans to experience more of the horses. She added SCF was excited about not having an overlap. The marketing program was providing success with the daily racing seminars. All of the presenters would be booked by early June 2012, so a list could be included in the fair magazine that would be sent to 230,000 homes. Another activity that would attract people to the track was the Derby Dog races, which would take place every Sunday. Once Derby Dog fans were at the track they would be encouraged to wager. Ms. Tesconi also

spoke about the Gastro Pub, which would be located next to the grandstand and would feature broadcast races, and a Ladies' Hat Day event. Commissioner Choper asked how long the fair ran. Ms. Tesconi said the fair ran from July 25, 2012 through August 12, 2012. The fair was closed on Mondays, and Tuesdays were dark days for racing. Commissioner Choper asked if the shift in fair dates affected the on-track attendance or handle. Ms. Tesconi said the handle was maintained. One advantage was going from a two weekend meeting to three weekends. Chairman Brackpool asked how the dates affected field size. Richard Lewis of SCF said field size was down from 8.1 horses in 2010 to 7.8 horses in 2011. A lot of the decrease had to do with the three day overlap with the Humboldt County Fair. SCF lost all emerging breeds in the last week. SCF hoped to see an increase in field size in 2012. Commissioner Choper asked what happened to the Appaloosas. Mr. Lewis stated the number of owners dwindled to a few, and then to only one or two owners, so it just did not pay to keep them running. Commissioner Beneto asked if SCF would run mules in 2012. Mr. Lewis stated SCF would have at least two emerging breed races a day, and possibly three on weekends. That included Mules, Arabian and quarter horses. Chairman Brackpool motioned to approve the application for license to operate a race meeting of SCF. Vice-Chairman Israel seconded the motion, which was unanimously carried.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY AT THE SANTA CLARITA LANES, IN SAUGUS, CALIFORNIA.

Rick Baedeker of Southern California Off-Track Wagering, Inc. (SCOTWINC) stated his organization was asking for a conditional approval of the application by Santa Clarita Lanes (SCL) to accommodate a minisatellite wagering facility. The parties were requesting a

conditional approval because the contract was being rewritten and should be completed within another ten days. At that time, the parties would submit the contract to the Board. Commissioner Rosenberg asked if the contract would delay the opening of SCL. Mr. Baedeker stated SCL agreed to move forward with capital expenditures. Sportech also needed to purchase the television monitors, the decoder and other technology. Once Board approval was received, the parties could complete the build-out. Chairman Brackpool asked what the expected date of completion was. Mr. Baedeker said no later than July 1, 2012, so SCL could take advantage of the Del Mar meeting. Commissioner Rosenberg asked if any kind of background check was made on the Limited Liability Companies, partners or managing partners. Jacqueline Wagner, CHRB staff, said background checks were made. The staff analysis indicated all such disclosures were received, so the application could move forward. Chairman Brackpool asked if all outstanding items were received. Ms. Wagner stated the SCOTWINC agreement and the workers' compensation were missing. Chairman Brackpool asked when the agreement would be signed. Mr. Baedeker stated the agreement should be signed within ten days. The issue was legal flaws in the original agreement. There were no real issues between the parties. Commissioner Winner asked if the background checks included financial stability and a history of illicit activity. Mr. Baedeker stated the background checks included financial reports and any other documentation that was required by the application. He commented the Board was not licensing the owner of SCL as the operator. SCOTWINC was the entity conducting wagering at the facility, and it was leasing space from SCL. Chairman Brackpool motioned to approve the application for license to operate a minisatellite wagering facility of SCL for a period of five years, expiring in June 2017. The license would be conditioned upon receipt of the SCOTWINC agreement. Vice-Chairman Israel seconded the motion, which was unanimously carried.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY AT THE BANKER'S CASINO, IN SALINAS, CALIFORNIA.

Kelly Violini of the Monterey County Fair (MCF) stated her organization was working with Banker's Casino, located in south Salinas, to operate a minisatellite wagering facility. Banker's Casino was moving its cardroom into its old banquet hall, and allowing MCF to use the former card room as a minisatellite wagering facility. The space was 2,500 square feet and it had a sit-down bar with a snack bar and other beverages. The room would fit ten tables to accommodate a maximum of 250 patrons. Ms. Violini stated MCF was anticipating an opening date of August 1, 2012. Chris Korby of California Authority of Racing Fairs (CARF) commented the Banker's Casino was an ideal location for a minisatellite, as there was no satellite wagering in Salinas Valley. Commissioner Rosenberg asked if the ten tables in the wagering facility were long like community tables. Ms. Violini said the tables were long betting tables purchased for the facility. Commissioner Rosenberg asked if patrons would eat and drink in the facility. Ms. Violini said food and beverages would be allowed only at the snack bar, which seated 22 persons, and was in the same room. Vice-Chairman Israel commented it was similar to the horse rooms in Las Vegas, with a bar and food service off to one side, but longer tables for racing patrons to use for wagering. He stated he noted some of the signatures on the application were those of association executives no longer employed by the associations. Mr. Korby stated on behalf of CARF he personally confirmed the signatures with each association. Commissioner Choper asked what kind of casino Banker's Casino was. Mr. Korby said it was a card room. He added Banker's Casino had done so well it was considering expanding into a building adjacent to its existing facility. The casino indicated it was willing to discuss building a new satellite with better amenities in that facility. Chairman Brackpool motioned to approve the application for license

to operate a minisatellite wagering facility of Banker's Casino for a period of five years. Vice-Chairman Israel seconded the motion, which was unanimously carried.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY (RENEWAL) OF THE OC TAVERN, IN SAN CLEMENTE, CALIFORNIA.

Chairman Brackpool stated the application for renewal of the minisatellite wagering facility at the OC Tavern was for a period of five years through June 2017. Jacqueline Wagner, CHRB staff, stated the application was complete, as presented. Chairman Brackpool asked how the OC Tavern minisatellite facility was doing. Michael Merrigan of OC Tavern said the facility was doing well. When the minisatellite opened OC Tavern's business was flat; however, horse racing allowed the business to survive and prosper. All of the minisatellite's customers were excited about the upcoming Triple Crown race at Belmont. Mr. Merrigan added his biggest thrill was getting young fans involved in wagering. He stated many people did not realize what great sport horseracing was, and how easy it was to wager. Chairman Brackpool asked if the minisatellite was financially sound. Mr. Merrigan stated it was doing well. Commissioner Choper asked what the average daily attendance at OC Tavern was. Mr. Merrigan said the average daily attendance was over 150 patrons. Commissioner Choper asked if OC Tavern tried to determine if its patrons had been to live races, where they were going, and if they would be wagering otherwise or how they would be wagering. Rick Baedeker of Southern California Off-Track Wagering, Inc. said his organization conducted some research, which it hoped to present at a future Regular Board Meeting. He added at OC Tavern 50 percent of the patrons were under 50 years of age, while 10 percent were in their twenties. In addition 50 percent of the patrons lived in the City of San Clemente and 75 percent lived in either San Clemente or the adjacent

city. Ninety-five percent of OC Tavern's patrons indicated they were playing more than they did previously. Chairman Brackpool said one of the statistics was important, and it had to do with the 20-mile radius. With electronic wagering, no patron was driving 19-and-a-half miles to make a bet. Patrons were driving within two miles. Commissioner Beneto asked what the OC Tavern's average daily handle was. Mr. Baedeker stated OC Tavern averaged upwards of \$45,000 a day, which was a 25 percent increase over the same period last year. On the Kentucky Derby day OC Tavern handled \$163,000 while in 2011 it handled \$103,000. Mr. Baedeker commented patrons enjoyed the intimate atmosphere and the fact that to management they were not an anonymous face in a crowd; Mr. Merrigan was very involved in the operation of his business. Commissioner Derek asked if OC Tavern ever had special events to benefit charity. It would be a good opportunity to bring in people who would not normally wager in such a facility. Mr. Merrigan said OC Tavern was constantly giving back to the community. An upcoming event would benefit Surfers Healing, an organization that served autistic children. He stated he always focused on the parties to tell them about horse racing. Vice-Chairman Israel motioned to approve the application for renewal of the OC Tavern's license to operate a minisatellite wagering facility for a period of five years. Commissioner Rosenberg seconded the motion, which was unanimously carried.

DISCUSSION AND ACTION BY THE BOARD ON THE APPROVAL OF SERVICE, STEWARD AND OFFICIAL VETERINARIAN CONTRACTS FOR FISCAL YEAR 2012-2103.

CHRB Executive Director, Kirk Breed, stated the list of contracts was included in the Board package. The amounts reflected were ceiling estimates and did not obligate the state to pay the full amounts. Executive Director Breed distributed an analysis of the racing injury prevention

program. He stated the amount allocated for the program was \$1 million through October 2012. The contract would continue that program from October 2012 through the end of the fiscal year. Chairman Brackpool commented he recalled that Dr. Stover would come before the Board every six months to make a presentation. He stated he believed the approval of the item was subject to the Board's continued review of the work in progress. The Board favored the program, but it did not wish to just provide funding and at some future point receive a report. Dr. Rick Arthur, CHRB Equine Medical Director, stated Dr. Stover gave a presentation to the Track Safety and Medication Committee. At the last committee meeting there was also a presentation on a continuing education module. Chairman Brackpool said that was the appropriate way. He just wanted to make sure the program was being monitored and reviewed. Executive Director Breed stated the other condition set by the Board was for the program to find ways to become more self-sufficient. The University of California Davis has been very cooperative, and a program under which there would be charges for the extension work would soon be in place. Chairman Brackpool motioned to approve the service, steward and official veterinarian contracts for fiscal year 2012-2013. Commissioner Winner seconded the motion, which was unanimously carried.

MEETING ADJOURNED AT 11:32 A.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

JUNE 28, 2012
REGULAR BOARD MEETING

There is no board package material for Item 2

STAFF ANALYSIS

June 28, 2012

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE HUMBOLDT COUNTY FAIR AT FERNDALE AUGUST 15-26, 2012.

Humboldt County Fair (HCF) filed its application to conduct a horse racing meeting at Ferndale:

- August 15-26, 2012, or 8 days, the same as 2011. The fair proposes to race 72 races, four more than 2011.
- The race dates proposed are the dates allocated:

August - 2012						
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 Wednesday, Friday, Saturday and Sunday. Eight races Wednesday and Fridays, ten races Saturdays and Sundays.
 - 2011 Race Meeting: Average number of runners per race (TB): 6.41
 - 2011 Race Meeting: Average number of runners per race (Arabian): 6.13
 - 2011 Race Meeting: Average number of runners per race (Mules): 5.64
 - Racing concurrently with Del Mar 8/15-26.
 - First post 2:07 p.m. Wednesday, Saturday and Sunday.
 - 3:07 p.m. post Friday.
 - Specific changes from the 2011 license application:
 - Admission (general) from \$7 to \$8.00
 - Parking (general) from \$2 to \$3.00
 - Program on-track from \$2 to \$2.50
 - Request Gary Griener be appointed horse identifier pursuant to CHRB Rule 1525, Racing Officials Appointed by the Board.
- Wagering program will use CHRB and ARCI rules.
- \$1 Place Pick and \$1 trifecta \$0.10 Superfecta when applicable.
 - \$0.50 Pick 4 on first 4 races and last 4 races
 - \$0.50 Pick Five on last 5 races with 100% major pool paid – 75% carryover and 25% minor pool to most winners.

- \$2 Pick (n) Pool on the last six races with 70% major pool paid – 30% minor pool paid.
 - \$0.50 Pentafecta selecting first five finishers - 100% carryover if no winners.
 - Super High Five on the last race.
 - Early wagering will not be offered.
- The Advance Deposit Wagering (ADW) providers are TVG, Xpressbet and Twin Spires. 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 19604:

- ODS Technologies, L.P. d/b/a TVG Network has submitted all documents required in compliance with Business and Professions code 19604.
 - XpressBet LLC. dba XpressBet.com, has submitted all documents required in compliance with Business and Professions code 19604.
 - Churchill Downs Technology Initiatives Company, dba Twinpires, has submitted all documents required in compliance with Business and Professions code 19604.
- Simulcasting conducted with other out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.
 - 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.

ITEMS STILL NEEDED:

1. Fire clearance

RECOMMENDATION:

Staff recommends the Board approve the application contingent upon submission of the fire clearance.

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 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:

Humboldt County Fair, 1250 5th Street, Ferndale, CA 95536 (707)786-9511

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

C. Provide the name, telephone, and email address for the fair contact person:

Stuart Titus, General Manager, 707-786-9511, humcofair@frontiernet.net

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 allocated for race meeting: August 15 – August 26, 2012

B. Actual dates racing will be held: August 15, 17-19 & August 22, 24-26

C. Dates racing will NOT be held: August 16, 20, 21 & 23

D. Total number of racing days: 8

E. Days of the week races will be held:

Wed - Sun Tues - Sat Other (specify) Dark on Thursdays

3. RACING PROGRAM

A. Total number of races: 72

B. Number of races by breed:

<input type="text" value="48"/>	Thoroughbreds	<input type="text" value="0"/>	Quarter Horses	<input type="text" value="0"/>	Appaloosas
<input type="text" value="8"/>	Arabians	<input type="text" value="0"/>	Paints	<input type="text" value="16"/>	Mules

CHRB CERTIFICATION

Application received: 5/22/12
Reviewed: *apw*

Hearing date: 6/28/12
Approved date:
License number:

C. Number of races daily:

	Wed, Aug 15 & 2	Fri, Aug 17 & 24	Sat, Aug 18 & 25	Sun, Aug 19 & 26
Thoroughbred	5	5	7	7
Other Breeds	3	3	3	3
Total	8	8	10	10

D. Total number of stakes races by breed:

Thoroughbreds Quarter Horses Appaloosas
 Arabians Paints 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.

Humboldt County Marathon-3yo and upward, One mile and five furlongs,
 \$30,000 Guaranteed (Plus up to \$4,500 to Cal-Breds) Sunday, August 26

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:

** As much as possible, we intend to align our post times to compliment the Del Mar post times*

<u>Race Number</u>	<u>Wed, Sat & Sun</u>	<u>Fridays</u>
Race #1	2:07	3:07
Race #2	2:37	3:37
Race #3	3:07	4:07
Race #4	3:37	4:37
Race #5	4:07	5:07
Race #6	4:37	5:37
Race #7	5:07	6:07
Race #8	5:37	6:37
Race #9	6:07	
Race #10	6:37	

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: Don Becker, Mel Berti, Clarence Bugenig, John Burger, Ken Christen, Al Cooper, Lawrence Dwight, Jeff Farley, Sandy Hanks, Darren Hansen, Jay Hight, Travis Low, Jack Macdonald, Duane Martin, Dave Mogni Cindy Olsen, Robert Prior, Tim Renner, Johanna Rodoni Steve Ross and Wayne Wilson.

B. Names of the directors serving on the Racing Committee or otherwise responsible for the conduct of the racing program: Don Becker, Mel Berti, Clarence Bugenig, Jeff Farley,

Travis Low

Jack Macdonald, Cindy Olsen, Dave Mogni and Wayne Wilson

- 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 12B, who will be listed in the official program:

Stuart Titus – General Manager, Kevin Ingram – Stall Manager

- D. Name and title of the person(s) authorized to receive notices on behalf of the fair association and the mailing and email address of such person(s).

Stuart Titus
 General Manager
 1250 5th Street
 Ferndale, Ca 95536
 humcofair@frontiernet.net

5. TAKE OUT PERCENTAGE

1. Will the percentage deducted for any type of wager be adjusted pursuant to Business and Professions Code section 19601.01? If no, proceed to subsection 6. If yes, identify the wager and the proposed takeout percentage.

Yes No

Wager(s) to be adjusted: _____ Proposed percentage: _____%

- A. Attach copy of written notice requesting the proposed takeout adjustment, the proposed percentage and the wager(s) affected. The notice must include the written agreement of the fair association and the horsemen's organization for the meeting of the fair association accepting the wager.

NOTICE TO APPLICANT: Pursuant to Business and Professions Code section 19601.01 notwithstanding any other provision of law, a thoroughbred association or fair, upon the filing of a written notice with, and approval by, the board specifying the percentage to be deducted, may deduct from the total amount handled in the pari-mutuel pool for any type of wager an amount of not less than 10 percent nor more than 25 percent. The written notice shall include the written agreement of the thoroughbred association or fair and the horsemen's organization for the meeting of the thoroughbred association or fair accepting the wager. The established percentage to be deducted shall remain in effect until the filing of a subsequent notice with, and approval by, the board, unless otherwise specified in the notice.

6. HANDLE HISTORY

1. Complete the table below providing the last five years of handle and attendance for the fair association. If your association has been operating for fewer than five years, provide information for the period of time it has been in operation.

Year	Handle	Attendance	Number of Racing Days
2011	\$3,910,325	41,905	8 days
2010	\$8,436,626	51,905	8 days
2009	\$3,225,399	44,903	8 days
2008	\$2,293,701	51,085	10 days
2007	\$2,218,949	50,643	10 days

7. PURSE PROGRAM (Excluding supplements, nominations, sponsorships, and starter fees):

A. Purse distribution:

- 1. All races other than stakes:
 Current meet estimate: \$348,110
 Prior meet actual: \$349,496

Average Daily Purse (7A1 ÷ number of days):
 Current meet estimate: \$43,514
 Prior meet actual: \$43,687

- 2. Overnight stakes:
 Current meet estimate: \$30,000
 Prior meet actual: \$53,000

Average Daily Purse (7A2 ÷ number of days):
 Current meet estimate: \$3,750
 Prior meet actual: \$6,625

- 3. Non-overnight stakes:
 Current meet estimate: 0
 Prior meet actual: 0

- 4. Total Purses: (7A1+7A2+ 7A3)
 Current meet estimate: \$378,110
 Prior meet actual \$402,496

Average Daily Purse (7A3 ÷ number of days):
 Current meet estimate: 0
 Prior meet actual: 0

B. Funds to be generated for all California-bred incentive awards (including breeder awards and owners premiums):

Current meet estimate: \$22,695
 Prior meet actual: \$24,067

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

Current meet estimate:		Prior meet actual:
CTT	\$ 671	\$ 712
TOC	\$ 1,340	\$ 1,424
NTRA	\$ -0-	\$ 1,102
PCQHRA	\$ 26	\$ 28
CWAR	\$ -0-	\$ -0-

ARAC	\$ 1,833	\$ 1,944
AMRA	\$ 2,487	\$ 2,637
CHBPAPEN	\$ 2,014	\$ 2,136
CTHF	\$ 2,014	\$ 2,136
Total	\$10,835	\$12,091

- D. Amount from all sources to be distributed at the meeting in the form of purses or other benefits to horsemen (7A+7B+7C):

Current meet estimate: \$411,640
 Prior meet actual: \$438,654

Average Daily Purse (7D ÷ number of days):

Current meet estimate: \$51,455
 Prior meet actual: \$54,832

- E. Purse funds to be generated from on-track handle and intrastate off-track handle (excluding carry-overs from prior race meet(s):

Current meet estimate: \$277,861
 Prior meet actual: \$287,017

Average Daily Purse (7E ÷ number of days):

Current meet estimate: \$34,733
 Prior meet actual: \$35,877

- F. Purse funds to be generated from interstate handle:

Current meet estimate: \$19,740
 Prior meet actual: \$20,456

Average Daily Purse (7F ÷ number of days):

Current meet estimate: \$2,468
 Prior meet actual: \$2,557

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

West America Bank (C.A.R.F.) TOC Account No. – On file.
 Emerging Breeds Account No. On file

- H. Name, address, email and telephone number of the pari-mutuel audit firm engaged for the meeting: Disher Accountancy Corporation, 1816 Maryal Drive, Sacramento, CA. 95864, (916) 482-4224

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

Business and Professions 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.

8. STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held:
250 permanent 200-220 portables
- B. Minimum number of stalls believed necessary for the meeting:
450-470
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers:
None
- D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site:
n/a
- 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.
n/a

Complete subsections F through H if the fair will request reimbursement for off-site stabling as provided by Business and Professions Code sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, proceed to section 9.

- F. Total number of usable stalls made available on-site for the 1986 meeting, pursuant to Business and Professions Code section 19535(c).
458
- G. Estimated cost to provide off-site stalls for this meeting. Show cost per-day per stall:
n/a
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for Vanning per-horse: -0-

9. PARI-MUTUEL WAGERING PROGRAM

- A. Is the fair applicant a member of the California Authority of Racing Fairs (CARF)? If yes, attach a copy of the CARF recommended wagering format. ^{ps} ^o
- B. Pursuant to Business and Professions 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. If applicant is a member of CARF, also indicate if wager is a part of the CARF recommended wagering format:

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	Rule Number
Exacta (1E)	1959
Quinella (2Q)	1958
Trifecta (1TRI)	1979
Daily Double (2DD)	1957
Superfecta (.10SF)	1979.1
Pentafecta (.50 PF)	ARCI 004-105
PK 3 (1PK3)	1977
PK 4 (.50PNP4)	1976.9
PK 5 (.50PNP5)	1976.9
PK 6 (2PNP6)	1976.9
PLACE PICK (1PPN)	1976.8
ALL	

Example Race	TYPE OF WAGERS	APPLICABLE RULES
	\$1 E; \$1 Double	CHRB #1959; RCI #VE
Race #1	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$1PPN% \$.50PNP4	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB #1976.8, CHRB #1976.9
Race #2	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF,	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1,
Race #3	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$2PNP6	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB #1976.9
Race #4	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50PNP5 \$2PNP6	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB 1976.9, CHRB 1976.9
Race #5	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50PNP4, \$.50PNP5, \$2PNP6	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB #1976.9, CHRB #1976.9, CHRB 1976.9,
Race #6	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50PNP4, \$.50PNP5	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB #1976.9, CHRB #1976.9
Race #7	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50PNP4,	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB #1976.9
Race #8	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50 SUPER HIGH 5	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 ARCI 004-105 T-Pick (N) POSITION (X) POOLS
Race #9	\$1E, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50 SUPER HIGH 5	CHRB #1959, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 ARCI 004-105 T-Pick (N) POSITION (X) POOLS
Race #10	\$1E, \$1TRI, \$2Q \$.10SF, \$.50 SUPER HIGH 5	CHRB #1959, CHRB #1979, CHRB #1958, ARCI 004-105 T-Pick (N) POSITION (X) POOLS



March 20, 2012

To Whom It May Concern:

The following is the CARF wagering format:

Example Race	TYPE OF WAGERS	APPLICABLE RULES
	\$1 E; \$1 Double	CHRB #1959; RCI #VE
Race #1	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$1PPN% \$.50PNP4	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB #1976.8, CHRB #1976.9
Race #2	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$1PPN%	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1, CHRB 1976.8
Race #3	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$1PPN% \$2PNP6	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB 1976.8, CHRB #1976.9
Race #4	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50PNP5 \$2PNP6	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB 1976.9, CHRB 1976.9
Race #5	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50PNP4, \$.50PNP5, \$2PNP6	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB #1976.9, CHRB #1976.9, CHRB 1976.9,
Race #6	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50PNP4, \$.50PNP5, \$2PNP6	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB #1976.9, CHRB #1976.9, CHRB 1976.9,
Race #7	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50PNP4, \$.50PNP5, \$2PNP6	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB #1976.9, CHRB #1976.9, CHRB 1976.9,
Race #8	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50PNP4, \$.50PNP5, \$.50 SUPER HIGH 5	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB #1976.9, CHRB 1976.9, ARCI 004-105 T-Pick (N) POSITION (X) POOLS
Race #9	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50PNP4, \$.50 SUPER HIGH 5	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 CHRB #1976.9, ARCI 004-105 T-Pick (N) POSITION (X) POOLS
Race #10	\$1E, \$1PK3, \$1TRI, \$2Q \$2DD, \$.10SF, \$1PPN% \$.50 SUPER HIGH 5	CHRB #1959, CHRB #1977, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 ARCI 004-105 T-Pick (N) POSITION (X) POOLS
Race #11	\$1E, \$1TRI, \$2Q \$2DD, \$.10SF, \$.50 SUPER HIGH 5	CHRB #1959, CHRB #1979, CHRB #1958, CHRB #1957, CHRB #1979.1 ARCI 004-105 T-Pick (N) POSITION (X) POOLS
Race #12	\$1E, \$1TRI, \$2Q, \$.10SF, \$.50 SUPER HIGH 5	CHRB #1959, CHRB #1979, CHRB #1958, CHRB #1979.1 ARCI 004-105 T-Pick (N) POSITION (X) POOLS

This format will be use at the following fairs: Alameda County Fair, Sonoma County Fair, Humboldt County Fair, San Joaquin County Fair and the Big Fresno Fair.

9B: Super High wager refers to rule: ARCI 004-105 T-Pick (N) POSITION (X) POOLS

C. Maximum carryover pool to be allowed to accumulate before its distribution OR the date(s) designated for distribution of the carryover pool: August 26, 2012 (Closing Day of Humboldt County Fair)

D. List any options requested with regard to exotic wagering:
 \$1 PPN when applicable; \$1 TRI and \$0.10 SF when applicable
 \$0.50 PNP4 on the first four races and the last four thoroughbred races each day
 \$0.50 PNP5 on the last five thoroughbred races each day, with 100% major pool paid for 5 of 5. If no 5 of 5, 75% carryover and 25% minor pool to most winners.
 \$2 PNP6 on the last six thoroughbred races each day, with 70% major pool paid or a carryover and a 30% minor pool paid.
 \$0.50 Pentafecta (Super High 5) selecting the first five finishers in the same race. 100% payout on all tickets selecting five winners. No consolation or minor pool; 100% carryover if no ticket has five winners. Note: Superfecta will be offered in the race. Super High-5 will be carded on the last race of the day.

E. Will "advance" or "early bird" wagering be offered? Yes No

If yes, when will such wagering begin. Specify days and time for "early bird" wagering:

F. 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:

Sportstech (Tom Kelso) Expiration: September 30, 2015.
 Equipment description on file with Board.

10. ADVANCE DEPOIST WAGERING (ADW)

A. Identify the ADW provider(s) to be used by the fair for this race meeting:
 Express Bet, T.V.G.(Television Games Network), Twin Spires

B. Attach a copy of the agreement/contracts with each ADW provider to be used for this race meeting. On file with CHRB.

C. Have the contract/agreements been approved by the respective horsemen's groups?
 Yes No

If yes, attach a copy of the approval.
 If no, explain the status of the approval.

NOTICE TO APPLICANT: Pursuant to Business and Professions Code section 19604, ADW providers may accept wagers on races conducted in California from a resident of California if : 1) the ADW provider is 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 shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wager are made. ADW provides may accept wagers on races conducted outside of California from a resident of California if: 1) the ADW provider is 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 wagers are placed and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

11. SIMULCAST WAGERING PROGRAM

A. Simulcast organization engaged by the fair to conduct simulcast wagering:

Northern California Off-Track Wagering, Inc. (NOCTWINC)

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

C. California simulcast facilities the fair 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
- Golden Gate Fields, Albany
- *Humboldt County Fair, Ferndale
- Jockey Club at San Mateo, San Mateo
- Kern County Fair, Bakersfield
- Monterey County Fair, Monterey
- San Joaquin County Fair, Stockton
- 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

- Barona Valley Ranch Resort & Casino, Lakeside
- Cabazon Fantasy Springs Casino, Indio
- Commerce Casino Racebook, Commerce
- Derby Club, Seaside Park, Ventura
- Fairplex Park, Pomona
- Los Alamitos Race Course, Los Alamitos
- OC Tavern & Sports Bar, San Clemente
- Santa Anita Park, Arcadia
- Shalimar Sports Center, Indio
- Sports Center, San Bernardino
- Sports Pavillion at The Farmers Fair, Lake Perris
- Sports Pavillion, San Bernardino Cty. Fair, Victorville
- Surfside Race Place at Del Mar, Del Mar
- Sycuan Gaming Center, El Cajon
- Viejas Casino & Turf Club, Alpine
- Watch & Wager, Antelope Valley Fgds, Lancaster

*Open during Humboldt/Ferndale Fair Racing

D. Out-of-state wagering systems the fair proposes to offer its live audiovisual signal:

Out-of-State & International Imports – Full and/ or Partial Card (Subject to Change)

DOMESTIC	
ARLINGTON	6/20-7/8
BELMONT	6/20/7/8
CALDER RACECOURSE	6/20-7/8
CANTERBURY DOWNS	6/20-7/8
CHARLES TOWN	6/20-7/8
CHURCHILL DOWNS	6/20-7/8
COLONIAL DOWNS	6/20-7/8
DELAWARE	6/20-7/8
EMERALD DOWNS	6/20-7/8
EVANGELINE DOWNS	6/20-7/8
INDIANA DOWNS	6/20-7/8
LONE STAR	6/20-7/8
LOUISIANA DOWNS	6/20-7/8
MONMOUTH	6/20-7/8
MOUNTAINEER	6/20-7/8
PENN NATIONAL	6/20-7/8
PHILADELPHIA PARK/PARX	6/20-7/8
PIMLICO	6/20-7/8
PRAIRIE MEADOWS	6/20-7/8
PRESQUE ISLE DOWNS	6/20-7/8
RIVER DOWNS	6/20-7/8
RUIDOSO	6/20-7/8

ASSINIBOIA	6/20-7/8
AUSTRALIAN RACING	6/20-7/8
FORT ERIE	6/20-7/8
HASTINGS	6/20-7/8
NORTHLANDS PARK	6/20-7/8
SOUTH AMERICAN RACING	6/20-7/8
UNITED KINGDOM	6/20-7/8
WOODBINE	6/20-7/8

E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the fair:

**2012 CARF
Commingled Locations**

AmWest Entertainment	Delta Downs	Meadows The	Scioto Downs
Amwest Accounts	Dover Downs	Meadows The (ADW)	Seabrook Greyhound
Greenbrier (WV)	Ebet	Millers OTB	Sol Mutuel
Riders Up (SD)	Elite Turf Club (1 to 10)	Mobile Greyhound	Southland Greyhound
Time Out Lounge (SD)	Ellis Park	Monmouth Park	Sports Creek Raceway
Triple Crown (SD)	Emerald Downs	Montana OTB	State Fair (Lincoln , NE)
Arapahoe-Mile High	Euro Wagering Services	Monticello	Suffolk District OTB
Colorado phone	Evangeline Downs	Mountaineer Park	Suffolk Downs
Arima Race Club	Fair Grounds	Mt. Pleasant Meadows	Pat's Pizza
Arlington I	Fair Grounds ADW	Nassau Regional OTB	Sunland Park
Atlantic City Racecourse	Fair Meadows	New Jersey Casino Assoc.	SunRay Park & Casino
Atokad	Finger Lakes	Nevada Pari-Mutuel Assoc.	Tampa Bay Downs
Balmoral	Fonner	Newport Jai Alai	Taunton Acct Wagering
Balmoral ADW (BETZOTIC)	Freehold	NJ Mobile	Taunton Dog Track Inc. The Downs at Albuquerque
Bangor Raceway	Gillespie County Fair	Northfield	Thistledown
Batavia	Global Wagering Solutions	Cedar Downs OTB	Tioga Downs
Bet Fair Games Limited	Bwin International Ltd.	Northville	Tri-State GH (Mardi Gras)
Beulah Park	Intl Betting Assoc. Ltd	NYRA	Turf Paradise
Birmingham	Magna Bet	NYRA Account Wagering	Turfway Park
Bluffs Run Greyhound	Racebets, etc	Oaklawn	TVG Network
Buffalo Raceway	Greenetrack	Ocean Downs	TVG Yonkers
Calder Racecourse	Greyhound @ Post Falls	Panama	Twin River Greyhound
Canterbury Day	Gulf Greyhound	Penn National	TwinSpires
Capital District OTB	Gulfstream	Penn National Telebet	TwinSpires High Volume
Catskills OTB	Harrington Raceway	Peru	Venezuela OTB
Charles Town Race Course	Hawthorne Race Course	Philadelphia Park	Vernon Downs
Chester Downs & Marina LLC	Hawthorne ADW	Philly Park Phone Bet	Western OTB
Chester Downs Acct Wagering	Hazel Park	Phumelela	Wheeling Downs
Churchill Downs	Hoosier Park	Pinnacle Race Course	Will Rogers Downs
Club Hipica InTurf	Horseman's Park	Plainridge Race Course	Wyoming
Coeur d' Alene Casino	Indiana Downs	Plainridge Telephone Wagering	XpressBet
Coeur d' Alene Account	Evansville OTB	Player Management Group	Yavapia Downs
Colonial Downs	Clarkesville OTB	Pocono Account Wagering	Yonkers Raceway
Colonial Downs Phone Bet	Intermountain Racing	Pocono Downs and OTB	Yonkers Account
Columbus Raceway	Keeneland	Portland Meadows	Youbet Group 1
Connecticut OTB	Keeneland Select ADW	Potawatomi Casino/ OTB	Youbet Illinois
Bradley Teletheater, Bristol	Kentucky Downs	Prairie Meadows	Zia Park
New Britain, Norwalk, Milford	Kentucky OTB	Premier Turf Club	

East Haven, Hartford, Putnam	Lebanon	Presque Isle Downs	
Shoreline Star, Sports Haven	Les Bois (Treasure Valley)	Raceway Park	
Torrington, Waterbury	Lewiston OTB's	Racing2Day LLC	
Manchester, New London	Lien Games	Racing2Day Intl. (Stan James)	
Willimantic	Chips Lounge and Casino	Remington Park	
John Martin's Manor Restaurant	Howard Johnsons OTB	Remington OTB Network	
Connecticut OTB ADW	Rumors OTB	Retama	
Paragon Casino	Skydancer Casino OTB	Racing & Gaming Services	
Ho-Chunk Casino and Racebook	BetAmerica and Win2wager	Ripley de Venezuela (Caliente)	Separate Pool Locations
Mohegan Sun Casino	Lone Star	River Downs	Caymanas Park,
Oneida Bingo and Casino	Louisiana Downs	Rockingham Park	Jamaica
Pony Bar Simulcast Center	LVDC	Ruidoso Downs	Hippodromo Camarero,
Tote Investment Racing	Atlantis Paradise Casino	Running Aces Harness Park	PR
Randall James Racetrack	Avatar Ventures	Sam Houston	MIR Books (Caliente)
Millenium Racing	Pojoaque Cities of Gold	Valley Greyhound Park	LVDC
Royal Beach Casino	Foxwoods Resort Casino	Saratoga Harness Raceway	
Divi Carina Bay Casino	Meskwaki Bingo & Casino	Saratoga Bets (ADW)	
Fair Chance	Maronas (South America)	Scarborough	
Corpus Christi Greyhound	Maryland Jockey Club		
Cypress Bayou OTB	Maywood		
Delaware	Meadowlands		

Canadian Locations

Assiniboia, Barrie, Charlottetown, Clinton Teletheatre, Dresden, Elmira Raceway, Evergreen Park, Exhibition Park, Flamboro Downs, Fort Erie
 Fraser Downs, Frederiction Raceway, Georgian Downs, Grand River, Hanover Raceway, Hastings Park, Hiawatha, Inverness Raceway
 Kawartha Downs, Marquis Downs, Mohawk, New Brunswick, Northlands, Northside Downs, Picov Downs, Quinte Raceway, Rideau Carlton,
 Rocky Mountain Turf Club, Royal Britiana Hub, St. Johns, Sudbury Downs, Summerside, TBC Sandown, TBC
 Teletheaters
 Truro Raceway, Western Fair, Windsor Raceway, Woodbine,
 Woodstock/Ontario

F. California mini-simulcast facilities the fair proposes to offer its live audiovisual signal:
 OC Tavern & Sports Bar, San Clemente; Commerce Club, City of Commerce; Original Road House Grill, Santa Maria

G. 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":

NOTICE TO APPLICANT: Business and Professions 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 50 imported thoroughbred races statewide. The limitation of 50 imported thoroughbred races per day statewide does not apply to those races specified in Business and Professions 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 11D above.	TBD	

H. 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:

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be Imported
N/A			

- I. If any out-of-state or out-of-country races will commence outside of the time constraints set forth in Business and Professions Code sections 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 Business and Professions Code sections 19596, 19596.1, 19596.2, 19596.3, 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 vaning 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 7.)

12. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

A. Racing officials nominated:

Association Veterinarian(s) – Henry Cook, D.V.M.

Clerk of Scales – Cheryl White

Clerk of the Course – Dolores Collins

Film Specialist – Matt Nichols

Horse Identifier – Gary Griener

Horseshoe Inspector – Maurice Fitzpatrick

Paddock Judge – Matt Nichols, or Myra Trosky

Patrol Judges – Lisa Jones & Matt Nichols

Placing Judges – Stewards

Starter – Bob Mooneyhan

Timer – Melody Truitt

B. Management officials in the racing department:

Director of Racing – Stuart Titus

Racing Secretary – Tom Doutrich

Assistant Racing Secretary – Lisa Jones

Paymaster of Purses – Victoria Layne (C.A.R.F.)

Others (identify by name and title)

Mutual Manager – Dominick DePrenzio

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

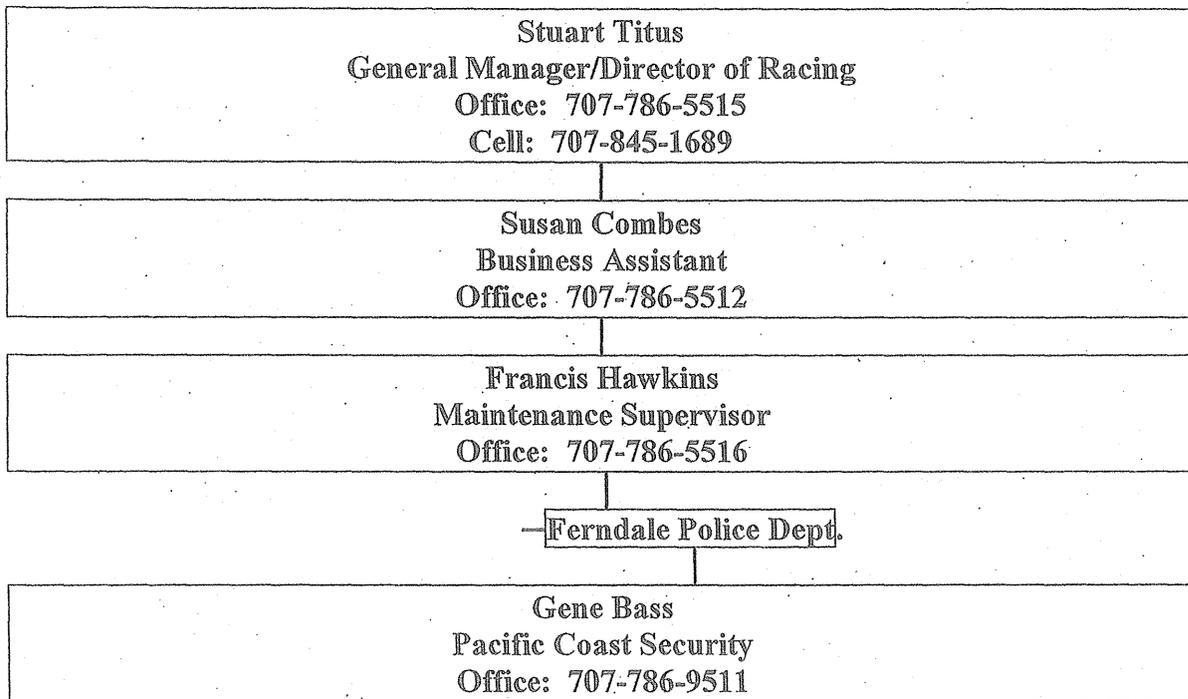
Sheryl Brown (707)268-0235 sherylbrown@humcentral.com

- 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 Corporation USA – Bill O’Brien (Expires 12/7/12)
- E. Photopatrol 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 Communication, Inc. – Jim Porep) Contract Expires: April 30, 2013
Equipment description on file with the Board: 5 Cameras – (3 Tower, 1 Pan, 1-Hand Held)
- 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 Communication, Inc. – Jim Porep - Contract Expires April 30, 2013

13. 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. See attached organizational chart.
Pacific coast Security, Gene Bass, Owner (707)-786-9511
- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis:
1-2 guards in grandstands
2-3 rovers
3 licensed gatemen on 8-hour shifts
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 stalls.
N/A
 2. Detention Stalls:
(The Fair is not running graded stakes)
 - A. Attach a plan for use of graded stakes or overnight races.
N/A
 - B. Number of security guards in the detention stall area during a 24-hour period.
N/A
 - C. Describe number and location of surveillance cameras in detention stall area.
N/A
 3. TCO2 Testing:
 - A. Number of races to be tested, and number of horses entered in each race to be tested.
All horses in thoroughbred races where the number is determined by a random algorithm generator.
 - B. Plan for enhanced surveillance for trainers with high-test results.
Trainer with high test results will be moved to the detention area.
 - C. Plan for detention stalls for repeat offenders.
Ten (10) stalls adjacent to Test Barn, which are under 24-hour video surveillance
 - D. Number of security personnel assigned to the TCO2 program.
One (1) 24-hour security guard when detention stalls are occupied.
- C. Describe the electronic security system.
C.A.R.F. surveillance equipment and program that travels between racing Fairs.
1. Location and number of video surveillance cameras for the detention stall and stable gate.

13A. Security Controls



4 surveillance cameras monitoring this area

14. EMERGENCY SERVICES

- A. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races: City Ambulance of Eureka, 135 7th Street, Eureka, Ca 95501 (707) 445-4907
1. Attach a certification from the Ambulance Company(s) listed in 14A, certifying that the paramedic staff are licensed with the California Emergency Medical Services Authority.
See attached
- B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites:
n/a
1. Attach a certification from the Ambulance Company(s) listed in 14B, certifying that the paramedic staff are licensed with the California Emergency Medical Services Authority.
n/a
- C. Describe the on-track first aid facility, including equipment and medical staffing:
See attached
- D. Name and emergency telephone number of the licensed physician on duty during the race meeting:
Physicians rotate on a daily basis from Redwood Memorial Hospital. (707)725-7328
- 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:
Redwood memorial Hospital, 3300 Renner Drive, Fortuna, Ca (707) 725-7328
- 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
- G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to Business and Professions Code section 19481.3(d):
Stuart Titus and Susan Combes.
- H. Attach a fire clearance from the fire authority having jurisdiction over the premises.
To be submitted after portables are assembled.
- I. Name of the workers' compensation insurance carrier for the fair and the number of the insurance policy (if self-insured, provide details): California Fair Services Authority
- 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 fair for payment of workers' compensation.
On file with CRHB.

June 8, 2012

To: California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95815
Attn: Andrea Ogden

Re: Humboldt County Fair
1250 5th Street
Ferndale, CA 95536

Please be advised that the Humboldt County Fair is a member of the California Fair Services Authority (CFSA), and participates in the following self-insurance and loss pooling programs which are administered by CFSA:

I. COMPREHENSIVE GENERAL LIABILITY PROGRAM

- A. Primary Coverage \$750,000 self-insured retention California Fair Services Authority
Coverage continuous until cancelled
- B. Excess Coverage \$9,250,000 in excess of \$750,000
Coverage provided by Allied World Assurance Company
Term: 01/01/2012 to 01/01/2013

II. WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY

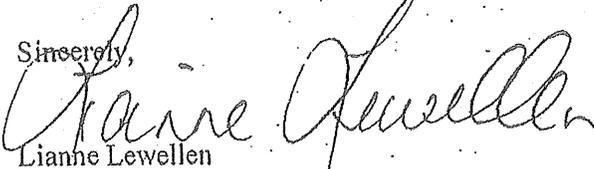
- A. Primary Coverage \$500,000 self-insured retention California Fair Services Authority
Coverage continuous until cancelled
- B. Excess Coverage (a) Workers' Compensation: Statutory Limit in excess of \$500,000
(b) Employers' Liability: \$4,500,000 in excess of \$500,000
Coverage provided by CSAC Excess Insurance Authority
Term: 07/01/2012 to 07/01/2013

CFSA represents to the California Horse Racing Board that within the above limits, terms and provisions of the coverage stated, to the extent provided by law, CFSA will provide defense, payment, and indemnification on loss funding in accordance with the terms of the contractual assumption of the Humboldt County Fair as set forth in the California Horse Racing Board's "Insurance Requirements".

You will be given at least thirty (30) days notice of any change in the foregoing information. We trust that this commitment will satisfy your insurance requirements.

Please feel free to contact this office on all matters including possible claims.

Sincerely,


Lianne Lewellen
Risk Analyst

14C First aid and Medical Staffing

The Humboldt County Fair provides emergency care which supports comprehensive 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.

Two Emergency Medical Technicians from City Ambulance of Eureka staff are located in an on-track ambulance, which is located at a location with ease of access to the track during each day of training and racing. This ambulance and crew are present whenever horses are on the track (during both racing and training hours, and are responsible for initiating basic life support measures, including immediate medical stabilization, care and evacuation to medical care facilities.

Licensed Physicians are on-duty at Redwood Memorial Hospital and are responsible for ongoing care for jockeys, track staff and allied personnel requiring emergency medical care.

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

Redundant communication 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. The fair also has an emergency response cell which responds to all emergencies, both medical as well as non-medical.

Ferndale Fire Department
P. O. BOX 485 - FERNDALE, CALIF. 95536

THE MOST WESTERLY FIRE DEPARTMENT IN THE UNITED STATES

6-14-2012

Ferndale Volunteer Fire Department is fully equipped to respond to a variety of calls from minor medical incidents, to major traumas with multiple patients. Our department is staffed with forty members; all members are trained in basic first aid and CPR. In addition to the basic training fifteen members are certified First Responders, and eight are certified Emergency Medical Technicians (EMT).

Each of our four engines contains a complete first aid kit including Cervical Spine immobilization equipment, splinting supplies and advanced oxygen therapy. Our primary medical unit carries the majority of our medical supplies which include trauma equipment, Cervical Spine immobilization equipment, Automatic External Defibrillator (AED), burn and splinting supplies, as well as advanced oxygen therapy for multiple patients. One engine is our back-up medical unit and contains additional medical supplies and a second AED.

Complete medical equipment list available upon request.

Tom Grinsell
Fire Chief, Ferndale Volunteer Fire Department
P.O. Box 485
Ferndale, CA 95536
(707) 783-9909

Daily Ambulance/Equipment Check-out

DATE _____ MILEAGE _____ EMT _____

UNIT _____ PARAMEDIC _____

Exterior

___ Paint Problems or Shortages _____
 ___ Tires _____
 ___ Windshield _____

___ Unit washed

Lights

___ Headlights _____
 ___ Flood lights Problems or Shortages _____
 ___ Marker Lights _____
 ___ Brake lights _____
 ___ Tail lights _____

Base problems or shortages

Engine Compartment

___ Belts/Hoses _____
 ___ Fluid levels _____

Fuel level _____

Drivers Compartment

___ Siren controls _____
 ___ Driver controls _____
 ___ Heater/AC _____
 ___ UHF/VHF radio Problems or Shortages _____
 ___ Map book _____
 ___ Paperwork/ Clipboard _____
 ___ Spot light/ Flashlight _____
 ___ Fire extinguisher _____

___ Engine started

Condition/ Cleanliness

Fair Good Excellent

Main O2 level _____

Patient Compartment

___ Lighting _____
 ___ Heater/AC _____
 ___ Gurney Problems or Shortages _____
 ___ Gurney straps/ latches _____
 ___ Rear radio _____

___ Sharps container <3/4 full

Garbage level

less than 1/2 full over 1/2 full

Condition/ Cleanliness

Fair Good Excellent

Patient Care Equipment

___ Exam gloves (Sm.&Med) _____
 ___ BP cuffs (Pedi,Adult,Lrg Adult) _____
 ___ Stethoscope _____
 ___ Backboard /KED /Straps _____
 ___ Shears _____
 ___ Spine bag (C-collars,Headrolls,Tape) _____
 ___ O2 flow regulators /Spare O2 bottle _____
 ___ Flat _____
 ___ Splints/ Traction splint _____
 ___ Portable/ In-house suction _____
 ___ Flat/ Linens/ Pillow/ Towels _____
 ___ Emesis basin/ Urinal/ Bed pan _____
 ___ Restraints _____
 ___ Problems or Shortages _____

___ (2) Adult rebreather masks
 ___ (4) Non-rebreather masks
 ___ (2) Pediatric masks
 ___ (4) Nasal cannulas
 ___ (4) SVN's
 ___ OB kit
 ___ Trauma dressings
 ___ (3) 250 ml sterile water
 ___ Gastric lavage kit
 ___ Bandages/ Gauze
 ___ Snakebite kit
 ___ Sterile burn sheet
 ___ (5) Hot packs
 ___ (4) Cold packs

EMT Signature _____

14F Medical Protocols and Procedures: English

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

Track Ambulance

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

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 management of the accident scene. 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 Jockey's Room to secure the ambulance transfer area, as well as prevent visitation from bystanders from entering 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 or 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. A 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 that is responsible for the management of the accident scene.

Announcer

1. 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 the family member of the injurec. 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 members 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.

14F Medical Protocols and Procedures: Spanish

Procedimiento en caso de Accidente en Humboldt 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) victim(s).

Seguridad

1. Tan pronto como sea posible, un miembro de seguridad del hipodromo deberá reportarse al lugar del accidente y desde ahí recibir las instrucciones del Paramédico responsable del lugar del accidente. El miembro de seguridad será responsable de mantener a los transeúntes fuera del lugar del accidente.
2. Un miembro del departamento de seguridad del hipodromo se acercará al cuartel del jockey para asegurar el área donde la ambulancia estará y prevenir que transeúntes y personas ajenas se acerquen.
3. Un miembro de seguridad del hipodromo será responsable de escoltar a los vehículos de emergencia.
4. Los miembros de seguridad serán responsables de controlar a la multitud.

Personal de Carreras/Veterinario del hipodromo

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

Personal de Planta/Plant Staff

1. La Ambulancia de Caballos deberá trasladarse inmediatamente al lugar del accidente siempre que un caballo esté severamente lesionado y necesite transporte.
2. Los miembros del departamento de planta que estén cerca del accidente deberán ayudar a tapar el lugar para que el público no pueda ver lo que sucede, además deberán recibir instrucciones del Paramédico 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 representatante 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 respesentante de la gerencia degera 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 locator.
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 tenter un registro de la persona a quin se debe comunicar en caso de que un jockey sufra un accidente.
5. Todo los anuncios publicos y respuestas a ls prensa las realice uncamente el funcionario de gerencia de alto nivel que se encuentre disponible en ese momento.

Todos los Jefes de Departamento

Todos los Jefes de Departamento deb en comunicar a sus empleados que, a pesar de que las intenciones sean buenas, el tratamiento 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.

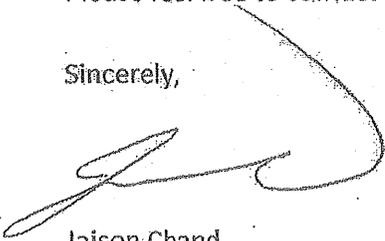
June 7, 2012

To Whom It May Concern:

City Ambulance of Eureka, Inc. — Eureka, California operates emergency and non-emergency ambulance transportation in Humboldt County. All of our paramedic staff are licensed with the California Emergency Medical Services Authority, in addition to being accredited by the LEMSA (local emergency medical services) in the area in which they are practicing. The current status of any Paramedic license can be verified by CA EMSA on their website: <http://www.centralregistry.ca.gov/Search.aspx>.

Please feel free to contact me if you require further information.

Sincerely,



Jaison Chand
Chief Operating Officer
City Ambulance of Eureka, Inc.

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall pursuant to Business and Professions Code section 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.

15. CONCESSIONAIRES AND SERVICE CONTRACTORS

- A. 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:

Winner's Circle Photo

Vassar Photography, 5075 Double Point Way, Discovery Bay, CA 94514

Racing Grandstand Sound System

Universal Balance, 2163 Park Avenue, McKinleyville, CA 95519

Armored Car Services

NOTWINC, 11875 Dublin Blvd. Dublin, CA 94568

Portable Stalls

Stall West, Inc. 4149 Burnett Road, Lincoln, Ca 95684. 916-645-5475, fax 916-645-6095.

- B. Does the fair plan to provide its own concessions? Yes No

16. ON- TRACK ATTENDANCE/FAN DEVELOPMENT

- A. Attach a copy of the promotional and marketing plans for the race meeting:

Ticket give-away already underway, using HCF Facebook; discounted ticket sales, beginning July 1; placement of old Starting Gate near entrance to town; Participation in local parades and events prior to fair; Pre-fair media dinner; golf tournament on dark Monday; Horsemen's Fish Fry on dark Tuesday. Appearances on local ESPN radio station; Live remote; local ESPN radio, opening day of racing; Television and radio spots; Sam Spear Enterprises.

Additional information attached.

- B. Promotional/ Marketing budget for this race meeting: \$55,000
 Promotional/Marketing budget for prior race meeting: \$50,000

- C. Number of hosts and hostesses employed for meeting:

10

- D. Describe facilities set aside for new fans:

First come, first served

2012 HUMBOLDT COUNTY FAIR AND RACE MEET

MARKETING PLAN

16A. The Board of Directors and Staff are excited, wound-up and ready to go with the 116th edition of the Humboldt County Fair in Ferndale, home to California's smallest, yet most unique racing venue. Following a long history of racing in its traditional August dates, the decision to move one week later has been fully embraced and will be supported by marketing, advertising and promotion programs designed to make the 2012 race meet the best ever. Here's a summary of some of the things what we plan to do to meet the challenge:

- NEW RACE DAY SCHEDULE: In order to provide for the greatest success for everyone involved, Humboldt will modify its schedule when live racing will occur. Those modifications include racing on a Wednesday-Friday-Saturday-Sunday format during both weeks of racing. Dark days will include both Thursdays, along with Monday and Tuesday of the August 15-26 Humboldt County Fair. This change is designed to benefit the myriad of participants from the racing industry, along with the thousands of loyal fans who travel to Ferndale to support A
- INCREASED ADVERTISING BUDGET: Although our various communities have been kept abreast of our race dates saga, we recognize the importance of increasing our marketing and advertising of the 2012 race meet. While resources are scarce, we've nonetheless increase our overall marketing budget by 10% to approximately \$55,000. In Ferndale, the challenge of filling race fields is usually much more challenging than filling the grandstands, so we're confident in attracting a full house once again. Our fans are loyal and we look forward to seeing them all return this August.
- Sponsorships: We heard the message of the Board last year and have subsequently stepped-up our efforts to increase sponsorships for the 2012 fair. Even in these tight economic times, we've made every effort to increasing by at least 40% our sponsorship program, which last year brought in \$55,000 from the many businesses, foundations and individuals who recognize the economic importance of the Humboldt County Fair. That message will be extended to reach out to others, as we attempt to build a self-sufficient operation moving forward.
- Fundraiser: As a result of our outreach program, community leaders have come forward with a proposal to produce and promote a fund raising event for the Humboldt County Fair Association. These leaders have a proven record of similar events from past years and we are honored by their offer. The event is scheduled for Sunday, August 12, just prior to the opening of the fair, and we're optimistic of raising \$50,000-\$100,000 in community support from the event. A local non-profit entity, The Friends of the Humboldt County Fair, has been formed as the recipient of proceeds, which will go towards qualified capital improvements, as well as designated programs essential to the Association.
- Track Safety Improvements: Although the safety record of the Humboldt County Fair compared favorably with any other in California, we have committed resources toward a project which will only improve upon that record. As California's smallest race track, horse racing at Humboldt is a very up-close and personal experience, perhaps best characterized by the challenging tight turns of its half-mile oval. On the advice of our track superintendent, Steve Wood, we will be widening by six feet the outside of our first turn, and installing a six-foot high fence similar to the LA County Fair. By widening the turn, we hope to add consistency to the slope of the track surface in that first turn, thus providing both human and equine athletes with an even safer trip and ride. Estimated cost of the project is \$22,000.

- PROMOTIONS: In addition to reaching out to more businesses to sponsor our racing gate admissions, we will also be joining the list of racing entities that have used Lady's Hat Day at the Races promotion. A huge part of Del Mar's traditional opening day festivities, we will be conducting the promotion on Saturday, August 25, sponsored by the Ferndale Jockey Club
- POST RACE PROMOTIONS: Unique to Ferndale is the nightly recap of racing activities, with a live broadcast of our local ESPN radio station, KEKA 1340. Owners, trainers, jockeys and fans are among the many guests to appear on the program, which takes place live on Main Street Ferndale, in front of one of the many local bars, taverns and restaurants that embrace horse racing each August. Post-race promotions extend to the local NBC affiliate, New Channel 3 in Eureka, an important outlet which is provided footage for the races each day to broadcast on its 6:00 and 11:00 sports programs.

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

1. Horsemen : Widening first turn
2. Fans: Improvements to concession areas
3. Facilities in the restricted areas: It doesn't get any better

17. SCHEDULE OF CHARGES

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

Proposed charges, note any changes from previous year:

Admission (general)	\$8.00
Admission (racing)	\$3.00
Reserved seating (general)	
Reserved seating (clubhouse)	
Parking (general)	\$3.00 per day
Parking (preferred)	\$10.00 per day
Parking (valet)	
Programs (on-track)	\$2.50
(off-track)	\$2.50

B. Describe any "Season Boxes" or other special accommodation fees: \$225 for box seats.

C. Describe any "package" plans such as combined parking, admission and program: None.

18. JOCKEYS' QUARTERS

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

<input checked="" type="checkbox"/>	Corners (lockers and cubicles)	How many	<input type="checkbox"/>	12	
<input checked="" type="checkbox"/>	Showers	<input checked="" type="checkbox"/>	Steam room, sauna or steam cabinets	<input checked="" type="checkbox"/>	Lounge area
<input type="checkbox"/>	Masseur	<input type="checkbox"/>	Food/beverage service	<input checked="" type="checkbox"/>	Certified platform scale

B. Describe the quarters to be used for female jockeys:

Separate area containing an office, lounge area, sauna, showers, restroom, lockers, & bunks. Jockeys & Jockettes share the scale.

19. 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:
Six

C. Number of restrooms available on the backstretch of the racetrack: Six (6)

D. Estimated ratio of restrooms to the number of backstretch personnel: Unknown

20. TRACK SAFETY

- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line: 2,640 feet.
- B. Describe the type of track surface at the facility, including the specific track surface composition: Organic dirt, silt, clay, sand, and Fir bark
- C. The percent of cross slope in the straight-aways is: 5.3% - 5.4%
The percent of cross slope in the center of the turns is: 5.6%
- D. 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.
Outer rail comprised of 3" aluminum railing on top of posts, 40" in height. Fontana inner rail, made of offset galvanized posts, with extended aluminum railing on top of gooseneck posts, 42" in height, with average overhang of 24". New railing/fencing installed along outside Clubhouse turn, 72" chain link with vinyl slats, moved out and additional six feet for additional safety.
- E. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: Steve Wood, Track Master
- F. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. Attached.
- G. 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.

21. 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.
Horsemen's Agreement on file with CHRB.
- 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.

22. 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.

Stuart Titus

Print Name

General Manager

Print Title

Stuart Titus

Signature

5/22/12

Date

STAFF ANALYSIS

June 28, 2012

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE PACIFIC RACING ASSOCIATION II AT GOLDEN GATE FIELDS AUGUST 17, 2012 THROUGH SEPTEMBER 16, 2012

- The Pacific Racing Association II (PRA II) is a new racing association formed by the Pacific Racing Association (PRA). Pursuant to Business and Professions Code section 19532(a) any association licensed to conduct thoroughbred racing in the northern zone may receive no more than 35 weeks of racing. Pacific Racing Association was allocated a total of 35 race weeks for the 2012 race meet calendar. Because PRA has reached its 35 week capacity, PRA II has proposed to run the remainder calendar weeks allocated to the northern zone, at Golden Gate Fields (GGF). This will necessitate the reallocation of the Los Angeles Turf Club (LATC) previously allocated dates to PRA II. PRA II has not conducted thoroughbred racing in the northern zone at any time during the calendar year 2012.

PRA II filed its application to conduct a thoroughbred horse racing meeting at Golden Gate Fields:

- August 17, 2012, through September 16, 2012, or 17 days. PRA II proposes to race a total of 149 races, or 8.76 races per day. The average daily purse for the 2011 LATC at Golden Gate Fields race meeting was \$147,633. The (estimated) average daily purse for this meet is \$144,338.

August - 2012						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
	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 - 2012						
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						

- Racing 3 days per week. Racing Friday through Sunday the first two weeks; Friday, Saturday, Sunday, Monday and Wednesday the third week; and Friday through Sunday the last two weeks.
- 8 races on weekdays except on Wednesday where 7 races will be conducted, 9 races on weekends, 10 races on Sundays, August 26, 2012, September 2, 2012 and Monday, September 3, 2012. If horse population permits may run additional races, not to exceed an 8.76 average per day for the race meeting. Administrative approval will be requested if plans develop to exceed this amount.
- First post 1:15 p.m. daily
 - 3:45 p.m. post on Fridays.
 - Request the option to change post times to coordinate north/south signals.

- Wagering program will use CHRB and ARCI rules.
 - Early wagering will not be offered.
- The Advance Deposit Wagering (ADW) providers are Xpressbet, 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.

Documents received in compliance with Business and Professions code 19604:

- ODS Technologies, L.P. d/b/a TVG Network has submitted all documents required in compliance with Business and Professions code 19604.
- XpressBet LLC. dba XpressBet.com, has submitted all documents required in compliance with Business and Professions code 19604.
- Churchill Downs Technology Initiatives Company, dba TwinSpires, has submitted all documents required in compliance with Business and Professions code 19604.
- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.
- Request Darrell Sparks be appointed horse identifier pursuant to CHRB Rule 1525, Racing Officials Appointed by the Board.
- 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.

Specific information still needed to complete this application includes:

1. Registry or file number for the corporation
2. CTT Agreement

RECOMMENDATION:

This item is presented for Board discussion and action. If the application is considered for approval, staff recommends a contingent approval upon the submission of outstanding items.

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 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, fax numbers, and the email address for associations contact person:

Pacific Racing Association II
1100 Eastshore Highway
Berkeley, CA 94710
Phone (510) 559-7300 Fax (510) 559-7464
joe.morris@goldengatefields.com

- 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 Business and Professions Code section 19490.
On File.

- E. Was the association licensed to operate a race meeting prior to January 1, 2001?

Yes No

If no, attach a surety bond in the amount of one hundred thousand dollars. On File.

NOTICE TO APPLICANT: No application for a license to conduct a race meeting shall be granted unless the applicant has deposited with the Board a surety bond in the amount of one hundred thousand dollars (\$100,000), or a greater amount, as determined by the board, which is sufficient to ensure payment of employee wages and benefits including, but not limited to, health, welfare, and pension plans. The surety bond shall be maintained during the period of the meeting and for an additional period, as determined by the board, sufficient to assure that all payments are made. This subdivision does not apply to any person or association licensed to operate a horse race meeting prior to January 1, 2001, which has conducted a race meeting in each of the immediate three previous consecutive calendar years. The \$100,000 surety bond amount maybe increased to an amount determined by the Board at the time the application is scheduled for hearing pursuant to Business and Professions Code section 19464(b).

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 allocated for the entire meeting: August 17, 2012 through September 16, 2012.
B. Actual dates racing will be held: August 17-19, 24-26, 31; September 1-2, 3, 5, 7-9, 14-16.
C. Total number of days or nights of racing: 17 days.

CHRB CERTIFICATION

Application received: 6-1-12
Deposit received: ON FILE
Reviewed: *qws*

Hearing date: 6-28-12
Approved date:
License number:

- D. Days or nights of the week races will be held:
 Wed - Sun Tues - Sat Other (specify)

Racing Fridays through Sundays

Exceptions: Racing on Monday, September 3, 2012 and Wednesday, September 5, 2012

- E. Number of days or nights of racing per week: 3 days per week except as set forth in Item D above.

3. RACING PROGRAM

- A. Total number of races: 149
- B. Number of races for each day or night: 8.76 will be the average throughout the meet; we propose to conduct 8 races on weekdays except on Wednesday, September 5, 2012 where 7 races will be conducted, 9 races on weekends, 10 races on Sundays, August 26, 2012, September 2, 2012 and Monday, September 3, 2012 and . If the horse population permits, we may run additional races as long as we do not exceed an average of 8.76 races per day for the meet. If we plan to exceed this amount, we will request administrative approval
- C. Total number of stakes races: 0
- 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. N/A
- 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:

Race	Post Time All days except Fridays August 17, 24, 31	Post Time on Fridays August 17, 24, 31
1st	1:15 p.m.	3:45 p.m.
2nd	1:45 p.m.	4:15 p.m.
3rd	2:15 p.m.	4:45 p.m.
4th	2:45 p.m.	5:15 p.m.
5th	3:15 p.m.	5:45 p.m.
6th	3:45 p.m.	6:15 p.m.
7th	4:15 p.m.	6:45 p.m.
8th	4:45 p.m.	7:15 p.m.
9th	5:15 p.m.	7:45 p.m.
10th	5:45 p.m.	8:15 p.m.

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 Business and Professions 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. **Addendum on file with the Board.**

C. CORPORATION

1. Registered name of the corporation: **Pacific Racing Association II**
2. State where incorporated: **California (4/2/12)**
3. Registry or file number for the corporation: **Forwarded to Board upon issuance**
4. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
Scott Daruty (Director)
George Haines, President (Officer)
Mike Rogers, Vice President, Operations (Officer)
Joe Morris, Vice President Operations/Sales & Interim General Manager (Officer)
Peter W. Tunney, Executive Vice President (Director/Officer)
Lyle Strachan, Executive Vice President, Finance (Officer)
Frank DeMarco, Jr., Vice President Regulatory Affairs and Secretary (Officer)
Calvin Rainey, Vice President & Assistant General Manager (Officer)
Gina Lavo, Vice President, Finance (Officer)
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: **TSG Developments Financing, Inc. formerly known as MI Developments U.S. Financing, Inc.**
6. Number of outstanding shares in the corporation: **100 Shares**
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: **Share register is with Jane Lynn, General Counsel in Toronto, Canada**
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: **N/A**
 A. Is parent and/or paired corporation or entity a publically traded or privately held company that guarantees the obligation of the applicant? If no, proceed to section F.
 If yes, answer questions 10-17. Yes No
10. Registered name of the corporation:
11. State where incorporated:
12. Registry or file number for the corporation:
13. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
14. 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:
15. Number of outstanding shares in the corporation:
16. Are the shares listed for public trading? Yes No

If yes, on what exchange and how is the stock listed:

17. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:

D. LLC

1. Registered name of the LLC:
 2. State where articles of organization are filed:
 3. Registry or file number for the LLC:
 4. Attach a list of the names of all members (including individuals (true names), corporations, other LLCs and or foreign entities), titles, and the number of shares of the LLC held by each:
 5. Are the shares listed for public trading? Yes No
- If yes, on what exchange and how the stock is listed:
6. 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:
 - A. Is parent and/or paired entity either a publically traded or privately held company that guarantees the obligation of the applicant? If no, proceed to section F. If yes, answer questions 7-12. Yes No
 7. Registered name of the LLC/Corporation:
 8. State where articles of organization are filed:
 9. Registry or file number for the LLC:
 10. Attach a list of the names (true names) of all members (members may include individuals, corporations other LLCs and foreign entities), titles, and the number of shares of the LLC held by each:
 11. Are the shares listed for public trading? Yes No
 12. If yes, on what exchange and how the stock is listed:

E. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.

F. FINANCIAL INFORMATION *

1. Attach the most recent audited annual financial statement or financial report for the applicant. The financial statement or financial report shall include all relevant financial information specific to the applicant including: **On File.**
 - Statement of Financial Position: also referred to as a balance sheet. Statement should report on applicant's assets, liabilities, contingent liabilities and ownership equity as of the date of the prepared statement.
 - Statement of Comprehensive Income: also referred to as Profit and Loss ("P&L") Statement. Statement should include report on applicant's income, expenses, and profits.
 - Profit and Loss statement for prior two years race meeting and Profit and Loss statement for projected year race meeting.
 - Statement of Changes in Equity: to include the changes of the applicants' equity through the reporting period.
 - Statement of Cash Flows: to include a report of the applicant's cash flow activity, particularly its operating investing and financing activities during the reporting period.
 - 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.

*NOTICE TO APPLICANT: The financial information provided pursuant to subsection (F) above is exempt from disclosure pursuant to Government Code section 6254(k) and non-disclosable to the public.

G. 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 13B, who will be listed in the official program:

George Haines, President
 Lyle Strachan, Executive Vice President, Finance
 Mike Rogers, Vice President, Operations
 Joe Morris, Vice President Operations/Sales and Interim General Manager
 Frank DeMarco, Jr., Vice President, Regulatory Affairs and Secretary
 Peter W. Tunney, Executive Vice President
 Gina Lavo, Vice President, Finance
 Calvin Rainey, Vice President and Assistant General Manager
 Adam Njaa, Controller
 Jerry Aldoroty, Director of Hospitality and Sales
 Bryan Wayte, Mutuel Manager
 Tom Ferrall, Publicity Manager
 Merry Scalzo, Director of Operations
 Dan Cirimele, Marketing Manager
 T.W. Johnson, Security Manager
 Michael Wrona, Announcer
 Juan Meza, Track Superintendent
 Steve Martinelli, Price Maker
 William Vassar, Track Photographer
 Robert Hemmer, Operations Manager
 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 and email address of such person(s).

Joe Morris, Vice President Operations/Sales and Interim General Manager
 Pacific Racing Association II
 1100 Eastshore Highway
 Berkeley, CA 94710
 joe.morris@goldengatefields.com

5. TAKE OUT PERCENTAGE

1. If this is a thoroughbred race meeting, will the percentage deducted for any type of wager be adjusted pursuant to Business and Professions Code section 19601.01? If no, proceed to subsection 6. If yes, identify the wager and the proposed takeout percentage.

Yes No

Wager(s) to be adjusted: _____ Proposed percentage: _____%

- A. Attach copy of written notice requesting the proposed takeout adjustment, the proposed

percentage and the wager(s) affected. The notice must include the written agreement of the thoroughbred association and the horsemen's organization for the meeting of the thoroughbred association accepting the wager.

NOTICE TO APPLICANT: Pursuant to Business and Professions Code section 19601.01 notwithstanding any other provision of law, a thoroughbred association or fair, upon the filing of a written notice with, and approval by, the board specifying the percentage to be deducted, may deduct from the total amount handled in the pari-mutuel pool for any type of wager an amount of not less than 10 percent nor more than 25 percent. The written notice shall include the written agreement of the thoroughbred association or fair and the horsemen's organization for the meeting of the thoroughbred association or fair accepting the wager. The established percentage to be deducted shall remain in effect until the filing of a subsequent notice with, and approval by, the board, unless otherwise specified in the notice.

6. HANDLE HISTORY

- Complete the table below providing the last five years of handle and attendance for your racing association. If your association has been operating for fewer than five years, provide information for the period of time it has been in operation. If the racing association has changed ownership include the handle information for the previous racing association.

Year	Handle	Attendance
2011 (8/19-10/2/11)	\$ 10,322,620.20	65,727 (22 live race days)
2010 (8/25 - 10/3/10)	\$ 10,489,837.80	63,493 (27 live race days)
2009 CARF (9/9 - 10/4/09)	\$ 6,830,036.30	35,766 (17 live race days)
2009 CARF (8/12 - 8/23/09)	\$ 3,935,248.80	19,200 (10 live race days)
2008 and 2007	N/A	N/A

* No comparable PRA race days in 2007 and 2008

- PURSE PROGRAM (Excluding supplements, nominations, sponsorships and starter fees.):**
Prior meet represents August 19, 2011 through October 2, 2011 (22 days)

A. Purse distribution:

- All races other than stakes:
Current meet estimate: **\$2,135,200.00**
Prior meet actual: **\$2,845,906.00**

Average Daily Purse (7 A1 ÷ number of days):
Current meet estimate: **\$125,600.00**
Prior meet actual: **\$129,359.36**

- Overnight stakes:
Current meet estimate: **\$0.00**
Prior meet actual: **\$0.00**

Average Daily Purse (7 A2 ÷ number of days):
Current meet estimate: **\$0.00**
Prior meet actual: **\$0.00**

- Non-overnight stakes:
Current meet estimate: **\$0.00**
Prior meet actual: **\$0.00**

Average Daily Purse (7 A3 ÷ number of days):

Current meet estimate: **\$0.00**

Prior meet actual: **\$0.00**

- 4. Total Purses: (7A1+7A2+ 7A3)
 Current meet estimate: **\$2,135,200.00**
 Prior meet actual: **\$2,845,906.00**

B. California-bred Stakes Races:

- 1. Percentage of the purse distribution for all stakes races that will be distributed for California-bred stakes races:
 Current meet estimate: **0.00%**
 Prior meet actual: **0.00%**

Average Daily Purse (7 B1 ÷ number of days):

Current meet estimate: **\$0.00**

Prior meet actual: **\$0.00**

- C. Funds to be generated for all California-bred incentive awards (including breeder awards and owners premiums):

Current meet estimate: **\$219,869.00**

Prior meet actual: **\$282,061.22**

- 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) **\$40,637.23**

TOC (NTRA contribution) **\$49,400.42**

TOC **\$23,221.27**

TOC **\$28,228.81**

CTT (Administration) **\$11,610.64**

CTT (Administration) **\$14,114.41**

CTT (Pension) **\$23,221.27**

CTT (Pension) **\$28,228.81**

Total **\$98,690.41**

Total **\$119,972.45**

- E. Amount from all sources to be distributed in the form of purses or other benefits to horsemen (7 A+7 C+7 D):

Current meet estimate: **\$2,453,759.41**

Prior meet actual: **\$3,247,939.67**

Average Daily Purse (7 E ÷ number of days):

Current meet estimate: **\$144,338.79**

Prior meet actual: **\$147,633.62**

- F. Purse funds to be generated from on-track handle and intrastate off-track handle (excluding carry-overs from prior race meet(s):

Current meet estimate: **\$1,882,903.00**

Prior meet actual: **\$2,651,902.33**

Average Daily Purse (7 F ÷ number of days):

Current meet estimate: **\$110,759.00**

Prior meet actual: **\$120,541.02**

G. Purse funds to be generated from interstate handle:

Current meet estimate: \$405,224.00

Prior meet actual: \$658,138.12

Average Daily Purse (7 G ÷ number of days):

Current meet estimate: \$23,836.71

Prior meet actual: \$29,915.37

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

Wells Fargo - Account # On File.

I. Name, address, email 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; email: craighbmiller@verizon.net

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 Business and Professions 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.

8 STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held: 1,325
- B. Minimum number of stalls believed necessary for the meeting: 2,000
- 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 Business and Professions Code sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, proceed to section 9.

- F. Total number of usable stalls made available on-site for the 1986 meeting, pursuant to Business and Professions Code section 19535(c): **1,405**
- G. Estimated cost to provide off-site stalls for this meeting. Show cost per day per stall:
Stabling costs for this meet: \$269,352.00
Stabling costs per day per stall: \$9.21
- 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: \$16,575.00 **Vanning fee per horse: \$75.00**

9 PARI-MUTUEL WAGERING PROGRAM

A. Pursuant to Business and Professions 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#; \$.50 PNP4	CHRB#1957; 1959; 1958; 1977; 1979; 1976.8; 1979.1; 1976.9
Race #2	\$2 DD*; \$2 PNP6; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF#	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1
Race #3	\$2 DD*; \$2 PNP6; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10SF#; \$.50 PNP5	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.9
Race #4	\$2 DD*; \$2 PNP6; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF#; \$.50 PNP4; \$.50 PNP5	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.9; 1976.9
Race #5	\$2 DD*; \$2 PNP6; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF#; \$.50 PNP4; \$.50 PNP5; Super H5^^	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.9; 1976.9; ARCI #004-105 Subsection T Pick (n) Position (x) Pools
Race #6	\$2 DD*; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF#; \$.50 PNP4; \$.50 PNP5; \$1TRI-SF&	CHRB#1957; 1959; 1958; 1977; 1979; 1979.1; 1976.9; 1976.9; ARCI#004-105 Q, in accordance with ARCI #004-024
Race #7	\$2 DD*; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF#; \$.50 PNP4	CHRB#1957; 1959; 1958; 1977; 1979; 1979.1; 1976.9
Race #8	\$2 DD*; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF#	CHRB#1957; 1959; 1958; 1977; 1979; 1979.1
Race #9	\$2 DD*; \$1 E; \$2 Q; \$1 TRI++; \$.10 SF#	CHRB#1957; 1959; 1958; 1979; 1979.1
Race #10	\$1 E; \$2 Q; \$1 TRI++; \$.10 SF#	CHRB#1959; 1958; 1979; 1979.1

* - \$2 Daily Double on all races
 PNP6 - \$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
 PNP4 - \$.50 Pick 4 on first four and last four races
 PNP5 - \$.50 Pick 5 on last five races
 ^^ - \$1 Pentafecta (Super High 5) in the 5th race only selecting the first five finishers in a same race. 100% payout on all tickets selecting five winners. No consolation; 100% carryover if no ticket has five winners.

& - \$1 Tri-Superfecta in the 6th and 7th races selecting the winning Trifecta combination in the first leg to qualify for an exchange Superfecta wager in the second leg. Winners of 1st leg receive 50% of the pool with 50% of the pool carried to second leg; if no second leg winners then carryover of second leg pool to next racing day.

PNP5 – \$.50 Pick 5 will be offered with 100% payout to all tickets selecting five winners. No consolation; 100% carryover if no ticket has five winners. 14% takeout.

PNP6 - 2 Tier – 70%/30% split \$2 Pick 6 will be offered on the final six races of each card, with 70% to the major pool or carryover, and 30% to the minor pool.

- B. Maximum carryover pool to be allowed to accumulate before its distribution OR the date(s) designated for distribution of the carryover pool: **September 16, 2012 for the period of August 17, 2012 through September 16, 2012.**
- C. List any options requested with regard to exotic wagering: **2 Tier – 70%30% split (see above)**
- D. Will "advance" or "early bird" wagering be offered? Yes No
If yes, when will such wagering begin? Specify days and time for "early bird" wagering:
- 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: **Sportech (previously Scientific Games, LLC) Expires: September 2015**

10. ADVANCE DEPOSIT WAGERING (ADW)

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

Xpressbet
TwinSpires
TVG

- B. Attach a copy of the agreement/contracts with each ADW provider to be used for this race meeting. **On File.**

- C. Have the contract/agreements been approved by the respective horsemen's groups?

Yes No

If yes, attach a copy of the approval. **On File.**

If no, explain the status of the approval.

NOTICE TO APPLICANT: Pursuant to Business and Professions Code section 19604, ADW providers may accept wagers on races conducted in California from a resident of California if: 1) the ADW provider is 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 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. ADW providers may accept wagers on races conducted outside of California from a resident of California if: 1) the ADW provider is 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 wagers are placed and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

11. 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
- 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:

Pacific Racing Association II / Golden Gate Fields

August 17, 2012 through September 16, 2012

Out-of-State & International Imports - Full or Partial Card (Subject to Change)

<u>OUT-OF-STATE TRACK</u>
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
<u>INTERNATIONAL TRACK</u>
FORT ERIE
HASTINGS
WOODBINE

E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association:

Am West Entertainment
 Arapahoe Park
 Arima Race Club
 Arlington Park
 Atlantic City Racecourse
 Atokad
 Balmoral Park
 Bangor Raceway
 Batavia
 Bettor Racing
 Beulah Park
 Birmingham Greyhound
 Bluffs Run Greyhound
 Buffalo Raceway
 Bwin International Ltd.
 Calder Racecourse
 Canterbury Park
 Capital District OTB
 Catskills OTB
 Charlestown Race Course
 Chester Downs
 Churchill Downs
 Club Hipica In Turf
 Coeur d' Alene
 Colonial Downs
 Columbus Raceway
 Connecticut OTB
 Corpus Christi Greyhound
 Cypress Bayou OTB
 Delaware Park
 Delta Downs
 Dover Downs
 eBet Technology
 Elite Turf Club
 Ellis Park
 Emerald Downs
 European Wagering Service
 Evangeline Downs
 Fair Grounds
 Fair Meadows
 Finger Lakes

Canadian Locations:

Assiniboia, Charlottetown, Clinton TeleTheatre,
 Dresden, Elmira Raceway, Evergreen Park,
 Exhibition Park, Flamboro Downs, Fort Erie,
 Fraser Downs, Fredericton Raceway, Georgian
 Downs, Grand River, Hanover Raceway, Hastings
 Park, Hiawatha Horse Park, Inverness Raceway,
 Kawartha Downs, Marquis Downs, Mohawk, New
 Brunswick, Northlands, Northside Downs, Picov
 Downs, Quinte Raceway, Rideau Carlton, Rocky
 Mountain Turf Club, Royal Britiana Hub, St. Johns
 Raceway, Sudbury Downs, Summerside, TBC
 Sandown, and TBC Teletheatres, Truro Raceway,
 Western Fair, Windsor Raceway, Woodbine,
 Woodstock/Ontario

Fonner Park
 Freehold Racing
 Gillespie County Fair
 Greenetrack Greyhound
 Greyhound @ Post Falls
 Gulf Greyhound
 Global Wagering Solutions
 Gulfstream Park
 Harrington Raceway
 Hawthorne Racecourse
 Hazel Park
 Hoosier Park
 Horseman's Park
 Indiana Downs
 International Betting Assoc. Ltd.
 Intermountain (Sandy Downs)
 Keeneland Association
 Kentucky Downs
 Kentucky OTB
 Lebanon Raceway
 Les Bois (Treasure Valley)
 Lewiston OTB's
 Lein Games, LLC
 Lone Star
 Louisiana Downs
 LVDC (NV)
 Magna Bet
 Maronas (South America)
 Maryland Jockey Club
 Maywood
 Meadowlands
 Meadows The
 Millers OTB
 Mobile Greyhound
 Monmouth Park
 Montana OTB
 Monticello Raceway
 Mt. Pleasant Meadows
 Mountaineer Park
 Nassau Regional OTB
 Nevada Pari-Mutuel Assoc.
 New Jersey Casino Assoc.
 Newport Jai Alai
 NJ Mobile
 Northfield Park
 Northville Downs
 NYRA
 Oaklawn
 Ocean Downs
 Panama
 PARX Racing (Philadelphia Park)
 Penn National Race Course
 Peru
 Phumelela Gold International
 Plainridge Racecourse
 Pocono Downs and OTB

Potawatomi Bingo Casino
 Portland Meadows
 Prairie Meadows
 Premier Turf Club
 Presque Isle Downs
 Racebets
 Raceway Park
 Racing2Day, LLC
 Remington Park
 Retama Park
 Racing & Gaming Services
 River Downs Jockey Club
 Rockingham Park
 Ruidoso Downs
 Running Aces Harness
 Sam Houston Park
 Saratoga Raceway
 Scarborough Downs
 Scioto Downs
 Seabrook Greyhound
 Sol Mutuel
 Southland Park
 Sportech Venue
 Sports Creek Raceway
 State Fair (Lincoln Racecourse)
 Suffolk Downs
 Sun Gaming of NM
 Sunland Park
 Tampa Bay Downs
 Taunton
 The Downs at Albuquerque
 Thistledown
 Tioga Downs
 Tri-State GH (Mardi Gras)
 Turf Paradise
 Turfway Park
 TVG Network
 Twin River Greyhound
 TwinSpires
 Venezuela OTB
 Vernon Downs
 Western OTB
 Wheeling Downs
 Will Rogers Downs
 XpressBet, Inc.
 Yavapia Downs
 Yonkers Raceway
 Zia Park

Separate Pools:

Camarero
 Jamaica
 MIR Brooks (Caliente)

F. California mini-simulcast facilities the association proposes to offer its live audiovisual signal:
 N/A

G. 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": See 11D above. Full/partial card TBD.

NOTICE TO APPLICANT: Business and Professions 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 50 imported thoroughbred races statewide. The limitation of 50 imported thoroughbred races per day statewide does not apply to those races

specified in Business and Professions 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
--------------------	------------	---

- H. 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

- I. 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

- J. 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			

- K. For **ALL** racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in Business and Professions 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 Business and Professions 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 7.)

12. 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:

Pacific Racing Association II is agent for distribution.

- B. Names and addresses of the trustees or directors of the distributing agent:
Pacific Racing Association II will act as its own distributing agent.
- 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 Business and Professions 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 50% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of Business and Professions Code section 19556(b) and (c).

13. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

- A. Racing officials nominated:
- | | |
|-----------------------------|--|
| Association Veterinarian(s) | Sara Sporer, D.V.M (Track Veterinarian)
Forrest Franklin, D.V.M. (CHRB Veterinarian)
Diane Isbell, D.V.M. (Examining Veterinarian) |
| Clerk of Scales | Ken Sjoldal |
| Assistant Clerk of Scales | Ross Allardyce |
| Clerk of the Course | Tina Walker-Bryant |
| Film Specialist | Ella Robinson |
| Horse Identifier | Darrell Sparks |
| Horseshoe Inspector | Butch Fyllingness |
| Paddock Judge | Linda Anderson |
| Patrol Judge/Steward's Aide | Tammy McDuffie-Morris |
| Patrol Judge | Joshua Wyatt |
| Placing Judges | Ella Robinson & Steve Martinelli |
| Starter | Todd Stephens |
| Timer | Jim Watkins |
- B. Management officials in the racing department:
- | | |
|-------------------------------------|--|
| Racing Secretary/Stakes Coordinator | David Jerkens |
| Assistant Racing Secretary | C. Gregory Brent, Jr. & Linda Anderson |
| Paymaster of Purses | Patricia Prospero |
| Others (identify by name and title) | |
| Main Track Superintendent | Juan Meza |
| Turf Track Superintendent | Calvin Rainey |
| Price Maker | Steve Martinelli |
| Stable Superintendent | Carrie Fawcett |
- C. Name, address, email 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, 2012.**

**Attachment to PRA II / Golden Gate Fields License Application
13 (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

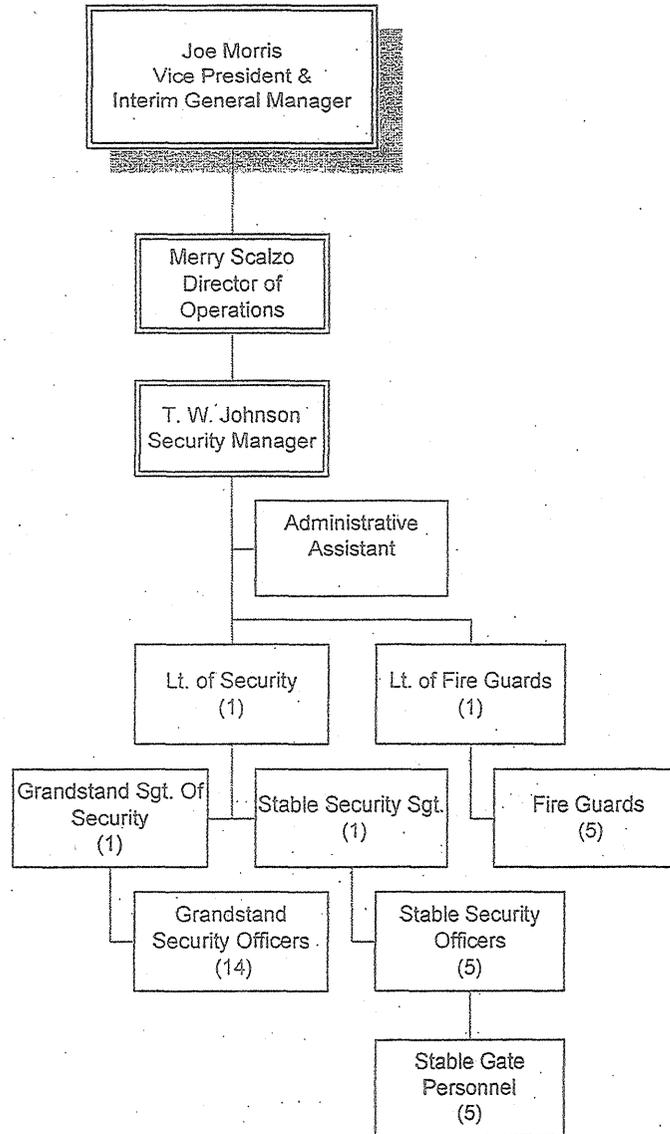
1/4 Pole

Paddock

Starting Gate

(2) Pan Cameras on Roof

PACIFIC RACING ASSN II / GOLDEN GATE FIELDS
SECURITY DEPARTMENT ORGANIZATIONAL CHART
ATTACHMENT 14A



Attachment to PRA / Golden Gate Fields License Application
14B (1) and 14B (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.

Attachment to PRA II / Golden Gate Fields License Application
14B (2) and 14C (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.

C. Plan for detention stalls for repeat offenders.

In compliance with our Race Meet Agreement with TOC and at the direction of the CHRB.

D. Number of security personnel assigned to the TCO2 program.

As needed per the advice of CHRB staff.

C. Describe the electronic security system:

1. Location and number of video surveillance cameras for the detention stall and stable gate.

Attached

D. For night racing associations. Describe emergency lighting system: Not Applicable.

15. 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

1. Attach a certification from the ambulance service(s) listed in 15A, certifying that the paramedic staff are licensed with the California Emergency Medical Services Authority.

Attached.

B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites: Westmed Ambulance Service, 2424 Whipple Road, Hayward, CA 94544, (510)-504-3616.

1. Attach a certification from the ambulance service (s) listed in 15B, certifying that the paramedic staff are licensed with the California Emergency Medical Services Authority.

Attached.

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 sees 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, pursuant to Business and Professions Code section 19481.3(a): 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

TURF RESCUE, LLC.
4470 HILLSBOROUGH DRIVE
CASTRO VALLEY, CA 94546
510. 581.8470

March 21, 2012

California Horse Racing Board
1000 Eastshore Hwy.
Berkeley, CA 94710

To Whom It May Concern,

Please be advised that Turf Rescue, LLC., operations and procedures are well within the standard care Operating Procedures set forth by Alameda County E.M.S.

Turf Rescue employs only licensed Paramedics and Emergency Medical Technicians that meet and follow the licensing requirements for Alameda County E.M.S.

If you have any further questions, please feel free to contact me.

Sincerely,



Brad Winding, Owner
Turf Rescue, LLC



March 22, 2012

To Whom It May Concern:

This letter shall serve as a statement of affirmation that Westmed Ambulance Service is certified provider of Basic Life Support Non Emergency Service in the County of Alameda certified through the Alameda County Emergency Medical Services Agency. Every Emergency Medical Technician employed by Westmed Ambulance is trained, background checked and state certified in order to fulfill their job duties as authorized by the State of California Emergency Medical Services Authority.

Should you need any additional information please feel free to contact me.

A handwritten signature in cursive script that reads "Christopher A. Seymour".

Christopher A. Seymour

Director of Advanced Life Support Services

2424 Whipple Rd. Hayward CA.

EMT-P, BA



GOLDEN GATE FIELDS
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.

Staffing

- Physician Medical Director ("Track Physician").

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.



EMERGENCY MEDICAL PROCEDURES

-LIVE RACING-

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 medical personnel) 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.



"POST INJURY ACTIVITIES"

- The incident must be reported immediately to the appropriate CHSA representative;
- In consultation with the Track Physician, an "Accident/Injury Investigation Report" must be completed by track management following completion of the above-noted procedures.

Should the GGF Human Ambulance need to leave the track premises, for whatever reason(s), racing must be delayed until a city-chartered or other substitute ambulance is on-site and available for on-track medical service.



EMERGENCY MEDICAL PROCEDURES

-MORNING TRAINING-

FOR ON-TRACK INJURY TO JOCKEYS OR EXERCISE RIDERS

"FIRST RESPONSE"

- In the event of an accident, the Outriders shall immediately contact the on-track GGF Human Ambulance using Radio Channel #1 ("Rider Down");
(or the accident may very well be witnessed directly by the Ambulance Crew);
- The on-track GGF Human Ambulance (manned by GGF-contracted medical personnel) shall respond immediately to the site of the accident;
- The attending contracted medical personnel 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) or exercise rider(s) shall be made by the attending contracted medical personnel.



"ON-SITE EVALUATION"

- Based on the attending contracted medical personnel "on-site evaluation" of injuries, a decision shall be made to either treat the injured jockey(s) or exercise rider(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 provide the injured jockey(s) or exercise rider(s) with appropriate medical treatment; 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 an injured jockey(s) is treated on-site:
 - the attending contracted medical personnel shall provide medical treatment until surrendering custody of the patient based on his/her medical judgment;
 - the Track Physician of the GGF Medical Clinic shall likewise be notified either via telephone or when arriving on-site (live race days only).
- If an exercise rider(s) is treated on-site:
 - the attending contracted medical personnel shall provide medical treatment until surrendering 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) or exercise rider(s) shall be transferred to this ambulance at either of the two following locations for transport to a local hospital;
 - If the injuries are deemed less severe, the jockey(s) or exercise rider(s) 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) or exercise rider(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.



"POST INJURY ACTIVITIES"

- The incident must be reported immediately to the appropriate CHSA representative;
- In consultation with the attending contracted medical personnel, an "Accident/Injury Investigation Report" must be completed by track management following completion of the above-noted procedures.

Should the GGF Human Ambulance need to leave the track premises, for whatever reason(s), all morning training must be delayed until a city-chartered or other substitute ambulance is on-site and available for on-track medical service.



PROCEDIMIENTOS MÉDICOS DE EMERGENCIA

~~DURANTE LAS CARRERAS~~

PARA HERIDAS A JINETES EN LA PISTA

"PRIMEROS AUXILIOS"

- En caso de accidente, los comisarios de carreras y/o los paradores deberán contactarse de inmediato con el médico de la pista (por "jinete caído"), a través del canal de radio n.º 7 (o tal vez el médico de la pista presencia el accidente directamente);
- La Ambulancia para pacientes humanos del Golden Gate Fields (GGF) que se encuentra en la pista (con personal médico contratado del GGF) y el médico de la pista (que se trasladará en el camión escolta o veterinario del GGF) deberán atender al jinete de inmediato en el lugar del accidente;
- Los profesionales médicos que asistan deberán contar con conocimientos en soporte vital cardiovascular avanzado (SVCA) y demás equipos y suministros necesarios de tratamiento médico inmediato;
- El médico de la pista llevará a cabo una "evaluación en el lugar" de las heridas del jinete.



"EVALUACIÓN EN EL LUGAR"

- De acuerdo con la evaluación de las heridas que realice el médico en la pista, se tomará una decisión acerca de tratar al jinete herido en dicho lugar o bien solicitar un transporte médico para emergencias para llevar a cabo un tratamiento en un centro de traumatología;
 - Si se considera suficiente el tratamiento en el lugar, la Ambulancia del GGF deberá trasladar al jinete herido directamente a la Clínica Médica del GGF o
 - Si es necesario un tratamiento fuera del predio, se deberá utilizar el "911" para llamar una ambulancia del Departamento de Bomberos de la ciudad de Albany (también podrá actuar un camión del Departamento de Bomberos).



"TRATAMIENTO DE HERIDAS"

- Si el jinete herido recibe tratamiento en la Clínica Médica del GGF, el médico de la pista deberá ser el que provea asistencia primaria a menos que (o hasta que) derive al paciente de acuerdo con su criterio médico;
- Si se llama la ambulancia del Departamento de Bomberos de la ciudad de Albany para brindar atención, se deberá trasladar al jinete herido en dicha ambulancia (*acompañado por el médico de la pista*) hasta una de las siguientes ubicaciones para trasladarlo a un hospital local;
 - Si las heridas se consideran poco graves, se trasladará al jinete en la Ambulancia del GGF fuera de la pista para que lo recoja la ambulancia del Departamento de Bomberos de la ciudad de Albany o
 - Si las heridas se consideran graves y no se puede movilizar al jinete, el personal de seguridad del GGF escoltará la ambulancia del Departamento de Bomberos de la ciudad de Albany directamente hacia la pista para que recoja al paciente.



"ACTIVIDADES POSTERIORES A LAS HERIDAS"

- Se debe informar el incidente de inmediato al representante correspondiente de la Asociación de jinetes de California (CSHA, por su sigla en inglés);
Con el asesoramiento del médico de la pista, la gerencia debe completar un "Informe de investigación de accidentes/ heridas" luego de que se completen los procedimientos que se apuntaron anteriormente.

Si la Ambulancia del GGF debe retirarse del predio, por cualquier motivo, se debe demorar la carrera hasta que una ambulancia de la ciudad u otra de reemplazo se encuentre en el lugar y disponible para brindar servicio médico en la pista.

(REV 2.0, OCTUBRE 2011)



PROCEDIMIENTOS MÉDICOS DE EMERGENCIA

~~ENTRENAMIENTO MATUTINO~~

PARA HERIDAS A JINETES O JINETES DE EJERCICIO EN LA PISTA

"PRIMEROS AUXILIOS"

- En caso de accidente, los paradores deberán contactarse de inmediato con la Ambulancia para pacientes humanos del Golden Gate Fields (GGF) a través del canal de radio n.º 1 (por "jinete caído") (o tal vez el equipo de la ambulancia presencia el accidente directamente);
- La Ambulancia del GGF (con personal médico contratado del GGF) deberá actuar de inmediato en el lugar del accidente;
- El personal médico contratado que asista deberá contar con conocimientos en soporte vital cardiovascular avanzado (SVCA) y demás equipos y suministros necesarios de tratamiento médico inmediato;
- Dicho personal llevará a cabo una "evaluación en el lugar" de las heridas del jinete o del jinete de ejercicio.



"EVALUACIÓN EN EL LUGAR"

- De acuerdo con la evaluación de las heridas que realice el personal médico contratado en el lugar, se tomará una decisión acerca de tratar al jinete o jinete de ejercicio herido en dicho lugar o bien solicitar un transporte médico para emergencias para llevar a cabo un tratamiento en un centro de traumatología;
 - Si se considera suficiente el tratamiento en el lugar, la Ambulancia del GGF deberá proporcionar el tratamiento médico correspondiente al jinete o jinete de ejercicio herido o
 - Si es necesario un tratamiento fuera del predio, se deberá utilizar el "911" para llamar una ambulancia del Departamento de Bomberos de la ciudad de Albany (también podrá actuar un camión del Departamento de Bomberos).



"TRATAMIENTO DE HERIDAS"

- Si se trata un jinete herido en el lugar:
 - el personal médico contratado que asista deberá proveer tratamiento médico hasta que derive al paciente de acuerdo con su criterio médico;
 - también se deberá notificar al médico de la pista de la Clínica Médica del GGF ya sea por vía telefónica o cuando llegue al lugar (únicamente los días de carreras).
- Si se trata un jinete de ejercicio en el lugar:
 - el personal médico contratado que asista deberá proveer tratamiento médico hasta derivar al paciente de acuerdo con su criterio médico;
- Si se llama a la ambulancia del Departamento de Bomberos de la ciudad de Albany para brindar atención, se trasladará al jinete o jinete de ejercicio herido en dicha ambulancia hasta una de las siguientes ubicaciones para trasladarlo a un hospital local;
 - Si las heridas se consideran poco graves, se trasladará al jinete o jinete de ejercicio en la Ambulancia del GGF fuera de la pista para que lo recoja la ambulancia del Departamento de Bomberos de la ciudad de Albany o
 - Si las heridas se consideran graves y no se pueden movilizar al jinete o jinete de ejercicio, el personal de seguridad del GGF escoltará la ambulancia del Departamento de Bomberos de la ciudad de Albany directamente hacia la pista para que recoja al paciente.



"ACTIVIDADES POSTERIORES A LAS HERIDAS"

- Se debe informar el incidente de inmediato al representante correspondiente de la Asociación de jinetes de California (CSHA, por su sigla en inglés);
- Con el asesoramiento del personal médico contratado que asista, la gerencia debe completar un "Informe de investigación de accidentes/ heridas" luego de que se completen los procedimientos que se apuntaron anteriormente.

*Si la Ambulancia del GGF debe retirarse del predio, por cualquier motivo, se deben demorar todos los entrenamientos matutinos hasta que una ambulancia de la ciudad u otra de reemplazo se encuentre en el lugar y disponible para brindar servicio médico en la pista.
(REV 2.0, OCTUBRE 2011)*

- G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to Business and Professions Code section 19481.3(d):
Roy Roenbeck, Director of Safety and Compliance
Calvin Rainey, Assistant General Manager, serves as Assistant Safety Manager.

- H. Attach a fire clearance from the fire authority having jurisdiction over the premises.
Berkeley fire clearance letter attached.
Albany fire clearance letter attached.

- I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): **Twin City Fire Insurance Company, Policy # 41 WE BE1284.**

- 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; will forward new certificate upon expiration.

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall pursuant to Business and Professions Code section 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.

16. 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**

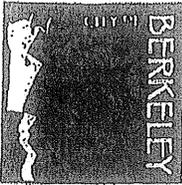
- Track Physician** **Dr. David Seftel, Conocen Corp., 20066 Austin Lane, Castro Valley, CA 94546**

- 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**



Department of Fire and Emergency Services
Division of Fire Prevention

Date: 14 December 2011

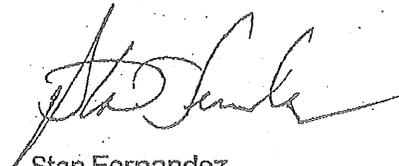
Merry Scalzo
Director of Operations
Golden Gate Fields
1100 Eastshore Highway
Albany, CA 94706
Phone (510) 559-7325
Fax (510) 559-7465

Subject: Fire & Life Safety Inspection – Golden Gate Fields - Stables

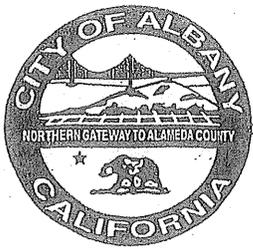
On December 14, 2011 the Berkeley Fire Prevention Division conducted an annual inspection of the Golden Gate Field Horse Stables. This inspection will be valid through December 14, 2012. Our fire life safety report indicates that there are no outstanding violations noted or corrections need to be made 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.



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

18 May 2012

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

Dear Mr. Rainey,

The Albany Fire Prevention Bureau conducted a Fire and Life Safety inspection under the Fire Prevention Code, NFPA 1, and the Fundamental Requirements listed in the *Life Safety Code*, NFPA 101, Chapter 2, the 2010 California Fire Code and California Code of Regulations, on December 5, December 7 and December 13, 2011. All areas of Golden Gate Fields Race Track, within the jurisdiction of the Albany Fire Department have been inspected. Areas 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, the Corporation Yard and the Equine Hospital.

GENERAL

These buildings are in good condition. Housekeeping in the public and non-public areas are well maintained, fire extinguishers, exit/panic hardware, egress doors are in operational condition. Multiple exit signs and emergency illumination devices need batteries or bulbs replaced to remain in operational condition. All Fire & Life Safety general requirements are being maintained.

Letter of Correction Notices for GGF Main Building – 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, Corporation Yard and the Equine Hospital shall follow under separate cover.

Conditional Fire Clearance

Conditional fire clearance is granted to Golden Gate Fields/ Pacific Racing Association for the

June 18, 2012 – December 31, 2012 racing season. During the racing season of the June 2012 – December 2012, 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/PRA 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: Ed Tubbs, Fire Chief
Andrea Ogden, C.H.R.B.
Peter Tunney, Executive Vice-President, GGF
Joe Morris, General Manager, GGF
Merry Scalzo, Director of Operations, GGF
Roy Roenbeck, Director of Safety and Compliance, GGF

Ref. No. 320006384699

CERTIFICATE OF INSURANCE

Aon Reed Stenhouse Inc.
20 Bay Street
Toronto ON M5J 2N9
tel 416-888-5500 fax 416-888-5580

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

Pacific Racing Association dba Golden Gate Fields
1100 Eastshore Highway
Albany, CA 94706
USA

Coverage

Commercial General Liability	Insurer	Zurich American Insurance Company	
Policy#	GEO 9302183-09		
Effective	30-Jun-2011	Expiry	30-Jun-2012
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	Twin City Fire Insurance Company	
Policy#	41-WE BE1284		
Effective	30-Jun-2011	Expiry	30-Jun-2012
Limits of Liability	Bodily Injury - by Accident USD1,000,000 Bodily Injury - by Disease, policy limit USD1,000,000 Bodily Injury - by Disease, each-employee USD1,000,000 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: 04-July-2011
Issued By: Townsend, Tyler
Tel: +14168885583

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

AON

Does the association provide its own concessions? Yes No

17. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

A. Attach a copy of the promotional and marketing plans for the race meeting:
 2012 Marketing Plan on file with the Board.
 The 2012 Summer promotional/giveaway schedule attached (subject to change):

B. Promotional/ Marketing budget for this race meeting: Attached.

Promotional/Marketing budget for prior race meeting: Attached.

C. Number of hosts and hostesses employed for meeting:
 2 Customer Service Representatives
 5 Group Sales Representatives

D. Describe facilities set aside for new fans:

Customer Service – Our customer service center is open year round with trained customer service representatives to assist fans with general racing information, maintain our frequent fan club known as the THOROUGHBREDS, and assist with XpressBet sign ups and account maintenance.

Mutuel Newcomer Window - A specific Mutuel teller window has been created which includes a hand-selected Mutuel clerk trained in customer service.

Group Sales Contest Area – All group attendees can enter contests for prizes which creates a festive atmosphere where people can mingle and share their handicapping prowess.

E. Describe any improvements to the physical facility in advance of the meeting that directly benefit:

1. Horsemen

- Ongoing barn and roadway renovations in the barn area.
- Groom/horsemen BBQ area in the barn area complete with picnic tables, BBQ facilities, awning and horseshoe pit.
- New Receiving Barn signage stating CHRB rules and regulations.
- Renovated outside Turf course rail and refurbished distance pole markers.
- Made improvements to the barn area waste water containment and treatment system.

2. Fans

- Installed separate electrical circuit at the North end grandstand to improve reliability and sound quality for entertainers and fans.
- Provide pre-race background music for fans throughout the facility.
- Re-opened the Horse Wizard which gives fans a comfortable, private seating area that includes SST's and large screen televisions.
- Adding 40+ Jockey silk graphics to B Deck portraying past winners of the El Camino Real Derby.
- Creating new outside Group Sales area on Club House level.
- Adding an ATM in the Turf Club.

Golden Gate Fields Summer Meet Promotions Schedule
(August 17 – September 16, 2012)

August 17:

Opening Day

Senior Friday

Happy Hour Racing (Twilight Racing from 3:45 p.m. – 7:00 p.m.)

- ½ off all admission and parking
- free concert
- drink and food specials

August 18:

BBQ Competition

Golden Gate Gold Voucher Promotion

August 19:

Dollar Day Concert

Golden Gate Gold Voucher Promotion

August 24:

Happy Hour Racing

Senior Friday

August 25:

Food Truck Festival

Golden Gate Gold Voucher Promotion

August 26:

Filipino Heritage Day

Dollar Day Concert

Golden Gate Gold Voucher Promotion

August 31:

Happy Hour Racing

Senior Friday

September 1:

Food Truck Festival

Golden Gate Gold Voucher Promotion

September 2:

Dollar Day Concert

Golden Gate Gold Voucher Promotion

Golden Gate Fields Summer Meet Promotions Schedule
(August 17 – September 16, 2012)

September 3:

Labor Day Giveaway
Family Day

September 7:

Senior Friday

September 8:

Food Truck Festival
Golden Gate Gold Voucher Promotion

September 9:

Hispanic Heritage Day
Dollar Day Concert
Golden Gate Gold Voucher Promotion

September 14:

Senior Friday

September 15:

Food Truck Festival
Golden Gate Gold Voucher Promotion

September 16:

Closing Day
Dollar Day Concert
Car Show: Horses and Horsepower
Golden Gate Gold Voucher Promotion

Horseman Outreach Program Every Saturday and Sunday:

River Rock Casino Race of the Day – Every Saturday and Sunday during the summer meet at Golden Gate Fields, one race will be designated as the *River Rock Casino Race of the Day* where the winner of the race will receive a premium horse blanket featuring the logo of track sponsor River Rock Casino.

Golden Gate Fields Summer Meet Promotions Schedule
(August 17 – September 16, 2012)

Budget:

Advertising: \$238,000 (See attachment: August – September)

Friday Bands: \$10,000

Sunday Bands: \$24,000

Labor Day Giveaway \$25,000

Hispanic Heritage Day: \$7,000

Filipino Heritage Day: \$7,000

Golden Gate Fields Summer Meet Promotions Schedule
(August 19 – October 2, 2011)

August 19:

Opening Day
Senior Friday

August 20:

Wiener Nationals
Golden Gate Gold Voucher Promotion

August 21:

Dollar Day Concert
Golden Gate Gold Voucher Promotion

August 26:

Senior Friday

August 27:

Food Truck Festival
Live Music
Golden Gate Gold Voucher Promotion

August 28:

Dollar Day Concert
Golden Gate Voucher Promotion

September 2:

Senior Friday

September 3:

Food Truck Festival
Live Music
Golden Gate Gold Voucher Promotion

September 4:

Dollar Day Concert
Golden Gate Gold Voucher Promotion

September 5:

Labor Day Blanket Giveaway
Family Day
Concert

Golden Gate Fields Summer Meet Promotions Schedule
(August 19 – October 2, 2011)

September 9:

Senior Friday

September 10:

Food Truck Festival

Live Music

Golden Gate Gold Voucher Promotion

September 11:

Dollar Day Concert, Opening NFL Sunday

Golden Gate Gold Voucher Promotion

September 16:

Senior Friday

September 17:

Food Truck Festival

Live Music

Golden Gate Gold Voucher Promotion

September 18:

Dollar Day Concert, NFL Sunday

Golden Gate Gold Voucher Promotion

September 23:

Senior Friday

September 25:

Dollar Day Concert, NFL Sunday

Golden Gate Gold Voucher Promotion

September 30:

Senior Friday

October 2:

Closing Day

Dollar Day Concert, NFL Sunday

Golden Gate Gold Voucher Promotion

Golden Gate Fields Summer Meet Promotions Schedule
(August 19 – October 2, 2011)

Budget:

Total Budget for Summer 2011 meet: \$325, 008

Promotions and Entertainment: \$ 55,825

Direct Mail: \$46,110

3. Facilities in the restricted areas Equine Hospital

18. SCHEDULE OF CHARGES

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

Admission (general)	\$6.00 – Bundled price includes free program
Admission (club house)	\$8.00 – Bundled price includes free program
Admission (turf club)	\$10.00 Weekdays – Bundled price includes free program
Admission (turf club)	\$15.00 Weekends/Holidays – Bundled price includes free program
Reserved seating (general)	N/A
Reserved seating (clubhouse)	\$3.00 (Free with Thoroughbreds card)
Parking (general)	\$4.00
Parking (preferred)	\$8.00
Parking (valet)	\$8.00
Programs (on-track)	\$2.50
(off-track)	\$2.50

Thoroughbred Club Members

Bundled Pricing includes free program

General Admission:		Club House Admission:	
1-10 Visits	\$5.00	1-10 Visits	\$6.00
11-20 Visits	\$4.00	11-20 Visits	\$5.00
21-30 Visits	\$3.00	21-30 Visits	\$4.00
31-40 Visits	\$2.00	31-40 Visits	\$3.00
Over 40 Visits	\$1.00	Over 40 Visits	\$2.00
		Reserved seating	Free

Thoroughbred Club Prepaid Admission/Program Packages

TB Club Members can purchase a minimum of 30 Prepaid G/A admissions @ \$2.00 each

TB Club Members can purchase a minimum of 15 Prepaid C/H admissions @ 4.00 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:

Bundled pricing, except on \$1 Sundays, includes admission and program (see above)

19. 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 Food/beverage service

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 attached shower room, sink, and toilet.

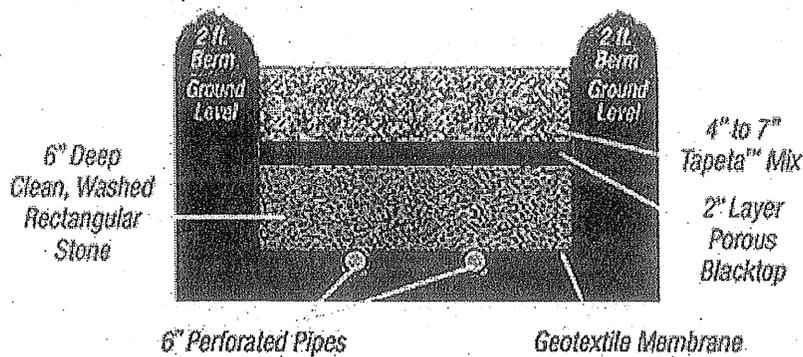
20. BACKSTRETCH EMPLOYEE HOUSING

- 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:
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.

21. 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 of track surface at the facility, including the specific track surface composition:

Tapeta[®] Footings Synthetic Track Surface



- C. The percent of cross slope in the straight-aways is: **1.5%**
 The percent of cross slope in the center of the turns is: **4%**
- D. 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.

- E. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474:
Juan Meza
- F. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474.
On File.
- G. 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.

22. DECLARATIONS

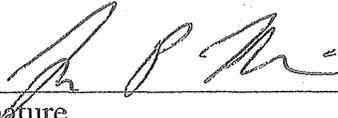
- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state):
No exceptions.
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044.
CTT Agreement will be forwarded to the Board upon receipt.
TOC Agreement 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.
- 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.

23. 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.

Joseph Morris
Print Name


Signature

I.G.M.
Print Title

6/8/12
Date

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING
1) AN AFFIRMATION OF THE PRIOR DECISION TO SUSPEND FOR
TWELVE MONTHS THE USE OF CLENBUTEROL BY ALL BREEDS AT ALL
CALIFORNIA RACE TRACKS
AND TO ACKNOWLEDGE INITIATION OF THE RECOMMENDED
21-DAY WITHDRAWAL PURSUANT TO THE PROVISIONS OF
CHRB RULE 1844.1, SUSPENSION OF AUTHORIZED MEDICATION AND
2) A REQUEST TO MODIFY THE EFFECTIVE DATE OF THE SUSPENSION

Regular Board Meeting
June 28, 2012

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 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 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 19580 states the Board shall adopt regulations to establish policies, guidelines, and penalties relating to equine medication in order to preserve and enhance the integrity of horse racing in the state. Business and Professions Code section 19581 provides that no substance of any kind shall be administered by any means to a horse after it has been entered to race in a horse race, unless the Board has, by regulation, specifically authorized the use of the substance and the quantity and composition thereof. Board Rule 1406, Suspension of Rule, provides that the Board may for good cause, with or without a hearing, temporarily suspend the application of any of its rules upon any conditions it may impose. Any such action by the Board shall be in writing. Board Rule 1844.1 provides that the Board may temporarily suspend the authorized administration of a permitted drug, substance or medication for any time up to one year maximum after a public hearing has been noticed in accordance with Government Code section 11125(a). The temporary suspension may be for a race, breed, or race meeting, provided all horses in the same race compete under the same conditions. The Board shall notify in writing the racing association and the trainers' organization of any temporary suspension, as specified.

Board regulations prohibit the administration of any drug, substance or medication after entry time with a few specific exceptions. The exceptions were established after due consideration by the Board based on information available at the time the regulations were adopted. Scientific information and practical experience in managing the threshold levels for the exceptions change

over time as unintended consequences become apparent. Clenbuterol in quarter horse racing is an example. Clenbuterol is a beta-2 agonist approved by the United States Food and Drug Administration (FDA) in equines as a bronchodilator.

The Board established threshold levels consistent with therapeutic use to treat small airway disease. Clenbuterol, like all beta-2 agonists, has an adrenergic effect on muscle somewhat similar to anabolic steroids. Only the Ventipulmin brand of clenbuterol is approved by the FDA. Non-FDA approved clenbuterol at extremely high concentrations is being used in quarter horse racing for the adrenergic effect. The CHRB has confiscated and otherwise obtained samples of this illicit formulation. Clenbuterol violations have occurred at levels unattainable with the FDA approved formulation at FDA approved dosages.

At the August 2011 Regular Board Meeting the Los Alamitos Race Course and the Pacific Coast Quarter Horse Racing Association (PCQHRA) requested that the CHRB consider enacting Rule 1844.1 to suspend the authorized administration of clenbuterol to horses entered to race at the Los Alamitos Race Course for a period of 12 months effective October 14, 2011. The Equine Medical Director reported that since February 2011 there were eight confirmed clenbuterol violations, with one pending at the time of the August 2011 Board meeting. The Board enacted Rule 1844.1, Suspension of Authorized Medication, and approved the joint request to temporarily suspend the use of clenbuterol in quarter horses entered to race at Los Alamitos Race Course, effective October 14, 2011 through October 14, 2012.

At the April 2012 Medication and Track Safety Committee meeting Dino Perez, representing the PCQHRA, reported on the impact of the clenbuterol suspension in quarter horses at Los Alamitos which took effect on October 14, 2011. Mr. Perez reported horsemen were pleased with the results, and owners and trainers believed they had a more level playing field. Qualifiers to stake races were more diverse, races were more competitive and from a broader group of trainers. He also said times have slowed down quite a bit where they were back to normal and where they should be. Mr. Perez, in cooperation with California Authority of Racing Fairs (CARF), asked the Committee to send a proposal to the Board to enact Rule 1844.1, and extend the suspension of clenbuterol to all quarter horses at all CARF tracks during the fair season. The Committee agreed and the proposal to use Rule 1844.1 to prohibit the use of clenbuterol in quarter horses at all CARF tracks for one year was sent to the Board where it was approved at the April, 2012 Regular Meeting.

At the May 24, 2012 Regular Board Meeting a discussion was held regarding the feasibility of suspending the use of clenbuterol for thoroughbred horses at all California racetracks. The Board determined it would use its authority under Rule 1406, Suspension of Rule, to temporarily suspend the use of clenbuterol by all breeds at all California racetracks for a period of twelve months, and to initiate a recommended 21-day withdrawal time.

ANALYSIS

Subsequent to the May 24, 2012 Regular Board Meeting the following advisory regarding the suspension and the recommended 21-day withdrawal time was posted on the Board's website. It was also forwarded to official veterinarians, racing associations, the horsemen's organizations

and racing secretaries. The effective date of the suspension of the use of clenbuterol for all breeds is July 18, 2012, which is concurrent with the opening of the Del Mar Thoroughbred Club race meeting.

Effective July 18, 2012, authorization of a threshold level for clenbuterol as currently allowed under CHRB Rules 1844 (e)(9) and 1844(f) will be suspended for all breeds at all tracks in California. Accordingly, clenbuterol will be treated the same as all other drugs that are not specifically authorized by the Board. If the testing laboratory detects clenbuterol under the laboratory's standard operating procedures, the finding will be reported as a violation. The Maddy Laboratory has extremely sensitive testing for clenbuterol. The drug can be readily detected at low picogram levels in both urine and blood. A picogram is 0.000000000001 grams or one-trillionth of a gram.

A 21-day withdrawal time should safely avoid an inadvertent positive provided the clenbuterol is the FDA-approved Ventipulmin Syrup form of clenbuterol and it is used at the standard therapeutic dose of 5cc (0.8 micrograms per kilogram) twice a day. Higher dosages will require longer withdrawal times. Anyone using a non-FDA-approved form of clenbuterol does so at his or her own risk. The CHRB and Maddy Laboratory have obtained numerous samples of compounded clenbuterol and other non-FDA-approved clenbuterol formulations. None of the samples examined have been compliant with federal compounding regulations. They are considered contraband by the CHRB. As with all withdrawal time recommendations, this recommendation for clenbuterol does not constitute and is not a guarantee, warranty, or assurance that the use of any of the therapeutic medications at the dosage listed will not result in a positive post-race test. Trainers are required to insure the condition of all horses they race and will be held accountable for any violation.

To be clear, clenbuterol is not "banned." The drug may be used within CHRB racing and training enclosures upon the prescription of a CHRB licensed veterinarian. Only FDA-approved Ventipulmin Syrup clenbuterol is allowed. Veterinarians prescribing and dispensing Ventipulmin are required to report the same on form CHRB-24 (Veterinary Confidential). The CHRB will continue to use out-of-competition testing to monitor compliance in conjunction with our existing post-race testing program. In addition, the Maddy Laboratory is continuing to investigate alternative testing techniques for other beta-2 agonists and other growth-promoting drugs.

On June 14, 2012, Hollywood Park Racing Association (HPRA) requested that the Board consider delaying the implementation of the suspension of the use of clenbuterol in all breeds from July 18, 2012 to August 1, 2012. HPRA stated the Del Mar Thoroughbred Club (DMTC) intended to issue its condition book 21 days prior to its opening to allow trainers time to adjust their clenbuterol medication regimes. While HPRA indicated it agreed with the DMTC position, it believes that the early release of the DMTC condition book would affect its entries for the last two weeks of its meeting. A delay in the implementation of the clenbuterol suspension would avoid compounding the negative effect the early release of the DMTC condition book may have on its meeting. HPRA stated it was advised by the Thoroughbred Owners of California and the California Thoroughbred Trainers that they would not object to its request.

The suspension of the use of clenbuterol in quarter horses at Los Alamitos Race Course, and all CARF tracks, was accomplished under the authority of Board Rule 1844.1. The regulation was adopted by the Board specifically to address issues related to equine medication. To provide consistency in the authority under which the Board has temporarily suspended the use of clenbuterol in all breeds at all California racetracks, the Board's Equine Medical Director and Staff Counsel have recommended that the Board affirm its May 24, 2012 decision pursuant to the provisions Rule 1844.1. At the same time, the Board may adjust the implementation of the start date per the HPRA request of June 14, 2012.

RECOMMENDATION

This item is presented for Board discussion and action.

STAFF ANALYSIS
DISCUSSION AND ACTION REGARDING THE
PROPOSED ADDITION OF CHRB
RULE 1927.1, TAMPERING WITH SMOKE DETECTORS PROHIBITED
TO INCLUDE PENALTIES RELATIVE TO TAMPERING WITH FIRE
SAFETY EQUIPMENT I.E. SMOKE DETECTORS

Regular Board Meeting
June 28, 2012

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 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 include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering, and administration and enforcement of all laws, rules and regulations affecting 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 19481 states that in performing its duties the Board shall establish safety standards governing track facilities in order to improve the safety of horses, riders and workers at the racetrack. Board Rule 1927, Fire Prevention, states association shall make adequate provision for fire prevention, protection against fire, and fire suppression within the inclosure. A reasonable standard of fire safety shall require that each building, barn or structure which is used by an association for the stabling of horses or human habitation, be equipped with an automatic sprinkler system and an automatic fire alarm system.

Fire safety is a continuing issue within the inclosure. To protect humans and equines the Board requires that racing associations install and maintain sprinkler systems and fire alarms. Racing associations are also required to undergo annual fire inspections, and periodic safety inspections. The disabling of smoke detectors is a problem that occurs especially in habitable rooms used for sleeping. Under Rule 2103, Habitable Rooms, such rooms are required to be provided with battery operated smoke detectors that are maintained in working order, or any other approved fire alarm system. Occupants may wish to smoke where it is otherwise prohibited, or to cook on portable hot plates. To enable such activities, the smoke detectors may be disabled. If a licensee is found to have disabled a smoke detector, the average fine is around \$25.

At the April 2011 Medication and Track Safety Committee Meeting, the issue of prohibiting the tampering with smoke detectors was discussed. The Committee wanted to find a way to prevent the smoke detectors from being disabled. It was agreed that the horsemen, Thoroughbred Owners of California, and California Thoroughbred Trainers needed to meet with the horse racing associations to work jointly to resolve the issue. For the period of April 1, 2011 through

June 16, 2012, there have been 106 violations state wide of Rule 1928, Fire Regulations, for "tampering with smoke detector."

At the May 2012 Medication Advisory Committee Meeting, the concern regarding prohibiting the tampering of smoke detectors was again discussed. The Committee agreed to recommend to the Board a fine of no less than \$25 for the offender and no less than \$100 for the trainer whose employee is found to have violated the regulation.

ANALYSIS

The proposed addition of Rule 1927.1, Tampering With Smoke Detectors Prohibited, provides that no licensee shall tamper with, dismantle, or disable any automatic fire alarm system or smoke detector that is located on the grounds of a facility under the jurisdiction of the Board. If licensees are found to have violated the proposed regulation, they shall be subject to a hearing before the stewards, and a fine of no less than \$25. The fine, while not excessive, is meant to prevent future incidents. In addition, the proposed regulation states that a trainer may be found culpable if a fire alarm is disabled in an area assigned to the trainer, such as stalls and tack rooms. The trainer may be fined \$100. This is designed to encourage trainers to pay attention to what their employees may be doing with fire safety equipment.

RECOMMENDATION

This item is presented for Board discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4, CALIFORNIA CODE OF REGULATIONS
ARTICLE 17. FIRE PREVENTION AND SECURITY
PROPOSED ADDITION OF
RULE 1927.1 TAMPERING WITH SMOKE DETECTORS PROHIBITED

Regular Board Meeting
June 28, 2012

1927.1. Tampering With Smoke Detectors Prohibited.

(a) No licensee shall willfully tamper with, dismantle, or disable any automatic fire alarm system or smoke detector that is located on the grounds of a facility under the jurisdiction of the Board.

(b) A licensed trainer who is assigned stalls, tack rooms or other areas within the inclosure may be held culpable if an employee of that trainer is found to have violated this regulation within such assigned areas.

(c) A violation of this regulation shall result in a hearing before the stewards who may impose a fine of not less than \$25.

(1) The stewards may impose a fine of not less than \$100 on the trainer whose employee is found to have violated this regulation.

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

Reference: Sections 19440 and 19481,
Business and Professions Code.

STAFF ANALYSIS
PUBLIC HEARING AND ACTION BY THE BOARD
REGARDING THE PROPOSED ADDITION OF CHRB
RULE 1489.1. SUSPENSION OF LICENSE DUE TO DELINQUENT TAX DEBT
TO REQUIRE THE SUSPENSION OF AN OCCUPATIONAL LICENSE
IF THE LICENSEE'S NAME APPEARS ON THE
FRANCHISE TAX BOARD OR BOARD OF EQUALIZATION'S LIST
OF TOP 500 LARGEST TAX DELINQUENCIES, PURSUANT TO
AB 1424, CHAPTER 455, STATUTES OF 2011

Regular Board Meeting
June 28, 2012

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, licensing of each racing association and all persons, other than the public at large, who participate in a horse racing meeting with pari-mutuel wagering. Business and Professions Code section 19510 states no person required to be licensed may participate in any capacity in any horse race meeting without a valid and unrevoked license. 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, or that any law, or any rule or regulation of the Board affecting it has been broken or violated. Business and Professions Code section 19520 provides that every person not required to be licensed who participates in, or has anything to do with the racing of horses shall be licensed by the Board pursuant to rules and regulations that the Board may adopt, and upon the payment of a license fee fixed and determined by the Board. Business and Professions Code section 494.5(a)(1) states that except as provided in paragraphs (2), (3), and (4) of this section, a state governmental licensing entity shall refuse to issue, reactivate, reinstate, or renew a license and shall suspend a license if a licensee's name is included on a certified list. Business and Professions Code section 494.5(e)(2)(A) requires the state governmental licensing entity to issue a temporary license valid for a period of 90 days to any applicant whose name is on a certified list if the applicant is otherwise eligible for a license. Business and Professions Code section 494.5(b)(1) provides that "Certified list" means either the list provided by the State Board of Equalization or the list provided by the Franchise Tax Board of persons whose names appear on the lists of the 500 largest tax delinquencies pursuant to section 7063 or 19195 of the Revenue and Taxation code, as applicable.

In February 2012 the Franchise Tax Board contacted the California Horse Racing Board (CHRB) regarding the provisions of Assembly Bill (AB) 1424, Chapter 455, Statutes of 2011. AB 1424 would require the suspension of occupational, professional and drivers licenses for debtors appearing on the top 500 largest tax delinquencies lists for Franchise Tax Board (FTB) and Board of Equalization (BOE). Under AB 1424, the FTB and BOE are required to submit a list of names of persons appearing on their 500 largest tax delinquencies lists to licensing agencies.

The licensing agencies are required to determine if the name of a licensee appears on the list. If so, the licensing agency must provide the licensee or applicant for license preliminary notice of its intent to suspend, withhold or refuse renewal of license. If an applicant for a new license appears on the list, he may only be granted a 90-day temporary license. Within at least 90 days of the preliminary notice of intent to suspend, withhold or refuse renewal of license, the licensing agency shall suspend the occupational license or terminate the temporary license if the licensee has not resolved the tax issue. When the licensee has complied with the tax obligation, the BOE or FTB shall mail a release form to the licensee, as well as the appropriate state governmental licensing entity. The CHRB would have five working days to process the release.

At its March 2012 Regular Meeting, the Board discussed the proposal to add Rule 1489.1, Suspension of License Due to Delinquent Tax Debt. The proposed addition would require the suspension of an occupational license if the licensee's name appears on the Franchise Tax Board or Board of Equalization's list of 500 largest tax delinquencies. The license would be reinstated upon satisfaction of the tax delinquency. After discussing the proposal, the Board directed staff to initiate a 45-day public comment period.

ANALYSIS

The proposed addition of Rule 1489.1, Suspension of License Due to Delinquent Tax Debt, provides that persons whose names appear on the BOE or FTB certified list (Top 500 largest tax delinquencies list) shall not be able to obtain an occupational license or reactivate, reinstate or renew a license. In accordance with the provisions of Business and Professions Code section 494.5 the proposed regulation requires the Board to mail licensees or applicants for license whose name appears on the BOE or FTB list a preliminary notice of intent to suspend, or withhold issuance or renewal of license. If, within 90 days of the mailing of the preliminary notice, the Board receives a notice of release from the BOE or FTB the licensee will not be suspended and the temporary license may become permanent. If no such release is received within 90 days, the license is suspended and the temporary license is terminated and the license fees forfeited. Upon receipt of a notice of compliance, the proposed regulation requires that a suspended license be reinstated within five working days. This is in compliance with the provisions of the statute.

RECOMMENDATION

This item is presented for Board discussion and action. No comments were received during the public comment period.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 4. OCCUPATIONAL LICENSES
PROPOSED ADDITION OF
RULE 1489.1. SUSPENSION OF LICENSE DUE TO DELINQUENT TAX DEBT

Regular Board Meeting
June 28, 2012

1489.1. Suspension of License Due to Delinquent Tax Debt.

(a) No licensee, applicant for license, renewal of license or registration, or any person required to obtain an occupational license from the Board may be issued a permanent license, or reactivate, reinstate or renew a permanent license if his or her name appears on the certified list provided by the California State Board of Equalization (BOE) or the Franchise Tax Board (FTB).

(b) If the name of a licensee or applicant for license appears on the BOE or FTB certified list the Board shall immediately provide the licensee or applicant for license with preliminary notification that:

(1) The license shall be suspended, or

(2) The issuance or renewal of the license shall be withheld.

The preliminary notification shall be made by certified mail to the licensee's or applicant's last given place of residence as provided under Business and Professions Code section 494.5(e)(2).

(c) In accordance with the provisions of Business and Professions Code section 494.5(f)(1), a licensee or applicant for license whose name appears on the certified list shall, 90 days after the Board issues a preliminary notice of intent to suspend or withhold issuance or renewal of license, be subject to suspension of license, or denial of a permanent license, unless and until the BOE or the FTB provides the Board with notice of the licensee's or applicant's compliance.

(1) A license suspended due to delinquent tax debt shall be reinstated within five business days following receipt by the Board of a notice of compliance from the BOE or the FTB.

(2) A temporary license issued to an applicant whose name appears on the certified list shall be valid for a period of 90 days and thereafter shall be terminated unless the Board has received a notice of compliance from the BOE or the FTB. In the event of termination of a temporary license, the occupational license fee shall be forfeited.

(d) For the purposes of this regulation "certified list" means the list provided by the BOE or the FTB of persons whose names are on the lists of the 500 largest tax delinquencies as provided under section 7063 or 19195 of the Revenue and Taxation Code.

Authority: Sections 494.5, 19440, 19510, 19520 and 19704, Business and Professions Code.

Reference: Sections 494.5, 19510, 19520 and 19704, Business and Professions Code.

STAFF ANALYSIS

PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE PROPOSED ADDITION OF ARTICLE 27, EXCHANGE WAGERING AND THE FOLLOWING PROPOSED CHRB RULES GOVERNING EXCHANGE WAGERING IN CALIFORNIA: CHRB RULE 2086, DEFINITIONS; 2086.1, AUTHORIZATION FOR EXCHANGE WAGERING; 2086.5, APPLICATION FOR LICENSE TO OPERATE EXCHANGE WAGERING; 2086.6, OPERATING PLAN; 2086.7, EXCHANGE WAGERING DATA; 2086.8, MONITORING SYSTEMS AND NOTIFICATION; 2086.9, FINANCIAL AND SECURITY INTEGRITY AUDITS REQUIRED; 2087, SUSPENDING MARKETS; 2087.5, ANTEPOST MARKET; 2087.6, CANCELLATION OF MATCHED WAGERS; 2088, DECLARED ENTRIES; 2088.5, CORRECTING MATCHED WAGER ERRORS; 2088.6, CANCELLATION OF UNMATCHED WAGERS; 2089, ERROR IN PAYMENTS OF EXCHANGES WAGERS; 2089.5, REQUIREMENTS TO ESTABLISHING EXCHANGE WAGERING ACCOUNT; 2089.6, DEPOSITS TO AN EXCHANGE WAGERING ACCOUNT; 2090, POSTING CREDITS FOR WINNINGS FROM EXCHANGE WAGERS; 2090.5, DEBITS TO AN EXCHANGE WAGERING ACCOUNT; 2090.6, WITHDRAWALS BY ACCOUNT HOLDER; 2091, CLOSING AN INACTIVE EXCHANGE WAGERING ACCOUNT; 2091.5, SUSPENDING AN EXCHANGE WAGERING ACCOUNT; 2091.6, POWERS OF THE BOARD TO REVIEW AND AUDIT RECORDS; 2092, DISTRIBUTION OF EXCHANGE REVENUES; 2092, EXCHANGE WAGERS PLACED AFTER THE START OF A RACE; 2092.5, PROHIBITIONS ON WAGERS TO LAY A HORSE TO LOSE; 2092.6, SUSPENSION OF OCCUPATIONAL LICENSE AND RULE 2093, CERTAIN PRACTICES RELATED TO EXCHANGE WAGERING.

Regular Board Meeting
June 28, 2012

BACKGROUND

Senate Bill (SB) 1072, Chapter 283, Statutes of 2010, added Business and Professions Code section 19604.5 to provide that the Board has full power to prescribe rules, regulations and conditions under which exchange wagering may be conducted in California. Exchange wagering is a relatively new form of wagering which was introduced in the United Kingdom in 2000. Exchange wagering uses a "stock market model" to operate sports wagering. Exchange wagering account holders may buy and sell, or "back" and "lay" the outcome of horse races in a manner much like day trading on a stock exchange. Business and Professions Code section 19604.5(a)(7) defines exchange wagering as a form of pari-mutuel wagering in which two or more persons place identically opposing wagers in a given market.

Business and Professions Code section 19604.5(e)(2) provides that prior to the Board promulgating rules, regulations and conditions under which exchange wagering may be conducted in California, it shall consider studies or comments submitted by interested parties on the impact of exchange wagering on pari-mutuel wagering and the economics of the California horse racing industry. On August 2, 2011 the Board published a notice of intent to promulgate exchange wagering rules. The notice solicited written comments and studies concerning the impact of exchange wagering, and advised that all written materials would be used to develop

rules and regulations that are in the best interest of the public and the California horse racing industry. The 45-day public notice period closed on September 26, 2011. Substantive comments were received from TVG-Betfair (TVG); Christensen Capital Advisors LLC; Global Betting Exchange; Los Angeles Turf Club/Pacific Racing Association (LATC/PRA); Churchill Downs Incorporated; Thoroughbred Owners of California (TOC); California Thoroughbred Horsemen's Foundation; and CHRIMS, Inc. Several individuals also wrote to express opinions regarding exchange wagering. TVG, Christensen Capital Advisors LLC, Global Betting Exchange, and CHRIMS, Inc. offered positive comments and suggested exchange wagering regulations. LATC/PRA, Churchill Downs Incorporated and TOC questioned whether exchange wagering would benefit California horse racing. All comments were taken into consideration and used in drafting the proposed exchange wagering regulations that constitute the proposed addition of Article 27, Exchange Wagering.

On February 9, 2012 the Exchange Wagering Ad Hoc Committee (committee) met at Santa Anita Park Race Track. The committee heard testimony regarding exchange wagering from advance deposit wagering providers, racing associations, horsemen's organizations and betting exchange providers, as well as comments from CHRIMS, the Jockey's Guild and Horseplayer's Association of North America. The committee also heard and discussed a presentation from the CHRB enforcement and audit staff regarding enforcement plans for monitoring exchange wagering in California. Following discussion by all concerned parties the committee took no action, as an agreement between the parties had not been reached. Following the committee meeting changes were made to certain proposed regulations in response to comments.

At the March 22, 2012 Regular Board Meeting staff was instructed to initiate a 45-day public comment period regarding the addition of Article 27, Exchange Wagering. During the public comment period one comment was received from the Jockeys' Guild (Guild). The Guild objected to the addition of Rule 2092.6, Suspension of Occupational License, which provides that the Board may suspend the license of any person if it determines there is probable cause to believe such person may have committed acts of fraud in connection with exchange wagering.

In anticipation of the possible implementation of exchange wagering at the Del Mar Thoroughbred Club (DMTC) race meeting draft copies of the exchange wagering application, form 229 (New 05/12) Application for License to Operate Exchange Wagering (CHRB 229), were distributed to potential exchange wagering providers. The purpose of the distribution was to allow for the vetting of applicants, and to minimize the time between the potential approval of Article 27 and the start date for exchange wagering in California. Potential applicants were informed that there could be changes to the form 229 and any potential action taken by the Board on the application would be conditioned upon the successful completion of the Office of Administrative Law regulatory review. On May 30, 2012 the CHRB received a copy of a California Thoroughbred Trainers (CTT) letter regarding exchange wagering. The letter was addressed to the TOC and explained why the CTT was opposed to the commencement of exchange wagering at DMTC. On June 1, 2012, the TOC announced that its board had tabled a vote on exchange wagering in California for one year. To date, draft applications have been received from Churchill Downs Technologies Initiatives Company (Churchill) and Betfair US, LLC (Betfair). Betfair has reached an agreement with the quarter horse industry at Los Alamitos Race Course, and its application has been endorsed by the Los Alamitos Race Course, the Pacific

Coast Quarter Horse Racing Association, California Exposition and State Fair, and Hollywood Park Racing Association. Churchill has not indicated that it has reached any agreements to conduct exchange wagering. On June 14, 2012 staff received a letter from Mr. Gene Livingston of Greenberg Traurig, LLP, representing Churchill. Mr. Livingston stated Churchill would submit comments regarding the proposed exchange wagering regulations, and that it might be two or three months, at the earliest, before the regulations were approved. Due to possible changes in the draft regulations, which would require an additional public comment period, Mr. Livingston commented it seemed that accepting applications was premature and raised questions about the validity of applications submitted before the regulations were in place. He stated Churchill would urge the Board to delay accepting applications until the exchange wagering regulations were in place.

ANALYSIS

Article 27, Exchange Wagering, is comprised of 25 proposed regulations governing the conduct of exchange wagering in California. The proposed regulations are:

Rule 2086, Definitions, provides definitions of exchange wagering terms used in Article 27.

Rule 2086.1, Authorization for Exchange Wagering, provides that exchange wagering may be conducted upon the approval of the Board as provided in Article 27.

Rule 2086.5, Application for License to Operate Exchange Wagering, requires the exchange wagering applicant to submit an application for consideration of approval to operate as a California exchange wagering provider.

Rule 2086.6, Operating Plan Required, requires that an exchange wagering applicant submit an operating plan detailing its proposed method of operation as an exchange with any application for a new or renewal license.

Rule 2086.7, Exchange Wagering Data, requires the exchange provider to provide the nonprofit horse racing data base with data related to exchange wagering for the purpose of pari-mutuel accounting and analysis.

Rule 2086.8, Monitoring Systems and Notification, provides that the exchange provider will furnish full access to its monitoring system and that the provider shall immediately notify the Board of any wagering anomalies and agreed upon thresholds. The rule also requires the provider to establish and distribute criteria for anti-money laundering procedures and thresholds, and establish and distribute criteria for monitoring telephone records of account holders.

Rule 2086.9, Financial and Security Integrity Audits Required, requires that the exchange provider undergo specified yearly audits, which shall be submitted to the Board as required.

Rule 2087, Suspending Markets, describes the circumstances under which an exchange provider may suspend markets and states requirements for notification of the Board when a market is

suspended. The rule also requires the exchange provider to settle the market as appropriate after the conclusion of an investigation.

Rule 2087.5, Antepost Market, states that antepost markets are authorized and describes what constitutes an antepost market.

Rule 2087.6, Cancellation of Matched Wagers, sets the conditions under which a matched wager may be cancelled or voided by an exchange provider, and requires the exchange provider to notify the Board of such cancellation, as specified.

Rule 2088, Declared Entries, requires the exchange provider to void matched wagers on declared entries, except in an antepost market.

Rule 2088.6, Cancellation of Unmatched Wagers, allows cancellation at any time of an unmatched wager by the exchange provider.

Rule 2089, Errors in Payments of Exchange Wagers, sets the procedures for the exchange provider to remedy errors in payment of exchange wagers.

Rule 2089.5, Requirements to Establish an Exchange Wagering Account, states what is necessary for a natural person to establish an exchange wagering account. The regulation also requires the exchange provider to comply with Internal Revenue Service reporting requirements, and requires the recording and retention of specified transactions and conversations.

Rule 2089.6, Deposits to an Exchange Wagering Account, describes how deposits may be made to an exchange wagering account and the conditions relating to those deposits.

Rule 2090, Posting Credits for Winnings from Exchange Wagers, provides the requirements for the posting of credits for winnings from matched wagers.

Rule 2090.5, Debits to an Exchange Wagering Account, provides instruction for the debiting of exchange wagering accounts.

Rule 2090.6, Withdrawals by Account Holder, describes how an account holder may make withdrawals from his or her exchange wagering account.

Rule 2091, Closing an Inactive Exchange Wagering Account, provides for the closing of inactive accounts and the return of any remaining funds to the account holder.

Rule 2091.5, Suspending an Exchange Wagering Account, states the circumstances under which an account may be suspended and requirements for notifying the Board when an account is suspended.

Rule 2091.6, Powers of the Board to Review and Audit Records, describes the Board's authority to access records and financial information of exchange wagering providers.

Rule 2092, Exchange Wagers Placed After the Start of a Race, provides the requirements for placing exchange wagers after a race has begun, including required approvals for such wagering to take place. The rule also states wagering after the conclusion of a race, or on a previously run race, is prohibited.

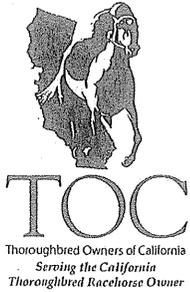
Rule 2092.5, Prohibitions on Wagers to Lay a Horse to Lose, prohibits certain classes of licensee from placing wagers to lay a horse to lose, prohibits others from making such wagers on behalf of such licensees, and provides that only the owner of an account may use his account to place such a wager.

Rule 2092.6, Suspension of Occupational License, provides that the Board may suspend the license of any person if it determines there is good cause to believe such person may have committed acts of fraud in connection with exchange wagering. The rule provides that the licensee may make an appeal to the Board by complying with the provisions of Rule 1761, Appeal from Decision of Stewards.

Rule 2093, Certain Practices Related to Exchange Wagering, describes actions an exchange provider may or must take in relation to an account holder and the displaying of exchange wagers as required under Business and Professions Code section 19604.5(e)(3)(A).

RECOMMENDATION

This item is presented for Board discussion and action.



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

FOR IMMEDIATE RELEASE:
CONTACT: Mary Forney, (626) 574-6617

TOC ACCEPTS DISTRIBUTION PROPOSAL, TABLES EXCHANGE WAGERING

Inglewood, CA, June 1, 2012 – At its board meeting today, the Thoroughbred Owners of California (TOC) achieved one of its major goals of recent years – broadening television distribution of California racing – when the board approved a proposal whereby Stronach Group Racing (SGR) offered to enter into a reciprocal agreement with TVG. According to the agreement, SGR would permit TVG to broadcast the Santa Anita Park and Golden Gate Fields race meets in return for HRTV having the ability to broadcast the Del Mar and Hollywood Park meets.

Additionally, the TOC board tabled a vote on exchange wagering in California for one year.

“The concept of exchange wagering has been a polarizing issue among the stakeholders in California racing, and this action will give us additional time to study this betting alternative and consider if it is in the best interests of the industry in our state,” said Mike Pegram, Chairman of the TOC.

“The inability to showcase all the race meets in California on both TVG and HRTV has long been an area of contention for the California Horse Racing Board,” Pegram added. “Moreover, the lack of uniform distribution of the California product both in the Golden State and nationwide has been a primary concern for the TOC as it seeks to increase revenue for purses, especially in Northern California, where the horsemen race for considerably less money than in the South. Hopefully expanded distribution of the Golden Gate Fields races on TVG would be a shot in the arm for those racing in the North.”

“While we are pleased to have accomplished this long-sought-after goal, we will continue to seek alternative revenue sources and have not slammed the door closed on the concept of exchange wagering,” said Lou Raffetto, President of TOC. “We are simply putting this contentious issue on the back burner until we can analyze it further, and, hopefully, build a consensus within the industry.”

It should be noted that both Del Mar and Hollywood Park are currently under exclusive broadcasting agreements with TVG and, as of this date, none of these parties have agreed to the terms proposed by SGR.

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. www.toconline.com.

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CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2086. DEFINITIONS

Regular Board Meeting
June 28, 2012

2086. Definitions

As used in this article:

- (a) “Back” means to wager on a selected outcome occurring in a given market.
- (b) “Confidential information” means the following:
- (1) the amount of money credited to, debited from, or present in any particular account holder's exchange wagering account;
 - (2) the amount of money wagered by a particular account holder on any races or series of races;
 - (3) the exchange wagering account number and personal identification number of an account holder;
 - (4) the identities of particular entries on which the account holder is wagering or has wagered; and
 - (5) unless otherwise authorized by the account holder, the name, address, and all other information in possession of the exchange provider that would identify the account holder to anyone other than the Board or the exchange provider.
- (c) “Credits” means all positive inflow of money to an exchange wagering account.

(d) “Debits” means all negative outflow of money from an exchange wagering account related to a wager placed from such account.

(e) “Declared Entry” means a horse withdrawn from a race in which its entry has been accepted.

(f) “Deposit” means a credit of money to an exchange wagering account from an account holder.

(g) “Exchange” means a system operated by an exchange provider in which the provider maintains one or more markets in which account holders may back or lay a selected outcome.

(h) “Exchange wagering” means a form of pari-mutuel wagering in which two or more persons place identically opposing wagers in a given market, as provided under Business and Professions Code section 19604.5.

(i) “Exchange wagering account,” “account” means the account established with an exchange provider by a natural person participating in exchange wagering. An account may only be established or maintained with an exchange provider by a natural person.

(j) “Exchange wagering license applicant,” “applicant” means any entity including, but not limited to, corporations, partnerships, limited liability companies, limited partnerships, or individuals that file an application with the Board to conduct exchange wagering.

(k) “Exchange wagering license application” means the application form CHRB 229 (New 4/12), Application for License to Operate Exchange Wagering.

(l) “Exchange wagering licensee,” “exchange provider” means a person located within or outside of California that is authorized to offer exchange wagering to residents of California pursuant to Business and Professions Code section 19604.5 and this article.

(m) “Identically opposing wagers” means wagers in which one or more persons offer to lay a selected outcome at the same price at which one or more persons offer to back that same outcome, with the amount subject to the lay being proportionately commensurate to the amount subject to the back.

(n) “Lay” means to wager on a selected outcome not occurring in a given market.

(o) “Market” means, in relation to a given horse race or a given set of horse races, a particular outcome that is subject to exchange wagering as determined by an exchange provider.

(p) “Matched wager” means the wager that is formed when two or more persons are confirmed by the exchange provider as having placed identically opposing wagers in a given market on the exchange.

(q) “Means of personal identification” means the unique number, code, or other secure technology designated by an exchange wagering account holder to assure that only that account holder has access to his account.

(r) “Natural person” means a living, breathing human being, as opposed to a legal entity.

(s) “Net winnings” means the aggregate amounts payable to a person as a result of that person’s winning matched wagers in a pool less the aggregate amount paid by that person as a result of that person’s losing matched wagers in that pool.

(t) “Operating plan” means the plan submitted to the Board by an exchange provider detailing the proposed method of operation of the exchange.

(u) “Other electronic media” means any electronic communication device or combination of devices including, but not limited to, personal computers, the Internet, private networks, interactive television and wireless communication technologies, or other technologies approved by the Board.

(v) “Person” means any individual, partnership, corporation, limited liability company, or other association or organization.

(w) “Pool” means the total of all matched wagers in a given market.

(x) “Price” means the odds for a given exchange wager.

(y) “Unmatched wager” means a wager or portion of a wager placed in a given market within an exchange that does not become part of a matched wager because there are not one or more available exchange wagers in that market with which to form one or more identically opposing wagers.

(z) “Withdrawal” means a payment from an exchange wagering account by the exchange provider to the account holder.

Authority: Sections 19420, 19440, 19590 and 19604.5, Business and Professions Code.

Reference: Sections 19593 and 19604.5, Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2086.1. AUTHORIZATION FOR EXCHANGE WAGERING

Regular Board Meeting
June 28, 2012

2086.1. Authorization for Exchange Wagering.

(a) Exchange Wagering may be conducted upon the approval of the Board as provided for in this article and under the provisions of Business and Professions Code sections 19604.5(b)(2) to (7), inclusive.

(b) Despite subsection (a) of this regulation, a licensee may conduct exchange wagering on any horse race conducted outside of California where the licensee does not offer exchange wagering to residents of California on that race.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2086.5. APPLICATION FOR LICENSE TO OPERATE EXCHANGE WAGERING

Regular Board Meeting
June 28, 2012

2086.5. Application for License to Operate Exchange Wagering.

(a) Prior to any exchange wagers being accepted, the applicant for license to operate exchange wagering must obtain a license from the Board.

(b) An applicant must complete CHRB form 229 (New 05/12) Application for License to Operate Exchange Wagering, hereby incorporated by reference, which shall be available at the Board's headquarters office. The application must be filed not later than 90 days in advance of the scheduled start of operation. A certified check in the amount of \$1,400,000 payable to the California Horse Racing Board, or an amount to be determined by the Board to fulfill Business and Professions Code section 19604.5(e)(6), a detailed operating plan as described under Rule 2086.6, Operating Plan Required, and proof of the applicant's compliance with labor provisions of Business and Professions Code section 19604.5(f), must accompany the application.

(c) The term of the exchange wagering License shall be not more than 2 years from the date the exchange wagering license is issued, unless otherwise determined by the Board.

(d) The Board shall notify the applicant in writing within 30 calendar days from the receipt date if the application is deficient. No later than 90 calendar days following the receipt of the application, the Board shall make a final determination on the application. The Board may approve the application if, after reasonable investigation and inspection, as it deems appropriate, it determines that the applicant has demonstrated that exchange wagers placed through the exchange will be accurately processed and that there will be sufficient safeguards to protect the

public and to maintain the integrity of the horse racing industry in this state. If the Board denies an application, the applicant has 30 calendar days, from the receipt of the Board's denial notification, to request a reconsideration of the Board's decision. The request must be in writing and sent to the Board's headquarters office. The Board shall respond in writing to the reconsideration request within 30 working days from the receipt date of the request. If reconsideration is denied, the applicant may file for judicial review in accordance with Government Code section 11523.

Authority: Sections 19420, 19440, 19590 and 19604.5, Business and Professions Code.

Reference: Sections 19593 and 19604.5, Business and Professions Code. Section 11523, Government Code.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD (CHRB)
APPLICATION FOR LICENSE TO OPERATE EXCHANGE WAGERING
CHRB-229 (New 5/12)

Application is hereby made to the California Horse Racing Board (CHRB) for approval to conduct exchange wagering in accordance with the California Business and Professions Code section 19604.5, Chapter 4, Division 8, California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct exchange wagering.

The applicant must supply complete responses. The information is to be provided as of the date of this application unless otherwise specified. The applicant may refer to an exhibit/attachment in response to a question; however, you must specify the page number and line in which the text is responsive.

NOTICE – By submitting the application the applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

No application for a license to operate exchange wagering shall be granted unless the applicant has deposited with the Board a certified check in the amount of \$1,400,000 payable to the California Horse Racing Board, or an amount to be determined by the Board to fulfill Business and Professions Code section 19604.5 (e)(6), which provides that the Board may recover any costs associated with the licensing or regulation of exchange wagering from the exchange wagering licensee by imposing an assessment on the exchange wagering licensee in an amount that does not exceed the reasonable costs associated with the licensing or regulation of exchange wagering. Funds received pursuant to this subdivision shall be deposited in the Horse Racing Fund, to be available upon appropriation by the Legislature for the sole purpose of regulating exchange wagering.

1. APPLICANT INFORMATION

Company name:

Facility address:

City:

State:

Zip Code:

Phone:

Fax:

Website:

County:

CHRB CERTIFICATION

Application received:

Hearing date

Cashier check received:

Approved date:

Reviewed:

License number:

2. CONTACT PERSON (authorized representative)

Name and title of contact:

Business name and address:

City:	State:	Zip Code:
Phone:	Fax:	County:

Email address:

3. CALIFORNIA AGENT FOR RECEIPT OF SERVICE OF PROCESS

Name and title of contact:

Business name and address:

City:	State:	Zip Code:
Phone:	Fax:	County:

Email address:

4. MANAGEMENT PERSONNEL

NOTICE TO APPLICANT: All management personnel responsible for the California operations must be CHRB licensed. Business and Professions Code section 19604.5 (e) (5) provides the Board may reasonably require licensure or registration of officers or directors of any exchange wagering licensee.

List name, title, email address, phone and license number for all management personnel directly involved in management of exchange wagering. Identify which management staff is responsible for California operations:

Name and title	Email address	Phone	License No.	Responsible for California Operations
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No

5. DATE OF OPERATION

NOTICE TO APPLICANT: CHRB Rule 2086.5 provides the term of the exchange wagering license shall not be more than two years from the date the exchange wagering license is issued, unless otherwise determined by the Board.

A. Dates applicant is proposing to conduct exchange wagering:
 Beginning date: _____ Ending date: _____

B. Dates exchange wagering will not be conducted:

C. Indicate the days and hours exchange wagering will be conducted below:

<u>Days:</u>	<u>Hours:</u>
<u>Sunday</u>	
<u>Monday</u>	
<u>Tuesday</u>	
<u>Wednesday</u>	
<u>Thursday</u>	
<u>Friday</u>	
<u>Saturday</u>	

6. BUSINESS STRUCTUREA. Identify your business structure (below):

- Corporation (complete subsection B and E)
 LLC (complete subsection C and E)
 Other (Specify and complete subsection D and E)

B. CORPORATION

- Registered name of the corporation:
- State and/or country where incorporated:
- Registry or file number for the corporation:
- Names of all officers and directors, titles, and the number of shares of the corporation held by each:
- 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:
- Number of outstanding shares in the corporation:
- Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
- Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
- 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:
 - Is parent and/or paired corporation or entity a publically traded or privately held

company that guarantees the obligation of the applicant? If no, proceed to section E.

If yes, answer questions 10-17. Yes No

10. Registered name of the corporation:
11. State and/or country where incorporated:
12. Registry or file number for the corporation:
13. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
14. 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:
15. Number of outstanding shares in the corporation:
16. Are the shares listed for public trading? Yes No
17. If yes, on what exchange and how is the stock listed:
18. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
19. 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:
2. State and/or country where articles of organization are filed:
3. Registry or file number for the LLC:
4. Attach a list of the names of all members (including individuals (true names), corporations, other LLCs and or foreign entities), titles, and the number of shares of the LLC held by each:
5. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
6. 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:

A. Is parent and/or paired entity either a publically traded or privately held company that guarantees the obligation of the applicant? If no, proceed to section E. If yes, answer questions 7-13

Yes No

7. Registered name of the LLC/Corporation:
8. State and/or country where articles of organization are filed:
9. Registry or file number for the LLC:
10. Attach a list of the names (true names) of all members (members may include individuals, corporations other LLCs and foreign entities), titles, and the number of shares of the LLC held by each:
11. Are the shares listed for public trading? Yes No
12. If yes, on what exchange and how the stock is listed:
13. 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.

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.

E. FINANCIAL INFORMATION *

1. Attach the most recent audited annual financial statement or financial report for the applicant. Attach a separate audited annual financial statement for the applicants California operations. The financial statement or financial report shall include all relevant financial information specific to the applicant including:
 - Statement of Financial Position: also referred to as a balance sheet. Statement should report on applicant's assets, liabilities, contingent liabilities and ownership equity as of the date of the prepared statement.
 - Statement of Comprehensive Income: also referred to as Profit and Loss ("P&L") Statement. Statement should include report on applicant's income, expenses, and profits.
 - Profit and Loss statement for prior two years and Profit and Loss statement for projected

- year.
- Statement of Changes in Equity: to include the changes of the applicants' equity through the reporting period.
 - Statement of Cash Flows: to include a report of the applicant's cash flow activity, particularly its operating investing and financing activities during the reporting period.
 - 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.
2. Provide certification from the Chief Financial Officer that the account holders' funds will not be commingled with any other funds pursuant to CHRB rule 2086.6.

*NOTICE TO APPLICANT: The financial information provided pursuant to subsection (E) above is exempt from disclosure pursuant to Government Code section 6254(k) and non-disclosable to the public.

7. ORGANIZATIONAL INFORMATION

- A. Provide a detailed organizational chart for the applicant company and parent company if applicable.
- B. List all jurisdictions inside and outside of the United States in which you offer exchange wagering to patrons.
- C. Does the applicant or parent company hold a financial interest in the following (mark all that apply):
- Race track
 - Casino
 - Advance deposit wagering

If you have indicated you have an interest in any of the above identify name and address of business interest.

- D. What contributions is the applicant making to the California horse racing industry?
- E. Has there been any action initiated against the applicant its parent, any of its directors, partners, officers or subsidiary corporation this year, or in the last year, by any court or regulatory agency? If so, please identify the issue.

8. TRACK AGREEMENT AND HORSEMEN ORGANIZATION APPROVAL

EXCHANGE WAGERING LICENSING REQUIREMENTS

Business and Professions Code section 19604.5, identifies specific provisions that must be met before an exchange wagering provider may accept thoroughbred wagers on horse races from persons whose primary residence address is in the northern and central/southern zone of California; and specific requirements for quarter and standardbred wagers accepted from a resident whose primary residence address is in California:

Business and Professions Code section 19604 (b)(4) provides an exchange wagering licensee may only offer exchange wagering on thoroughbred horse races, conducted within or outside of this state, to persons whose primary residence address is in the northern zone of this state if it has an exchange wagering agreement with the racing association/fair located in the northern zone authorized by the Board when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is in the northern zone of this state, and the horsemen's organization responsible for negotiating purse agreements for a live thoroughbred racing meeting.

Business and Professions Code section 19604.5 (b)(5) provides an exchange wagering licensee may only offer exchange wagering on thoroughbred horse races, conducted within or outside of this state, to persons whose primary residence address is in the central/southern zone of this state if it has an exchange wagering agreement with the racing association or racing fair located in the central/southern zone authorized by the Board, when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is in the central/southern zone of this state, and the horsemen's organization responsible for negotiating purse agreements for a live thoroughbred racing meeting.

Business and Professions Code section 19604 (b)(6) provides an exchange wagering licensee may only offer exchange wagering on quarter horse races, conducted within or outside of this state, to persons whose primary residence address is in this state if it has an exchange wagering agreement with the racing association or racing fair located in the state authorized by the Board to conduct a live quarter horse racing meeting, when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is this state, and the horsemen's organization responsible for negotiating purse agreements for the live quarter horse racing meeting.

Business and Professions Code section 19604 (b)(7) provides an exchange wagering licensee may only offer exchange wagering on standardbred horse races, conducted within or outside of this state, to persons whose primary residence address is in this state if it has an exchange wagering agreement with the racing association or racing fair located in the state authorized by the board to conduct a live standardbred racing meeting, when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is this state, and the horsemen's organization responsible for negotiating purse agreements for the live standardbred racing meeting.

Business and Professions Code section 19604 (k) provides exchange wagers placed on a market after the start of a race shall be lawful if authorized by the Board, racing association, or racing fair conducting the races, and the horsemen's organization responsible for negotiating purse agreements for the breed on which the exchange wager is made.

Identify the breed of races (8A through 8E) on which exchange wagering will be offered. Attach a copy of each agreement permitting these wagers.

(*) If you do not have the required agreements permitting you to accept wagers in compliance with Business and Professions Code section 19604.5, you must attach a letter addressing the status of the outstanding document(s). Please reference section 8 and the title of the outstanding agreement you are addressing. The letter must include the status of negotiations and the outstanding issues that need to be resolved and an estimated completion date for each outstanding agreement.

If the information required in response to 8A through 8E is in one agreement provide a single copy of the document.

- A. Thoroughbred wagers from persons whose primary residence address is in the northern zone of California.
1. Do you have an agreement with a racing association or fair that allows you to accept thoroughbred wagers in the northern zone? Yes No
 - a. If yes, identify which thoroughbred association or fair the agreement is with and provide a copy: _____
 - b. If no, see above instructions (*).
 2. Do you have an agreement with the horsemen's organization that allows you to accept thoroughbred wagers in the northern zone? Yes No
 - a. If yes, provide a copy of the agreement.
 - b. If no, see above instructions (*).
- B. Thoroughbred wagers from persons whose primary residence address is in the central/southern zone of California.
1. Do you have an agreement with a racing association or fair that allows you to accept thoroughbred wagers in the central/southern zone? Yes No
 - a. If yes, identify which thoroughbred association or fair the agreement is with and provide a copy: _____
 - b. If no, see above instructions (*).
 2. Do you have an agreement with the horsemen's organization that allows you to accept thoroughbred wagers in the central/southern zone?
 Yes No
 - a. If yes, provide a copy of the agreement.
 - b. If no, see above instructions (*).
- C. Quarter wagers from persons whose primary residence address is in California.
1. Do you have an agreement with a racing association or fair that allows you to accept quarter horse wagers in California? Yes No
 - a. If yes, identify which quarter association or fair the agreement is with and provide a copy: _____
 - b. If no, see above instructions (*).
 2. Do you have an agreement with the horsemen's organization that allows you to accept quarter horse wagers in California? Yes No
 - a. If yes, provide a copy of the agreement.
 - b. If no, see above instructions (*).
- D. Standardbred wagers from persons whose primary residence address is in California.
1. Do you have a contract and/or agreement with a racing association, fair that allows you to accept standardbred wagers in California? Yes No

- a. If yes, identify which standardbred association/fair the agreement is with and provide a copy: _____
- b. If no, see above instructions (*).
2. Do you have an agreement with the horsemen's organization that allows you to accept standardbred horse wagers in California? Yes No
- a. If yes, provide a copy of the agreement.
- b. If no, see above instructions (*).
- E. Wagers will be accepted after the start of the race.
1. Do you have an agreement that allows you to accept wagers after the start of the race with a racing association or fair that conducts the races? Yes No
- a. If yes, identify which association/fair the agreement is with and provide a copy:
- b. If no, see above instructions (*).
2. Do you have a contract and/or agreement with the horsemen's organization that allows you to accept wagers after the start of the race? Yes No
- a. If yes, provide a copy of the agreement.
- b. If no, see above instructions (*).

9. LABOR ORGANIZATION

NOTICE TO APPLICANT: Business and Professions Code section 19604.5 (f) (1) provides the Board shall not approve an application for an original or renewal license as an exchange wagering 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.

- A. Do you have a labor agreement for the applied term of the application? Yes No
1. If yes, answer questions B – D.
2. If no, answer question E.
- B. If yes, what is the name of the bona fide labor organization?
- C. What is the term of the agreement? (Begin date): _____ (End date): _____
- D. Provide a copy of the labor agreement.
- E. If no, have you been in contact with a labor organization? Yes No
1. If yes, what was the date of contact?
2. Include a letter with your application titled (Labor Status) addressing the status of the current labor negotiations. Include, date of last negotiation contact, remaining issues that need to be resolved and an estimated completion date.

10. ESTABLISHING EXCHANGE WAGERING ACCOUNTS

NOTICE TO APPLICANT: CHRB Rule 2089.5 provides that specific provisions must be met to establish an exchange wagering account. Business and Professions Code section 19604.5 (c) provides in part only natural persons with valid exchange wagering accounts may place wagers through an exchange. To establish an exchange wagering account, a person shall be at least 18 years of age and a resident of California or of another jurisdiction within which the placement of exchange wagers would not be unlawful under United States federal law or the law of that jurisdiction.

- A. Provide a detailed listing of the procedures to be used for establishing an account (must comply with rule 2089.5):
- B. Provide a copy of the form and terms of agreement used to establish an account for an account holder.
- C. Name and address of the third party you will use to verify identity, residence and age verification:

11. LOCATION AND PHYSICAL PLANT

- A. Do you have a call center to accept verbal wagers? Yes No
If so, what is the name, address and phone number of the location?
- B. What is the website address available for patrons to place wagers:
- C. Do you have a location in which patrons can place a wager in person: Yes No
If so, what is the name, address and phone number of the location?

12. OPERATION OF EXCHANGE WAGERING ACCOUNTS

- A. Submit a copy of your detailed operating plan pursuant to CHRB Rule 2086.6. Plan must include all items outlined in CHRB Rule 2086.6 including:
 1. a detailed report of the daily operation of the exchange
 2. a description of policy to prevent commingling of account holders' funds with any other funds.
 3. management policy of customer accounts including deposit, withdrawals, debits and credits.
- B. List the type of deposits you will accept:
- C. Identify any fees or transaction-related charges and the amount that will be assessed:

13. SECURITY POLICY

NOTICE TO APPLICANT: Business and Professions Code section 19604.5 (d) provides in part the Board shall approve, as part of the exchange wagering licensee's application for an exchange wagering license, security policies and safeguards to ensure player protection and integrity, including, but not limited to, provisions governing the acceptance of electronic applications for persons establishing exchange wagering accounts, location and age verification confirmation for persons establishing exchange wagering accounts, the use of identifying factors to

ensure security of individual accounts, and the requirements for management of funds in exchange wagering accounts. An exchange wagering licensee may not accept a wager, or series of wagers, if the results of the wager or wagers would create a liability for the exchange wagering account holder that is in excess of the funds on deposit in the exchange wagering account of that holder.

- A. Attach your security access policy and safeguards pursuant to Business and Professions Code section 19604.5 (d). Policy must include the following:
 - 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 available for account holders to withdraw funds from their account:
- B. Attach a copy of your information security incident management policy.
 - 1. Have you had any computer related security issues this year, or in the last year, with data, data storage or hardware? Yes No
 - 2. If yes, please identify the issue.
- C. Provide the name, address, phone number and hours of operation of the location in which the physical and electronic data will be will be stored:

14. ENFORCEMENT OVERSIGHT

NOTICE TO APPLICANT: Business and Professions Code section 19604.5 (d) provides in part the Board shall approve, as part of the exchange wagering licensee's application for an exchange wagering license, security policies and safeguards to ensure player protection and integrity. CHRB Rule 2091.5 (b) states the exchange provider shall immediately notify the Board if it suspends an account due to probable fraud in connection with exchange wagering. The provider shall also submit to the Board a written account of the suspension.

- A. Identify the physical location of the applicant's security oversight operation.
- B. Attach an organizational chart including chain of command and contact information (phone number and email address) for key members of the applicant's security oversight operation.
- C. Describe what forensic and analytical tools will be used for the oversight/enforcement of exchange wagering security.

15. CONTRACTS AND AGREEMENTS

- A. List name, address and phone number of all organizations you will contract with to facilitate exchange wagering:

<u>Company name, address and phone:</u>	<u>Describe services:</u>

16. ADVERTISING

- A. Name and address of the advertising agency you will use:
- B. Describe marketing strategies planned for exchange wagering:
- C. What marketing contribution is the applicant making to the California horse racing industry?
- D. What innovative programs have been created by the applicant to help invigorate the California horse racing industry?
- E. Will there be rebate programs offered? If so, identify the programs.

17. 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.

Print Name

Signature

Print Title

Date

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2086.6. OPERATING PLAN REQUIRED

Regular Board Meeting
June 28, 2012

2086.6. Operating Plan Required.

As part of the exchange wagering license application, and any renewal application, the applicant shall submit a detailed operating plan in a format and containing such information as required by the Board. At a minimum, the operating plan shall address the following:

- (a) A detailed report of the daily operation of the exchange.
- (b) Management of customer accounts including deposits, withdrawals, debits and credits. This shall include:
 - (1) A policy to prevent commingling of funds; and
 - (2) Evidence of an established account with an Federal Deposit Insurance Corporation (FDIC) insured bank in which all funds of the account holders will be deposited. This shall include evidence that account holder's funds are segregated and held in a separate FDIC insured bank account of the exchange provider.
- (c) Technology and hardware and software systems information, which shall include a data security policy, as well as a policy for the notification of the Board and account holders of any unauthorized access that may compromise account holders' personal information.
- (d) Financial information that demonstrates the financial resources to operate an exchange and a detailed budget that shows anticipated revenue, expenditures and cash flows by month projected for the term of the license.

(e) Document retention policies including those related to account holder personal information and wagering information.

(f) A customer complaint and conflict resolution process.

(g) Programs for responsible wagering.

(h) The requirements for exchange wagering accounts established and operated for persons whose principal residence is outside of the state.

(i) The operating plan submitted pursuant to this regulation, and any subsequent updates or changes to such operating plan, shall be exempt from disclosure pursuant to Government Code section 6254(k) and non-disclosable to the public.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5(e)(4),
Business and Professions Code.
Section 6254(k),
Government Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2086.7. EXCHANGE WAGERING DATA

Regular Board Meeting
June 28, 2012

2086.7. Exchange Wagering Data.

(a) For the purposes of pari-mutual accounting and settlement of exchange revenues according to contract, as well as reporting and analysis of data related to exchange wagering, the exchange provider shall furnish the nonprofit horse racing data base as designated by the Board with the following data interface in a format agreed upon by the exchange provider and the nonprofit horse racing data base:

(1) A daily reconciliation of the amounts settled by the exchange provider and its account holders, including but not limited to:

(A) Race date, event, race number, wagering interests, breed type;

(B) Post time of race, start time of race, finish time of race;

(C) Winning, losing and net wagers;

(D) Wagers by type before race; by winning, losing, and net wagers, odds, amounts, backer, layer;

(E) Wagers by type during race; by winning, losing and net wagers, odds, amounts, backer, layer;

(F) Cancellations of wagers made by customers on betting interest, or interests during one event;

(G) Zip code of each account holder;

(H) Percentage or flat fee paid to source of event;

(I) Percentage or flat fee rebated to each account holder.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2086.8. MONITORING SYSTEMS AND NOTIFICATION

Regular Board Meeting
June 28, 2012

2086.8. Monitoring Systems and Notification.

(a) Pursuant to an agreement between the exchange provider and the Board, or its designee, the exchange provider shall:

(1) Furnish the Board and its designee full access to the provider's real-time monitoring system that displays all wagers made over a set amount approved by the Board in the operating plan, including online documentation and training;

(2) Provide immediate notification by email to the Board and its designee of any unusual wagering patterns;

(3) Provide immediate notification by email to the Board and its designee of when certain predetermined and agreed upon events occur as set out in the operating plan occur;

(4) Establish and distribute criteria for anti money laundering procedures which include risk based systems for customer due diligence.

(5) Establish and distribute criteria for monitoring telephone records of account holders.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2086.9. FINANCIAL AND SECURITY INTEGRITY AUDITS REQUIRED

Regular Board Meeting
June 28, 2012

Rule 2086.9. Financial and Security Integrity Audits Required.

(a) Ninety days after the end of each calendar year the exchange provider shall submit to the Board an annual financial statement for its California operations.

(b) On a calendar year basis the provider shall undergo the Statement on Standards for Attestation Engagements 16 (SSAE 16) audits:

(1) Service Organization Controls I (SOC I) and;

(2) Service Organization Controls II (SOCII) reports.

The SOC I and SOC II reports shall be submitted to the Board ninety days after the end of the calendar year.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2087. SUSPENDING MARKETS

Regular Board Meeting
June 28, 2012

2087. Suspending Markets.

(a) An exchange provider may suspend a market at any time, including after the race is declared official but before winning wagers are credited, if the provider has reason to suspect that fraud or any other action or inaction by any person connected with the race raises questions about the integrity and fairness of the market.

(b) The provider shall immediately notify the Board by means of electronic mail any time a market is so suspended. Upon settlement of the market the provider shall submit to the Board a written account of the suspension that at a minimum provides the following information:

- (1) The market suspended;
- (2) The date and time of the suspension;
- (3) The reason for suspending the market;
- (4) The results of the investigation;
- (5) How the market was settled.

(c) Upon the completion of an investigation, the exchange provider shall settle the market as appropriate.

(d) An account holder who believes a payout was inappropriately disrupted due to the suspension of a market may submit a claim to the exchange provider in accordance with Rule 2089 of this article.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5(k),
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2087.5. ANTEPOST MARKET

Regular Board Meeting
June 28, 2012

2087.5. Antepost Market.

(a) Antepost market wagers are authorized and are wagers where one single wager is made on an outcome that includes both:

(1) that the selected horse will run the race; and

(2) that the selected horse will finish the race in the selected position of win, place, or

show.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2087.6. CANCELLATION OF MATCHED WAGERS

Regular Board Meeting
June 28, 2012

2087.6. Cancellation of Matched Wagers.

(a) An exchange provider may cancel or void a matched wager if required by law or where, in its sole discretion, it determines:

(1) there is a technological failure and the market must be voided; or

(2) there is good cause to suspect that a person placing a wager through the exchange has breached any term of the person's agreement with the exchange provider;

(3) it is in the interest of maintaining integrity and fairness in a particular market; or

(4) human error by the exchange wagering provider in recording an exchange wager.

(b) If a matched wager is canceled or voided due to situations described in subparagraphs (a)(2) and (a)(3) of this regulation, the exchange provider shall notify the Board in writing of its actions and the circumstances that resulted in such action.

(c) An account holder who believes a payout was inappropriately disrupted due to the cancellation of a matched wager may submit a claim to the exchange provider in accordance with Rule 2089 of this article.

Authority: Sections 19420, 19440, 19590 and 19604.5, Business and Professions Code.

Reference: Sections 19593 and 19604.5(k), Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2088. DECLARED ENTRIES

Regular Board Meeting
June 28, 2012

2088. Declared Entries.

Except for in an antepost market, matched wagers on declared entries shall be voided by the exchange provider.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5(k),
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2088.6. CANCELLATION OF UNMATCHED WAGERS

Regular Board Meeting
June 28, 2012

2088.6. Cancellation of Unmatched Wagers.

An unmatched wager may be cancelled by the exchange provider at any time before it is matched by the provider to form one or more identically opposing wagers.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5(j),
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2089. ERRORS IN PAYMENTS OF EXCHANGE WAGERS

Regular Board Meeting
June 28, 2012

2089. Errors in Payments of Exchange Wagers.

If an error occurs in the payment of amounts for exchange wagers, the following shall apply:

(a) In the event the error results in an over-payment to the individuals wagering, the exchange provider shall be responsible for such payment.

(b) In the event the error results in an under-payment:

(1) An account holder must submit a claim for the underpayment within 30 calendar days inclusive of the date on which the alleged underpayment occurred. The exchange provider shall investigate such claims and shall pay each claim, or a part thereof, which it determines to be valid, and shall notify the claimant in writing if his claim is rejected as invalid.

(2) Any claim not filed with the exchange provider within 30 calendar days inclusive of the date on which the alleged under-payment occurred shall be deemed waived and the exchange provider shall have no further liability therefore.

(3) Any person whose claim is rejected by the exchange provider may, within 15 calendar days from the date he received the notice of rejection, request in writing that the Board determine the validity of the claim. Failure to file such request with the Board within the said time shall constitute a waiver of the claim.

(4) A hearing shall be held on each such rejected claim timely filed with the Board. The Board shall give notice of such hearing to the claimant and the exchange provider. The Board

may determine a claim to be valid, in whole or in part, and thereafter order the exchange provider to pay to the claimant the amount of the claim determined to be valid, or may deny the claim I whole or in part. Any such determination shall be final and binding on all parties.

Authority: Sections 19420, 19440, 19590 and 19604.5, Business and Professions Code.

Reference: Sections 19593 and 19604.5, Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2089.5. REQUIREMENTS TO ESTABLISH AN EXCHANGE WAGERING
ACCOUNT

Regular Board Meeting
June 28, 2012

2089.5. Requirements to Establish an Exchange Wagering Account.

(a) An exchange wagering account is necessary to place exchange wagers. Exchange wagering accounts may be established by residents of California. Residents of another jurisdiction may establish exchange wagering accounts provided it is not unlawful under United States federal law or the law of that jurisdiction to place an exchange wager. An account may be established in person, by mail, telephone, or other electronic media including but not limited to the Internet. An account shall not be assignable or otherwise transferable.

(b) The information required to establish an account shall include:

(1) The prospective account holder's full legal name.

(2) The principal residence address of the prospective account holder. Such address shall be deemed the address of record for mailing checks, withdrawals, statements, if any, of the account, notices, or other correspondence or materials. It is the responsibility of the account holder to notify the exchange provider of any address change.

(3) Telephone number.

(4) Social Security Number or Individual Tax Identification Number.

(5) Certification or other proof that the applicant is at least 18 years of age.

(c) An exchange provider shall employ electronic verification with respect to each prospective account holder's name, principal residence address, date of birth and social security

number at the time of the account establishment by a Board-approved national, independent, individual reference company or another independent technology approved by the Board which meets or exceeds the reliability, security, accuracy, privacy and timeliness provided by individual reference service companies.

(d) An exchange provider may refuse to establish an account, or may cancel or suspend a previously established account, without notice, if it is found that any information supplied by the prospective account holder is untrue or incomplete.

(1) If the exchange provider cancels a previously established account, within five business days it shall return to the account holder at the address of record any funds held in the account.

(e) If an exchange provider or an affiliate of such provider is also licensed by the Board to conduct advance deposit wagering, the exchange provider may offer holders of existing advance deposit wagering accounts held with such exchange provider or such affiliate a convenient method of establishing an exchange wagering account by verifying information on file for the existing advance deposit wagering account.

(f) The exchange provider shall have the right to suspend or close any account at its discretion.

(g) The account applicant shall supply the exchange provider with a means of personal identification to be used by the account holder to access his account. Exchange wagering accounts are for the use only of the account holder and the account holder is responsible to maintain the secrecy of the account number and means of personal identification. The account holder must immediately notify the exchange provider of any breach of security for the account.

(h) Each account shall have a unique identifying account number. The exchange provider shall inform the account holder of the assigned account number and provide a copy of the exchange provider's exchange wagering procedures, terms, and conditions, as well as any information that pertains to the operation of the account.

(i) Each exchange provider shall, at all times, comply with Internal Revenue Service (IRS) requirements for reporting and withholding proceeds from exchange wagers by account holders and shall, following the credit to an account for a winning exchange wager, send to any account holder who is subject to IRS reporting or withholding a Form W2-G summarizing the information for tax purposes. Upon written request by an account holder, the exchange provider shall provide the account holder with summarized tax information on exchange wagering activities.

(j) All wagering conversations, transactions or other wagering communications through the exchange wagering system, verbal or electronic, shall be recorded by means of electronic media, and the tapes or other records of such communications shall be kept by the entity for at least 180 days, unless otherwise directed by the Board. These tapes and other records shall be made available to the Board upon request or order by the Executive Director.

(k) Upon request of the account holder the exchange provider shall provide a statement detailing account activity for the immediate 30 days prior to the request. Unless the exchange provider receives written notice disputing the statement within 14 calendar days of the date a statement is forwarded, it shall be deemed to be correct.

(l) No employee or agent of the exchange provider shall divulge any confidential information related to the placing of any exchange wager or any confidential information related to the operation of the exchange wagering system without the consent of the account holder.

except to the account holder as required by this article, the Board, and as otherwise required by state or federal law.

Authority: Sections 19420, 19440, 19590 and 19604.5, Business and Professions Code.

Reference: Sections 19593 and 19604.5, Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2089.6. DEPOSITS TO AN EXCHANGE WAGERING ACCOUNT

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June 28 2012

2089.6. Deposits to an Exchange Wagering Account.

Deposits to an exchange wagering account shall be made, in person, by mail, by telephone, or by other electronic media, as follows:

(a) The account holder's deposits to the account shall be submitted by the account holder to the exchange provider and shall be in the form of one of the following:

(1) cash given to the exchange provider;

(2) check, money order, negotiable order of withdrawal, or wire or electronic transfer, payable and remitted to the exchange provider; or

(3) charges made to an account holder's debit or credit card upon the account holder's direct and personal instruction, which instruction may be given by telephone communication or other electronic media to the exchange provider or its agent by the account holder if the use of the card has been approved by the exchange provider.

(4) the name and billing address for any credit card, debit card, bank account, or other method of payment through which an account holder funds or transfers from an account shall be the same as the account holder's registered name and address.

(b) Funds in an account shall bear no interest to the account holder.

(c) The account holder may be liable for any charges imposed by the transmitting or receiving entity involved in a wire or electronic transfer, and such charges may be deducted from the account holder's account.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2090. POSTING CREDITS FOR WINNINGS FROM EXCHANGE WAGERS

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2090. Posting Credits for Winnings from Exchange Wagers.

(a) Credit for winnings from matched wagers placed with funds in an account shall be posted to the account by the exchange provider after the race is declared official.

(b) Notwithstanding Rule 1955 of this division, where the outcome of a matched wager can be determined with certainty by the exchange provider prior to the time that the race is declared official, the exchange provider may settle such matched wager as soon as that outcome is determined with certainty.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2090.5. DEBITS TO AN EXCHANGE WAGERING ACCOUNT

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2090.5. Debits to an Exchange Wagering Account.

Debits to an exchange wagering account shall be made as follows:

(a) Upon receipt by the exchange provider of an exchange wager properly placed, the provider shall determine whether there are sufficient funds in the account holder's wagering account to cover the maximum amount the account holder could be liable for based on the wager. If so, the wager shall be accepted. The exchange provider will debit the account holder's account the total maximum amount which the account holder could be liable for based on all exchange wagers placed by the account holder on races which have not yet been declared official.

(b) Wagers shall be accepted only during days and times designated as operating by the exchange provider.

(c) The exchange provider may at any time declare the system closed for receiving any wagers on any race or closed for all exchange wagering.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
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ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2090.6. WITHDRAWALS BY ACCOUNT HOLDER

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2090.6. Withdrawals by Account Holder.

(a) Withdrawals shall be completed within five business days after the exchange provider receives a request from an account holder by mail, by telephone, or other electronic media, accompanied by the valid account number and a means of personal identification or, if by mail, a signed completed withdrawal form. In the case of any withdrawal requested by mail, by telephone, or by other electronic media:

(1) If sufficient funds are available in the account, the exchange provider shall send a check payable to the account holder in the amount of the requested withdrawal to the address of record.

(2) If sufficient funds are not available in the account, the exchange provider shall, within five business days of receipt, provide notification to the account holder of insufficient funds and send a check payable to the account holder in the amount of the funds available to the address of record.

(3) A wire or electronic funds transfer, including but not limited through the automated clearing house system, may be used in lieu of a check, at the discretion of the account holder and the exchange provider, to deliver funds withdrawn from an exchange wagering account to a monetary account controlled by the account holder. The account holder may be liable for any

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charges imposed by the transmitting or receiving entity involved in a wire or electronic transfer, and such charges may be deducted from the account holder's account.

(b) Exchange wagering account holders may make withdrawals in person with such identification as required by the exchange provider, the valid account number, and a means of personal identification.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2091. CLOSING AN INACTIVE EXCHANGE WAGERING ACCOUNT

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2091. Closing an Inactive Exchange Wagering Account.

The exchange provider may close any exchange wagering account that has remained inactive for six months or longer. When an account is closed the exchange provider shall return any funds remaining in the account to the account holder at the address of record within five business days of closing the account.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
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ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2091.5. SUSPENDING AN EXCHANGE WAGERING ACCOUNT

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2091.5. Suspending an Exchange Wagering Account.

(a) An exchange provider may suspend any exchange wagering account if the provider has reason to believe that the account holder may have committed acts of fraud in connection with exchange wagering or any other action or inaction which threatens the integrity or fairness of any exchange wagering, or is otherwise ineligible to hold the account.

(b) The exchange provider shall immediately notify the Board by electronic mail if it suspends an account due to fraud in connection with exchange wagering or any other action or inaction which threatens the integrity or fairness of any exchange wagering. The provider shall also submit to the Board a written account of the suspension that at minimum states:

- (1) The name of the person whose account was suspended;
- (2) The date and time of the suspension;
- (3) The reason for suspending the account;
- (4) The results of any investigation associated with the suspension of the account.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2091.6. POWERS OF THE BOARD TO REVIEW AND AUDIT RECORDS

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2091.6. Powers of the Board to Review and Audit Records.

The Board shall have access for review and audit, to all records and financial information of an exchange provider. The information shall be made available upon notice from the Board, at all reasonable times to the extent such disclosure is not prohibited by law. Board access to and use of information concerning exchange wagering transactions and account holders shall be considered proprietary to the exchange provider and shall not be disclosed publicly except as may be required by law.

Authority: Sections 19420, 19433, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5(e)(4),
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
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ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2092. EXCHANGE WAGERS PLACED AFTER THE START OF A RACE

Regular Board Meeting
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2092. Exchange Wagers Placed After the Start of a Race.

(a) As reflected in the exchange provider's operating plan, and as approved by the Board, an exchange provider may accept wagers placed on a market after the start of a live race but before the results of that race have been declared official.

(b) No exchange wagers shall be placed on a market after the conclusion of a live race.

(c) Exchange wagering on previously run races is prohibited.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5(k),
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2092.5. PROHIBITIONS ON WAGERS TO LAY A HORSE TO LOSE

Regular Board Meeting
June 28, 2012

2092.5. Prohibitions on Wagers to Lay a Horse to Lose.

(a) No exchange wager that lays a horse to lose may be made by a person who owns such horse in whole or in part, nor shall an exchange wager to lay the horse to lose be made by:

- (1) The trainer or assistant trainer who trains the horse;
- (2) The authorized agent who represents the owner of the horse;
- (3) The jockey or driver who rides or drives the horse;
- (4) The jockey agent who represents the jockey who rides the horse;
- (5) The valet who attends the jockey; or
- (6) Any stable employee of the trainer who trains the horse.

(b) Nor shall any of the persons named in subsection (a) of this regulation instruct another person to lay a horse to lose on their behalf, or receive the whole or any part of any proceeds of such a lay.

(c) No exchange wagering account shall be used to lay a horse to lose, except by the account holder. All wagers that lay a horse to lose will be presumed to be effected by, and for the benefit of, the account holder.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5(e)(3)(A),
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2092.6. SUSPENSION OF OCCUPATIONAL LICENSE

Regular Board Meeting
June 28, 2012

2092.6. Suspension of Occupational License.

(a) The Board of Stewards may suspend the license of any person if it determines there is probable cause to believe that such person may have committed acts of fraud in connection with exchange wagering or any other action or inaction which threatens the integrity or fairness of any exchange wagering.

(b) Such suspension of license shall be for a period of time designated by the Board of Stewards, unless otherwise determined by the Board.

(c) The licensee may make an appeal to the Board by complying with the provisions of Rule 1761 of this division.

Authority: Sections 19420, 19440, 19460, 19461, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19461, 19593 and 19604.5,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 27. EXCHANGE WAGERING
PROPOSED ADDITION OF
RULE 2093. CERTAIN PRACTICES RELATED TO EXCHANGE WAGERING

Regular Board Meeting
June 28, 2012

2093. Certain Practices Related to Exchange Wagering.

(a) The exchange provider shall provide an account holder with information on the race, including the track where the race will take place and the names of the participating horses before the account holder may place an exchange wager.

(b) The exchange provider shall require the account holder making the exchange wager to select the specific race and horse for the wager. The exchange provider may not offer automatic, quick-pick, or similar features to aid in the placing of an exchange wager.

(c) The exchange provider shall not display the results of an exchange wager through the use of video or mechanical reels or other slot machine or casino game themes, including, but not limited to, dice games, wheel games, card games, and lotto.

Authority: Sections 19420, 19440, 19590 and 19604.5,
Business and Professions Code.

Reference: Sections 19593 and 19604.5(e)(3),
Business and Professions Code.

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



May 11, 2012

SUBJECT: DRAFT CHRB FORM 229 (NEW 05/12) APPLICATION FOR LICENSE TO OPERATE EXCHANGE WAGERING

Attached is a draft copy of the California Horse Racing Board (CHRB) form 229 (New 05/12) Application for License to Operate Exchange Wagering (CHRB 229). In anticipation of the completion of the rulemaking process to allow exchange wagering in California, the CHRB is accepting applications.

Interested parties may submit a completed CHRB 229 to Board headquarters offices. The attached CHRB 229 is in a draft form and may be subject to change before final approval of the rulemaking file by the Office of Administrative Law.

If the CHRB 229 is approved as is, applicants will not be required to submit a new CHRB 229.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jacqueline Wagner".

Jacqueline Wagner,
Assistant Executive Director

STAFF ANALYSIS

June 28, 2012

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

Senate Bill (SB) 1072, (Calderon), Chapter 283 Statutes of 2010 added Business and Professions Code section 19604.5 which authorizes exchange wagering in California. At the March 22, 2012, Regular Meeting, the Board approved for notice Article 27, Exchange Wagering, which is comprised of 25 proposed regulations. The proposed regulations including the Application for License to Operate Exchange Wagering are pending approval by the Office of Administrative Law (OAL). In anticipation of the completion of the rulemaking process to allow exchange wagering in California, applications have been accepted from interested parties.

Betfair (Betfair) US LLC filed an application for a license to operate exchange wagering at Los Alamitos Race Course. The applicant proposes to operate 24 hours a day, 7 days a week. Betfair has applied for a two-year license effective July 1, 2012 through June 30, 2014. Proposed Rule 2086.5, Application for License to Operate Exchange Wagering, allows for a two-year license term.

Betfair operates TVG, which is an advance deposit wagering (ADW) provider licensed with the Board through December 31, 2012. The proposed application from Betfair identifies its financial interest in ODS Technologies, L.P. d/b/a TVG Network. There is a Betfair exchange wagering operation in the United Kingdom. However, the applicant does not state that it has any ties to the Betfair exchange wagering operations in the United Kingdom. The applicant provides "*Betfair US LLC does not currently offer exchange wagering to patrons in any jurisdiction inside or outside of the United States.*"

Business and Professions Code section 19604.5 (b)(1) provides exchange wagering shall only be conducted by an exchange wagering licensee pursuant to a valid exchange wagering license issued by the Board. Business and Professions Code section 19604.5 (e)(6), provides that the Board may recover any costs associated with the licensing or regulation of exchange wagering from the exchange wagering licensee by imposing an assessment on the exchange wagering licensee in an amount that does not exceed the reasonable costs associated with the licensing or regulation of exchange wagering. Funds received pursuant to this subdivision shall be deposited in the Horse Racing Fund, to be available upon appropriation by the Legislature for the sole purpose of regulating exchange wagering. Proposed Rule 2086.5, Application for License to Operate Exchange Wagering, stipulates a certified check in the amount of \$1,400,000 payable to the California Horse Racing Board, or an amount to be determined by the Board to fulfill Business and Professions Code section 19604.5(e)(6).

Business and Professions Code section 19604.5 states specific provisions must be met before an exchange wagering provider may accept thoroughbred wagers on horse races from persons whose primary residence address is in the northern and central/southern zone of California; and specific requirements for quarter and standardbred wagers accepted from a resident whose primary residence address is in California:

Summary of B&P code 19604.5 (b)(6)

An exchange wagering licensee may only offer exchange wagering on quarter horse races, conducted within or outside of this state, to persons whose primary residence address is in this state

if it has an exchange wagering agreement with the racing association or racing fair and the horsemen's organization responsible for negotiating purse agreements for the live quarter horse racing meeting.

19604.5 (f)(1)

The board shall not approve an application for an original or renewal license as an exchange wagering licensee 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.

19604.5 (k)

Provides exchange wagers placed on a market after the start of a race shall be lawful if authorized by the Board, racing association, or racing fair conducting the races, and the horsemen's organization responsible for negotiating purse agreements for the breed on which the exchange wager is made.

The Betfair application identified the following breed of races on which they propose to offer exchange wagering:

- Quarter horse wagers from persons whose primary residence address is in California.
- Betfair proposes to accept wagers after the start of the race however its agreement does not address the issue.

Documents received in compliance with Business and Professions Code section 19604.5:

- Betfair US LLC/ODS Technologies, L.P. d/b/a TVG Network agreement between Los Alamitos Quarter Horse Racing Association and Pacific Coast Quarter Horse Racing Association.
- TVG agreement with Local 280 labor organization.

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

1. License fee.
2. Contract and/or agreements required pursuant to Business and Professions Code section 19604.5 that allows Betfair to accept wagers after the start of the race.
3. CHRFB License: Stephen Burn, Tom Large and Mark Tompkins.

Gene Livingston, of Greenberg Traurig, LLP, a law firm representing TwinSpires a subsidiary of Churchill Downs, submitted a letter dated June 14, 2012, questioning why the exchange wagering application process has been initiated without the final exchange wagering regulations in place. Mr. Livingston's letter provides that in Churchill's judgment, the preferable approach would be to get the regulation in place before accepting applications.

Edward Allred, Los Alamitos Quarter Horse Racing Association (LAQHRA), Dominic Alessio, Pacific Coast Quarter Horse Racing Association (PCQHRA), submitted letters dated June 12, 2012, in support of Betfair's application to conduct exchange wagering on live races at LAQHRA. David Elliott, California Exposition and State Fair, submitted a letter dated June 17, 2012, in support of the Betfair application to conduct exchange wagering on live races from Los Alamitos Race Course. Jack Liebau of Hollywood Park submitted a letter dated June 19, 2012 in support of the application of Betfair US to conduct exchange wagering on Los Alamitos' live racing.

RECOMMENDATION:

If the application is considered for approval, staff recommends an approval contingent upon successful completion of the regulatory review process by the Office of Administrative Law.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD (CHRB)
APPLICATION FOR LICENSE TO OPERATE EXCHANGE WAGERING
CHRB-229 (New 5/12)

Application is hereby made to the California Horse Racing Board (CHRB) for approval to conduct exchange wagering in accordance with the California Business and Professions Code section 19604.5, Chapter 4, Division 8, California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct exchange wagering.

The applicant must supply complete responses. The information is to be provided as of the date of this application unless otherwise specified. The applicant may refer to an exhibit/attachment in response to a question; however, you must specify the page number and line in which the text is responsive.

NOTICE – By submitting the application the applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

No application for a license to operate exchange wagering shall be granted unless the applicant has deposited with the Board a certified check in the amount of \$1,400,000 payable to the California Horse Racing Board, or an amount to be determined by the Board to fulfill Business and Professions Code section 19604.5 (e)(6), which provides that the Board may recover any costs associated with the licensing or regulation of exchange wagering from the exchange wagering licensee by imposing an assessment on the exchange wagering licensee in an amount that does not exceed the reasonable costs associated with the licensing or regulation of exchange wagering. Funds received pursuant to this subdivision shall be deposited in the Horse Racing Fund, to be available upon appropriation by the Legislature for the sole purpose of regulating exchange wagering.

1. APPLICANT INFORMATION

Company name: Betfair US LLC

Facility address: 6701 Center Drive West, Suite 800

City: Los Angeles

State: CA

Zip Code: 90045

Phone: (310) 242-9520

Fax: (310) 242-9501

Website: www.us.betfair.com

County: Los Angeles

CHRB CERTIFICATION

Application received: 5/31/12	Hearing date: 6/28/12
Cashier check received:	Approved date:
Reviewed: <i>api</i>	License number:

2. CONTACT PERSON (authorized representative)

Name and title of contact: John Hindman

Business name and address: Betfair US LLC, 6701 Center Drive West, Suite 800

City: Los Angeles	State: CA	Zip Code: 90045
Phone: (310) 242-9520	Fax: (310) 242-9501	County: Los Angeles

Email address: jhindman@tvig.com

3. CALIFORNIA AGENT FOR RECEIPT OF SERVICE OF PROCESS

Name and title of contact: John Hindman

Business name and address: Betfair US LLC, 6701 Center Drive West, Suite 800

City: Los Angeles	State: CA	Zip Code: 90045
Phone: (310) 242-9520	Fax: (310) 242-9501	County: Los Angeles

Email address: jhindman@tvig.com

4. MANAGEMENT PERSONNEL

NOTICE TO APPLICANT: All management personnel responsible for the California operations must be CHRB licensed. Business and Professions Code section 19604.5 (e) (5) provides the Board may reasonably require licensure or registration of officers or directors of any exchange wagering licensee.

List name, title, email address, phone and license number for all management personnel directly involved in management of exchange wagering. Identify which management staff is responsible for California operations:

Name and title	Email address	Phone	License No.	Responsible for California Operations
Stephen Burn, CEO	stephen.burn@betfair.com	(310) 242-9520	License pending	X Yes <input type="checkbox"/> No
Tom Large, Director, US Exchange	tom.large@betfair.com	(310) 242-9488	License pending	X Yes <input type="checkbox"/> No
BJ Cosson, VP of Wager Ops and Customer Relations	bicosson@tvig.com	(503) 748-3839	# 20730	X Yes <input type="checkbox"/> No
Mark Tompkins, VP Engineering	mark.tompkins@betfair.com	(415) 516-7836	License pending	X Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No

5. DATE OF OPERATION

NOTICE TO APPLICANT: CHRB Rule 2086.5 provides the term of the exchange wagering license shall not be more than two years from the date the exchange wagering license is issued, unless otherwise determined by the Board.

A. Dates applicant is proposing to conduct exchange wagering:

Beginning date: 07/01/2012

Ending date: 06/30/2014

B. Dates exchange wagering will not be conducted: N/AC. Indicate the days and hours exchange wagering will be conducted below:

<u>Days: All 7 days per week</u>	<u>Hours: 24 hours/day</u>
<u>Sunday</u>	24 hours/day
<u>Monday</u>	24 hours/day
<u>Tuesday</u>	24 hours/day
<u>Wednesday</u>	24 hours/day
<u>Thursday</u>	24 hours/day
<u>Friday</u>	24 hours/day
<u>Saturday</u>	24 hours/day

6. BUSINESS STRUCTUREA. Identify your business structure (below):

- Corporation (complete subsection B and E)
 LLC (complete subsection C and E)
 Other (Specify and complete subsection D and E)

B. CORPORATION

1. Registered name of the corporation:
2. State and/or country where incorporated:
3. Registry or file number for the corporation:
4. Names of all officers and directors, titles, and the 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:

A. Is parent and/or paired corporation or entity a publically traded or privately held company that guarantees the obligation of the applicant? If no, proceed to section E.

If yes, answer questions 10-17. Yes No

10. Registered name of the corporation:

11. State and/or country where incorporated:

12. Registry or file number for the corporation:

13. Names of all officers and directors, titles, and the number of shares of the corporation held by each:

14. 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:

15. Number of outstanding shares in the corporation:

16. Are the shares listed for public trading? Yes No

17. If yes, on what exchange and how is the stock listed:

18. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:

19. 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: Betfair US LLC

2. State and/or country where articles of organization are filed: Delaware, USA

3. Registry or file number for the LLC: File Number 4927807

4. Attach a list of the names of all members (including individuals (true names), corporations, other LLCs and or foreign entities), titles, and the number of shares of the LLC held by each:

ODS Holding LLC is the sole member and owns 100% of the ownership units of Betfair US LLC

5. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:

6. 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:

ODS Holding LLC is the sole member and owns 100% of the ownership units of Betfair US LLC

A. Is parent and/or paired entity either a publically traded or privately held company that guarantees the obligation of the applicant? If no, proceed to section E. If yes, answer questions 7-13

Yes No

7. Registered name of the LLC/Corporation:
8. State and/or country where articles of organization are filed:
9. Registry or file number for the LLC:
10. Attach a list of the names (true names) of all members (members may include individuals, corporations other LLCs and foreign entities), titles, and the number of shares of the LLC held by each:
11. Are the shares listed for public trading? Yes No
12. If yes, on what exchange and how the stock is listed:
13. 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.

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.

E. FINANCIAL INFORMATION *

1. Attach the most recent audited annual financial statement or financial report for the applicant. Attach a separate audited annual financial statement for the applicants California operations. The financial statement or financial report shall include all relevant financial information specific to the applicant including:

ODS Holding LLC is the sole member and owns 100% of the ownership units of Betfair US LLC. Betfair US LLC financials are consolidated within Betfair Group PLC financials for public and shareholder reporting purposes. To that extent, please find attached Appendices 1 and 2 that detail the Betfair Group annual reports for the 2010 and 2011 financial years respectively.

- Statement of Financial Position: also referred to as a balance sheet. Statement should report on applicant's assets, liabilities, contingent liabilities and ownership equity as of the date of the prepared statement.

Betfair Group Balance Sheets for 2010 and 2011 can be found on pages 9 and 60 within Appendices 1 and 2 respectively.

- Statement of Comprehensive Income: also referred to as Profit and Loss ("P&L") Statement. Statement should include report on applicant's income, expenses, and profits.

Betfair Group Profit and Loss statements for 2010 and 2011 can be found on pages 8 and 58 within Appendices 1 and 2 respectively.

- Profit and Loss statement for prior two years and Profit and Loss statement for projected year.

Betfair Group Profit and Loss statements for 2010 and 2011 can be found on pages 8 and 58 within Appendices 1 and 2 respectively. Betfair US LLC projected Profit and Loss for year one of operation in California can be found on page 1 of Appendix 10.

- Statement of Changes in Equity: to include the changes of the applicants' equity through the reporting period.

Betfair Group Changes in Equity for 2010 can be found within the consolidated Balance Sheets on pages 9 of Appendix 1. The Statement of Changes in Equity for 2011 can be found on page 61 of Appendix 2.

- Statement of Cash Flows: to include a report of the applicant's cash flow activity, particularly its operating investing and financing activities during the reporting period.

Betfair Group Cash Flow statements for 2010 and 2011 can be found on pages 10 and 61 within Appendices 1 and 2 respectively.

- 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.

Appendix 2 details the Betfair Group PLC 2011 annual report. This report was made available to all shareholders in July 2011.

2. Provide certification from the Chief Financial Officer that the account holders' funds will not be commingled with any other funds pursuant to CHRB rule 2086.6.

Appendix 3 contains a letter from TVG-Betfair VP, Finance certifying that account holder' funds will not be commingled with company or any other funds. The relevant information is displayed on page 1 of the appendix.

*NOTICE TO APPLICANT: The financial information provided pursuant to subsection (E) above is exempt from disclosure pursuant to Government Code section 6254(k) and non-disclosable to the public.

7. ORGANIZATIONAL INFORMATION

- A. Provide a detailed organizational chart for the applicant company and parent company if applicable.

Appendix 4 contains the Betfair US LLC organizational chart. The relevant information is displayed on page 1 of the attachment.

- B. List all jurisdictions inside and outside of the United States in which you offer exchange wagering to patrons.

Betfair US LLC does not currently offer exchange wagering to patrons in any jurisdiction inside or outside of the United States.

- C. Does the applicant or parent company hold a financial interest in the following (mark all that apply):

- Race track
 Casino
 Advance deposit wagering

If you have indicated you have an interest in any of the above identify name and address of business interest.

ODS Technologies, L.P. d/b/a TVG Network
 6701 Center Drive West, Suite 800
 Los Angeles, CA 90045

- D. What contributions is the applicant making to the California horse racing industry?

Betfair US operations will begin with the California exchange wagering operation being applied for in this application. To establish the operation, Betfair US has invested over \$10 million to design, construct and house an exchange wagering system in Sacramento, California. We have added over 80 employees in our Los Angeles headquarters and our San Francisco technology center. Additionally, our sister company TVG is the largest ADW company in California, contributes over \$40 million a year to California racetracks and horsemen, is the largest sponsor of racing and tracks in California and televises California racing on a daily basis into over 36 million television households nationwide. Finally, we have entered into a 5 year agreement for naming rights, infrastructure investment, advertising, sponsorship and marketing with Hollywood Park Racing Association—the first of its kind in the US.

- E. Has there been any action initiated against the applicant its parent, any of its directors, partners, officers or subsidiary corporation this year, or in the last year, by any court or regulatory agency? If so, please identify the issue.

No

8. TRACK AGREEMENT AND HORSEMEN ORGANIZATION APPROVAL

EXCHANGE WAGERING LICENSING REQUIREMENTS

Business and Professions Code section 19604.5, identifies specific provisions that must be met before an exchange wagering provider may accept thoroughbred wagers on horse races from persons whose primary residence address is in the northern and central/southern zone of California; and specific requirements for quarter and standardbred wagers accepted from a resident whose primary residence address is in California:

Business and Professions Code section 19604 (b)(4) provides an exchange wagering licensee may only offer exchange wagering on thoroughbred horse races, conducted within or outside of this state, to persons whose primary residence address is in the northern zone of this state if it has an exchange wagering agreement with the racing association/fair located in the northern zone authorized by the Board when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is in the northern zone of this state, and the horsemen's organization responsible for negotiating purse agreements for a live thoroughbred racing meeting.

Business and Professions Code section 19604.5 (b)(5) provides an exchange wagering licensee may only offer exchange wagering on thoroughbred horse races, conducted within or outside of this state, to persons whose primary residence address is in the central/southern zone of this state if it has an exchange wagering agreement with the racing association or racing fair located in the central/southern zone authorized by the Board, when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is in the central/southern zone of this state, and the horsemen's organization responsible for negotiating purse agreements for a live thoroughbred racing meeting.

Business and Professions Code section 19604 (b)(6) provides an exchange wagering licensee may only offer exchange wagering on quarter horse races, conducted within or outside of this state, to persons whose primary residence address is in this state if it has an exchange wagering agreement with the racing association or racing fair located in the state authorized by the Board to conduct a live quarter horse racing meeting, when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is this state, and the horsemen's organization responsible for negotiating purse agreements for the live quarter horse racing meeting.

Business and Professions Code section 19604 (b)(7) provides an exchange wagering licensee may only offer exchange wagering on standardbred horse races, conducted within or outside of this state, to persons whose primary residence address is in this state if it has an exchange wagering agreement with the racing association or racing fair located in the state authorized by the board to conduct a live standardbred racing meeting, when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is this state, and the horsemen's organization responsible for negotiating purse agreements for the live standardbred racing meeting.

Business and Professions Code section 19604 (k) provides exchange wagers placed on a market after the start of a race shall be lawful if authorized by the Board, racing association, or racing fair conducting the races, and the horsemen's organization responsible for negotiating purse agreements for the breed on which the exchange wager is made.

Identify the breed of races (8A through 8E) on which exchange wagering will be offered. Attach a copy of each agreement permitting these wagers.

(* If you do not have the required agreements permitting you to accept wagers in compliance with Business and Professions Code section 19604.5, you must attach a letter addressing the status of the outstanding document(s). Please reference section 8 and the title of the outstanding agreement you are addressing. The letter must include the status of negotiations and the outstanding issues that need to be resolved and an estimated completion date for each outstanding agreement.

If the information required in response to 8A through 8E is in one agreement provide a single copy of the document.

- A. Thoroughbred wagers from persons whose primary residence address is in the northern zone of California.
1. Do you have an agreement with a racing association or fair that allows you to accept thoroughbred wagers in the northern zone? Yes No
 - a. If yes, identify which thoroughbred association or fair the agreement is with and provide a copy:
 - b. If no, see above instructions (*).
 2. Do you have an agreement with the horsemen's organization that allows you to accept thoroughbred wagers in the northern zone? Yes No
 - a. If yes, provide a copy of the agreement.
 - b. If no, see above instructions (*).
- B. Thoroughbred wagers from persons whose primary residence address is in the central/southern zone of California.
1. Do you have an agreement with a racing association or fair that allows you to accept thoroughbred wagers in the central/southern zone? Yes No
 - a. If yes, identify which thoroughbred association or fair the agreement is with and provide a copy:
 - b. If no, see above instructions (*).
 2. Do you have an agreement with the horsemen's organization that allows you to accept thoroughbred wagers in the central/southern zone? Yes No
 - a. If yes, provide a copy of the agreement.
 - b. If no, see above instructions (*).
- C. Quarter wagers from persons whose primary residence address is in California.
1. Do you have an agreement with a racing association or fair that allows you to accept quarter horse wagers in California? Yes No
 - a. If yes, identify which quarter association or fair the agreement is with and provide a copy:

Los Alamitos Race Course. A copy of the agreement is provided in Appendix 12.
 - b. If no, see above instructions (*).
 2. Do you have an agreement with the horsemen's organization that allows you to accept quarter horse wagers in California? Yes No
 - a. If yes, provide a copy of the agreement.

A copy of the agreement is provided in Appendix 12.
 - b. If no, see above instructions (*).

D. Standardbred wagers from persons whose primary residence address is in California.

1. Do you have a contract and/or agreement with a racing association, fair that allows you to accept standardbred wagers in California? Yes No

a. If yes, identify which standardbred association/fair the agreement is with and provide a copy: _____

b. If no, see above instructions (*).

2. Do you have an agreement with the horsemen's organization that allows you to accept standardbred horse wagers in California? Yes No

a. If yes, provide a copy of the agreement.

b. If no, see above instructions (*).

E. Wagers will be accepted after the start of the race.

1. Do you have an agreement that allows you to accept wagers after the start of the race with a racing association or fair that conducts the races? Yes No

a. If yes, identify which association/fair the agreement is with and provide a copy:

Los Alamitos Race Course. A copy of the agreement is provided in Appendix 12.

b. If no, see above instructions (*).

2. Do you have a contract and/or agreement with the horsemen's organization that allows you to accept wagers after the start of the race? Yes No

a. If yes, provide a copy of the agreement.

A copy of the agreement is provided in Appendix 12.

b. If no, see above instructions (*).

9. LABOR ORGANIZATION

NOTICE TO APPLICANT: Business and Professions Code section 19604.5 (f) (1) provides the Board shall not approve an application for an original or renewal license as an exchange wagering 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.

A. Do you have a labor agreement for the applied term of the application? Yes No

1. If yes, answer questions B - D.

2. If no, answer question E.

B. If yes, what is the name of the bona fide labor organization?

PMGE Local 280

C. What is the term of the agreement? (Begin date): (End date):

Begins with issuance of exchange wagering license by CHRB. No set end date.

D. Provide a copy of the labor agreement.

Appendix 5 contains a copy of the agreement.

E. If no, have you been in contact with a labor organization? Yes No

1. If yes, what was the date of contact?

2. Include a letter with your application titled (Labor Status) addressing the status of the current labor negotiations. Include, date of last negotiation contact, remaining issues that need to be resolved and an estimated completion date.

10. ESTABLISHING EXCHANGE WAGERING ACCOUNTS

NOTICE TO APPLICANT: CHRB Rule 2089.5 provides that specific provisions must be met to establish an exchange wagering account. Business and Professions Code section 19604.5 (c) provides in part only natural persons with valid exchange wagering accounts may place wagers through an exchange. To establish an exchange wagering account, a person shall be at least 18 years of age and a resident of California or of another jurisdiction within which the placement of exchange wagers would not be unlawful under United States federal law or the law of that jurisdiction.

A. Provide a detailed listing of the procedures to be used for establishing an account (must comply with rule 2089.5):

1. Customers must be at least 21 years of age to establish an exchange wagering account.

2. Customers can establish an account on the Internet at www.us.betfair.com, by providing the following information:

- Name
- Social Security Number
- Date of Birth
- Principal Residence Address Including Postal ZIP Code
- Telephone Number

3. Each application submitted to Betfair is subject to electronic verification by a nationally recognized third party information services provider with respect to name, principal residence address including postal zip code, date of birth and Social Security Number. If there is a discrepancy between the application information submitted to Betfair and the information provided by the electronic verification described above, or if no information on the applicant is available from such electronic verification, the applicant will be required to provide identification issued

by a recognized government agency (driver's license or government ID) showing his or her date of birth and residence address to complete the application process.

4. Each applicant is asked to establish a unique Betfair username and alpha-numeric password.
- B. Provide a copy of the form and terms of agreement used to establish an account for an account holder.

A copy of the application form available on www.us.betfair.com is provided as Appendix 6 to this document. A copy of the account holder terms and wagering rules are provided in Appendices 7 and 8 respectively.

- C. Name and address of the third party you will use to verify identity, residence and age verification:

Equifax Credit Information Services
P.O. Box 4472
Atlanta, GA 30302

11. LOCATION AND PHYSICAL PLANT

- A. Do you have a call center to accept verbal wagers? Yes No
If so, what is the name, address and phone number of the location?
- B. What is the website address available for patrons to place wagers:
www.us.betfair.com
- C. Do you have a location in which patrons can place a wager in person: Yes No
If so, what is the name, address and phone number of the location?

12. OPERATION OF EXCHANGE WAGERING ACCOUNTS

- A. Submit a copy of your detailed operating plan pursuant to CHRB Rule 2086.6. Plan must include all items outlined in CHRB Rule 2086.6 including:
1. a detailed report of the daily operation of the exchange
 2. a description of policy to prevent commingling of account holders' funds with any other funds.
 3. management policy of customer accounts including deposit, withdrawals, debits and credits.

A copy of the detailed operating plan is provided as Appendix 9 to this document.

B. List the type of deposits you will accept:

Deposits will be accepted in the form of:

1. Check, money order or negotiable order of withdrawal;
2. Cash (at designated financial/retail outlets);
3. Charges made to an account holder's credit card or debit card upon the direct and personal instruction of the account holder, which may be given by telephone or other secure electronic means;
4. Transfer by means of an electronic funds or ACH (Automated Clearing House) transfer from a monetary account controlled by an account holder to his/her account, said account holder may be liable for any charges imposed by the transmitting or receiving entity with such charges to be deducted from the account;
5. Stored value cards; and
6. Wire transfers.

C. Identify any fees or transaction-related charges and the amount that will be assessed:

1. Commission on net winnings – a commission equal to ten per cent (10%) of net market winnings (i.e. any profits arising from the aggregate position of all wagers placed and subsequently matched on a single wagering proposition) will be collected by Betfair at the point of market settlement from all winning account holders in that market.
2. Deposit fees – Betfair intends to charge a service fee for deposits made via specific methods (e.g. credit and debit cards). Any deposit fees of this nature will be made visible to the account holder prior to the deposit being processed. Initially, it is likely that any deposit fees will be waived for a promotional period.
3. Dormant account fees – after a period of at least six months' inactivity, \$1.75 will be debited from the 'dormant' account each month until the account balance reaches \$0 or the account becomes reactivated (i.e. wagering activity occurs on the account).

13. SECURITY POLICY

NOTICE TO APPLICANT: Business and Professions Code section 19604.5 (d) provides in part the Board shall approve, as part of the exchange wagering licensee's application for an exchange wagering license, security policies and safeguards to ensure player protection and integrity, including, but not limited to, provisions governing the acceptance of electronic applications for persons establishing exchange wagering accounts, location and age verification confirmation for persons establishing exchange wagering accounts, the use of identifying factors to ensure security of individual accounts, and the requirements for management of funds in exchange wagering accounts. An exchange wagering licensee may not accept a wager, or series of wagers, if the results of the wager or

wagers would create a liability for the exchange wagering account holder that is in excess of the funds on deposit in the exchange wagering account of that holder.

- A. Attach your security access policy and safeguards pursuant to Business and Professions Code section 19604.5 (d). Policy must include the following:

A copy of Betfair US LLC's security policy is provided in Appendix 11.

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

The relevant information is displayed on page 1 (section 1.1) of Appendix 11.

2. Description of the technology to ensure confidentiality of the means of personal identification:

The relevant information is displayed on page 1 (section 1.2) of Appendix 11.

3. Methods available for account holders to withdraw funds from their account:

An account holder may authorize by mail (with a valid withdrawal slip), by telephone, by other secure electronic means (with presentation of appropriate account number and means of personal identification), or in person at designated retail outlets (with presentation of appropriate identification and account information) a withdrawal from his/her account. Established procedures and security measures (including appropriate electronic apparatus) will be utilized to identify the account holder and all telephonic conversations will be recorded. Withdrawals will be processed, according to customer preference, by check or via ACH transfer direct to the customer's authorized bank account.

- B. Attach a copy of your information security incident management policy.

1. Have you had any computer related security issues this year, or in the last year, with data, data storage or hardware? Yes No
2. If yes, please identify the issue.

- C. Provide the name, address, phone number and hours of operation of the location in which the physical and electronic data will be will be stored:

Herakles Data Center
1100 North Market Blvd
Sacramento CA 95834
+1 916-679-2170
Operating Hours: 365/24/7

14. ENFORCEMENT OVERSIGHT

NOTICE TO APPLICANT: Business and Professions Code section 19604.5 (d) provides in part the Board shall approve, as part of the exchange wagering licensee's application for an exchange wagering license, security policies

and safeguards to ensure player protection and integrity. CHRB Rule 2091.5 (b) states the exchange provider shall immediately notify the Board if it suspends an account due to probable fraud in connection with exchange wagering. The provider shall also submit to the Board a written account of the suspension.

A copy of Betfair US LLC's enforcement oversight policy and other relevant information is provided in Appendix 11.

A. Identify the physical location of the applicant's security oversight operation.

The relevant information is displayed on page 1 (section 2.1) of Appendix 11.

B. Attach an organizational chart including chain of command and contact information (phone number and email address) for key members of the applicant's security oversight operation.

The relevant information is displayed on page 2 (section 2.4) of Appendix 11.

C. Describe what forensic and analytical tools will be used for the oversight/enforcement of exchange wagering security.

The relevant information is displayed on page 2 (section 2.3) of Appendix 11.

15. CONTRACTS AND AGREEMENTS

A. List name, address and phone number of all organizations you will contract with to facilitate exchange wagering:

<u>Company name, address and phone:</u>	<u>Describe services:</u>
Equifax Credit Information Services P.O. Box 4472 Atlanta, GA 30302 (800) 829 4577	Player identity verification
MEA Digital 1111 6th Ave, 6th Floor San Diego, California 92101 (T) 619.308.5266	General marketing services.

16. ADVERTISING

A. Name and address of the advertising agency you will use:

MEA Digital
 1111 6th Ave, 6th Floor
 San Diego, California 92101
 (T) 619.308.5266 (F) 619.238.8923

B. Describe marketing strategies planned for exchange wagering:

Betfair's exchange wagering marketing strategy includes an integrated mix of online and offline efforts directed towards both the TVG customer base and the non-traditional California audience. Additionally, database driven contact strategies will be developed to enable customer segmentation, personalization and offer versioning. Reporting and analysis will be tied to all efforts to ensure optimized results.

C. What marketing contribution is the applicant making to the California horse racing industry?

Betfair US operations will begin with the California exchange wagering operation being applied for in this application. However, our sister company TVG is the largest ADW company in California, contributes over \$40 million a year to California racetracks and horsemen, is the largest sponsor of racing and tracks in California and televises California racing on a daily basis into over 36 million television households nationwide. We have also recently entered into a 5 year agreement for naming rights, infrastructure investment, advertising, sponsorship and marketing with Hollywood Park Racing Association—the first of its kind in the US.

D. What innovative programs have been created by the applicant to help invigorate the California horse racing industry?

The core proposition of exchange wagering is Betfair's major innovation and is proven to help invigorate racing by attracting a younger audience of player that don't wager via the traditional system.

In order to sensitize this population of would-be player, Betfair has developed sophisticated player and referral programs, in addition to robust retention efforts and quality customer relation programs. In addition to incremental revenues raised directly, there is strong evidence to suggest that a number of new exchange wagering players that would otherwise have no interest in the sport of Racing, go on to become general fans of the sport, increasing revenues through direct participation, and also through incremental traditional wagering handle.

E. Will there be rebate programs offered? If so, identify the programs.

All players wagering on the exchange platform will have the opportunity to earn a monthly 'Player Pool' bonus. The bonus will be proportional to the total amount of market winnings and losses accumulated in the previous month. Initially, the table below specifies the criteria for qualifying for the Player Pool bonus at each successive level of monthly markets wins and losses.

Monthly market wins and losses	Player Pool Percentage
\$500	1.0%
\$1,000	1.1%
\$2,500	1.2%
\$5,000	1.3%
\$10,000	1.4%
\$25,000	1.5%
\$50,000	1.6%
\$100,000	1.7%
\$250,000	1.8%
\$500,000	1.9%
\$1,000,000	2.0%

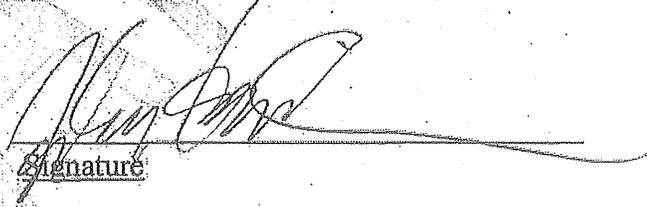
For example, if Player A wins and loses a total of \$10,500 during July, he will qualify for a Player Pool bonus of 1.4% of total wins and losses. Accordingly, a credit of \$147 ($\$10,500 \times 1.4\%$) will be applied to Player A's Betfair account at the start of August.

17. 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.

John Hindman

Print Name



Signature

General Counsel

Print Title SR. U.P. Communicator

June 6, 2012

Date

STAFF ANALYSIS

June 28, 2012

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

Senate Bill (SB) 1072, (Calderon), Chapter 283 Statutes of 2010 added Business and Professions Code section 19604.5 which authorizes exchange wagering in California. At the March 22, 2012, Regular Meeting, the Board approved for notice Article 27, Exchange Wagering, which is comprised of 25 proposed regulations. The proposed regulations including the Application for License to Operate Exchange Wagering are pending approval by the Office of Administrative Law (OAL). In anticipation of the completion of the rulemaking process to allow exchange wagering in California, applications have been accepted from interested parties.

Churchill Downs Technology Initiatives Company (CDTIC) filed an application for a license to operate exchange wagering for all breeds. The applicant proposes to operate 24 hours a day, 7 days a week, dependent upon the content available and agreement with tracks. CDTIC has applied for a two-year license effective upon Board approval. Proposed Rule 2086.5, Application for License to Operate Exchange Wagering, allows for a two-year license term.

CDTIC also operates Twinspires an advance deposit wagering (ADW) provider licensed with the Board through December 31, 2012. CDTIC holds a financial interest in Arlington Park Racecourse, Churchill Downs Racetrack, Calder Casino & Racecourse, Fair Grounds Racecourse & Casino and Harlow's Casino Resort & Hotel.

Business and Professions Code section 19604.5 (b)(1) provides exchange wagering shall only be conducted by an exchange wagering licensee pursuant to a valid exchange wagering license issued by the Board. Business and Professions Code section 19604.5 (e)(6), provides that the Board may recover any costs associated with the licensing or regulation of exchange wagering from the exchange wagering licensee by imposing an assessment on the exchange wagering licensee in an amount that does not exceed the reasonable costs associated with the licensing or regulation of exchange wagering. Funds received pursuant to this subdivision shall be deposited in the Horse Racing Fund, to be available upon appropriation by the Legislature for the sole purpose of regulating exchange wagering. Proposed Rule 2086.5, Application for License to Operate Exchange Wagering, stipulates a certified check in the amount of \$1,400,000 payable to the California Horse Racing Board, or an amount to be determined by the Board to fulfill Business and Professions Code section 19604.5(e)(6).

Business and Professions Code section 19604.5 states specific provisions must be met before an exchange wagering provider may accept thoroughbred wagers on horse races from persons whose primary residence address is in the northern and central/southern zone of California; and specific requirements for quarter and standardbred wagers accepted from a resident whose primary residence address is in California:

Summary of B&P code 19604.5(b)(4)

An exchange wagering licensee may only offer exchange wagering on thoroughbred horse races, conducted within or outside of this state, to persons whose primary residence address is in the northern zone of this state if it has an exchange wagering agreement with the racing association/fair

located in the northern zone and the horsemen's organization responsible for negotiating purse agreements for a live thoroughbred racing meeting.

19604.5 (b)(5)

An exchange wagering licensee may only offer exchange wagering on thoroughbred horse races, conducted within or outside of this state, to persons whose primary residence address is in the central/southern zone of this state if it has an exchange wagering agreement with the racing association or racing fair located in the central/southern zone and the horsemen's organization responsible for negotiating purse agreements for a live thoroughbred racing meeting.

19604.5 (b)(6)

An exchange wagering licensee may only offer exchange wagering on quarter horse races, conducted within or outside of this state, to persons whose primary residence address is in this state if it has an exchange wagering agreement with the racing association or racing fair and the horsemen's organization responsible for negotiating purse agreements for the live quarter horse racing meeting.

19604.5 (b)(7)

An exchange wagering licensee may only offer exchange wagering on standardbred horse races, conducted within or outside of this state, to persons whose primary residence address is in this state if it has an exchange wagering agreement with the racing association or racing fair and the horsemen's organization responsible for negotiating purse agreements for the live standardbred racing meeting.

19604.5 (f)(1)

The board shall not approve an application for an original or renewal license as an exchange wagering licensee 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.

19604.5 (k)

Provides exchange wagers placed on a market after the start of a race shall be lawful if authorized by the Board, racing association, or racing fair conducting the races, and the horsemen's organization responsible for negotiating purse agreements for the breed on which the exchange wager is made.

The CDTIC application identified the following breed of races on which they propose to offer exchange wagering:

- Thoroughbred wagers from persons whose primary residence address is in the northern zone of California.
- Thoroughbred wagers from persons whose primary residence address is in the central/southern zone of California.
- Quarter horse wagers from persons whose primary residence address is in California.
- Standardbred wagers from persons whose primary residence address is in California.
- CDTIC proposes to accept wagers after the start of the race.

The pertinent contracts and/or agreements required pursuant to Business and Professions Code section 19604.5 that would allow an exchange wagering licensee to accept wagers on races conducted in and outside of California for the applied license term have not been received.

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

1. License fee.
2. Contract and/or agreements required pursuant to Business and Professions Code section 19604.5 that allows CDTIC to accept wagers.
3. Horsemen's Agreement(s).
4. Labor Agreement.
5. CHRB License: Jeremy Clemons.
6. Phone number and hours of operation for location physical/electronic data will be stored.
7. Physical location of security oversight operation.
8. Organization chart with chain of command for security oversight operation.
9. Description of forensic and analytical tools used for oversight/enforcement security.

Gene Livingston, of Greenberg Traurig, LLP, a law firm representing TwinSpires a subsidiary of Churchill Downs, submitted a letter dated June 14, 2012, questioning why the exchange wagering application process has been initiated without the final exchange wagering regulations in place. Mr. Livingston's letter provides that in Churchill's judgment, the preferable approach would be to get the regulation in place before accepting applications.

RECOMMENDATION:

If the application is considered for approval, staff recommends an approval contingent upon successful completion of the regulatory review process by the Office of Administrative Law.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD (CHRB)
APPLICATION FOR LICENSE TO OPERATE EXCHANGE WAGERING
CHRB-229 (New 5/12)

Application is hereby made to the California Horse Racing Board (CHRB) for approval to conduct exchange wagering in accordance with the California Business and Professions Code section 19604.5, Chapter 4, Division 8, California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct exchange wagering.

The applicant must supply complete responses. The information is to be provided as of the date of this application unless otherwise specified. The applicant may refer to an exhibit/attachment in response to a question; however, you must specify the page number and line in which the text is responsive.

NOTICE – By submitting the application the applicant consents to the jurisdiction of California courts and the application of California laws to all California wagers and operations.

No application for a license to operate exchange wagering shall be granted unless the applicant has deposited with the Board a certified check in the amount of \$1,400,000 payable to the California Horse Racing Board, or an amount to be determined by the Board to fulfill Business and Professions Code section 19604.5 (e)(6), which provides that the Board may recover any costs associated with the licensing or regulation of exchange wagering from the exchange wagering licensee by imposing an assessment on the exchange wagering licensee in an amount that does not exceed the reasonable costs associated with the licensing or regulation of exchange wagering. Funds received pursuant to this subdivision shall be deposited in the Horse Racing Fund, to be available upon appropriation by the Legislature for the sole purpose of regulating exchange wagering.

APPLICANT INFORMATION

Company name: Churchill Downs Technology Initiatives Company

Facility address: 800 W. El Camino Real, Suite 400

City: Mountain View

State: California

Zip Code: 94040

Phone: 877-774-7371

Fax: N/A

Website: twinspires.com

County: Santa Clara

CHRB CERTIFICATION

Application received: 5/29/12

Hearing date 6/28/12

Cashier check received:

Approved date:

Reviewed: [Signature]

License number:

2. CONTACT PERSON (authorized representative)

Name and title of contact: Brad Blackwell, Vice President

Business name and address: Churchill Downs Inc., 700 Central Avenue

City: Louisville

State: Kentucky

Zip Code: 40208

Phone: 502-636-4419

Fax: 502-636-4439

County: Jefferson

Email address: bblackwell@kyderby.com

3. CALIFORNIA AGENT FOR RECEIPT OF SERVICE OR PROCESS

Name and title of contact: CT Corporation System

Business name and address: 818 West Seventh Street

City: Los Angeles

State: California

Zip Code: 90017

Phone: (213) 627-8252

Fax: N/A

County: Los Angeles

Email address: N/A

4. MANAGEMENT PERSONNEL

NOTICE TO APPLICANT: All management personnel responsible for the California operations must be CHRB licensed. Business and Professions Code section 19604.5 (e) (3) provides the Board may reasonably require licensure or registration of officers or directors of any exchange wagering licensee.

List name, title, email address, phone and license number for all management personnel directly involved in management of exchange wagering. Identify which management staff is responsible for California operations:

Name and title	Email address	Phone	License No.	Responsible for California Operations
Mike Cody	Mike.cody@twinspires.com	650-429-2873	294715	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Jeremy Clemons	Jeremy.clemons@twinspires.com	650-429-2874	Requesting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Brad Blackwell	bblackwell@kyderby.com	502-636-4419	304449	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No

5. DATE OF OPERATION

NOTICE TO APPLICANT: CHRB Rule 2086.5 provides the term of the exchange wagering license shall not be more than two years from the date the exchange wagering license is issued, unless otherwise determined by the Board.

A. Dates applicant is proposing to conduct exchange wagering:

Beginning date: When approved by CHRB

Ending date: 2 years

B. Dates exchange wagering will not be conducted: Pursuant to license and agreements with tracks and horsemen.

C. Indicate the days and hours exchange wagering will be conducted below:

<u>Days</u>	<u>Hours</u>
<u>Sunday Yes</u>	<u>Up to 24 hours each day of the week day depending on content availability and agreements with tracks</u>
<u>Monday Yes</u>	
<u>Tuesday Yes</u>	
<u>Wednesday Yes</u>	
<u>Thursday Yes</u>	
<u>Friday Yes</u>	
<u>Saturday Yes</u>	

6. BUSINESS STRUCTURE

A. Identify your business structure (below):

- Corporation (complete subsection B and E)
- LLC (complete subsection C and E)
- Other (Specify and complete subsection D and E)

B. CORPORATION

1. Registered name of the corporation: Churchill Downs Technology Initiatives Company
2. State and/or country where incorporated: Delaware, United States
3. Registry or file number for the corporation: 4284783
4. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
 Robert Evans, Director
 William Carstanjen, Director
 Alan Ise, Director

Mike Cody, Vice President
 Jeremy Clemons, Vice President
 Brad Blackwell, Vice President

No officer or director holds any shares of applicant which is a wholly-owned subsidiary of Churchill Downs Incorporated, a publicly held company traded on NASDAQ under the symbol CHDN.

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: N/A

6. Number of outstanding shares in the corporation: 100
7. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
 Applicant is a wholly-owned subsidiary of Churchill Downs Incorporated which is a publicly traded company on NASDAQ under the symbol CHDN.
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: Brad Blackwell
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: Churchill Downs Incorporated owns 100% of the shares of Applicant
 A. Is parent and/or paired corporation or entity a publically traded or privately held company that guarantees the obligation of the applicant? If no, proceed to section E.
If yes, answer questions 10-17. Yes No
10. Registered name of the corporation: Churchill Downs Incorporated
11. State and/or country where incorporated: Kentucky
12. Registry or file number for the corporation: 0009274
13. Names of all officers and directors, titles, and the number of shares of the corporation held by each: See Exhibit 1
14. 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: Except for Messrs. Duchossois and the Duchossois Group (as detailed in the Security Ownership of Certain Beneficial Owners and Management document in Exhibit 1), no other shareholder holds more than 5% of the outstanding shares in the corporation.
15. Number of outstanding shares in the corporation: As of April 13, 2012, 17,337,968 shares stock were outstanding.
16. Are the shares listed for public trading? Yes No
17. If yes, on what exchange and how is the stock listed: NASDAQ
18. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, NY 11219

19. 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. See Exhibit 2

C. LLC

1. Registered name of the LLC:
2. State and/or country where articles of organization are filed:
3. Registry or file number for the LLC:
4. Attach a list of the names of all members (including individuals (true names), corporations, other LLCs and or foreign entities), titles, and the number of shares of the LLC held by each:
5. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
6. 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:
A. Is parent and/or paired entity either a publically traded or privately held company that guarantees the obligation of the applicant? If no, proceed to section E. If yes, answer questions 7-13.
 Yes No
7. Registered name of the LLC/Corporation:
8. State and/or country where articles of organization are filed:
9. Registry or file number for the LLC:
10. Attach a list of the names (true names) of all members (members may include individuals, corporations other LLCs and foreign entities), titles, and the number of shares of the LLC held by each:
11. Are the shares listed for public trading? Yes No
12. If yes, on what exchange and how the stock is listed:
13. 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.

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.

E. FINANCIAL INFORMATION *

1. Attach the most recent audited annual financial statement or financial report for the applicant. Attach a separate audited annual financial statement for the applicants California operations. The financial statement or financial report shall include all relevant financial information specific to the applicant including: See Exhibit 3
 - Statement of Financial Position: also referred to as a balance sheet. Statement should report on applicant's assets, liabilities, contingent liabilities and ownership equity as of the date of the prepared statement.
 - Statement of Comprehensive Income: also referred to as Profit and Loss ("P&L") Statement. Statement should include report on applicant's income, expenses, and profits.
 - Profit and Loss statement for prior two years and Profit and Loss statement for projected year.
 - Statement of Changes in Equity: to include the changes of the applicants' equity through the reporting period.
 - Statement of Cash Flows: to include a report of the applicant's cash flow activity, particularly its operating investing and financing activities during the reporting period.
 - 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.
2. Provide certification from the Chief Financial Officer that the account holders' funds will not be commingled with any other funds pursuant to CHRB rule 2086.6. See Exhibit 4

*NOTICE TO APPLICANT: The financial information provided pursuant to subsection (E) above is exempt from disclosure pursuant to Government Code section 6254(k) and non-disclosable to the public.

ORGANIZATIONAL INFORMATION

- A. Provide a detailed organizational chart for the applicant company and parent company if applicable. See Exhibit 5
- B. List all jurisdictions inside and outside of the United States in which you offer exchange wagering to patrons. Applicant does not currently offer exchange wagering in any jurisdiction.

C. Does the applicant or parent company hold a financial interest in the following (mark all that apply):

- Race track
- Casino
- Advance deposit wagering

If you have indicated you have an interest in any of the above identify name and address of business interest.

Arlington Park Racecourse
2200 West Euclid Avenue
Arlington Park, Illinois 60006

Churchill Downs Racetrack
700 Central Avenue
Louisville, Kentucky 40208

Calder Casino & Racecourse
21001 Northwest 27th Avenue
Miami Gardens, Florida 33056

Fair Grounds Racecourse & Casino
1751 Gentilly Blvd
New Orleans, LA 70118

Harlow's Casino Resort & Hotel
4280 Harlow's Blvd
Greenville, Mississippi 38701

D. What contributions is the applicant making to the California horse racing industry?

Applicant is a licensed ADW company that distributes all California signals on its ADW system in all states from which it accepts ADW wagers and pays the California tracks host fees. Applicant also accepts ADW wagers from California residents and contributes the majority of such profits back to California horse racing interests pursuant to its California hub agreement on file with the CHRB. Applicant is a wholly-owned subsidiary of Churchill Downs Incorporated which owns four racetracks which distribute their racing signals to California licensed ADWs and California tracks and wagering facilities. This includes the Kentucky Derby and Kentucky Oaks racing cards which represent some of the most wagered upon and celebrated racing events. Churchill Downs Incorporated entities paid California tracks \$11,373,805 in host fees in 2011 and Applicant paid California racing interests \$13,385,551 in market access fees in 2011.

E. Has there been any action initiated against the applicant its parent, any of its directors, partners, officers or subsidiary corporation this year, or in the last year, by any court or regulatory agency? If so, please identify the issue. No

8. TRACK AGREEMENT AND HORSEMEN ORGANIZATION APPROVAL**EXCHANGE WAGERING LICENSING REQUIREMENTS**

Business and Professions Code section 19604.5, identifies specific provisions that must be met before an exchange wagering provider may accept thoroughbred wagers on horse races from persons whose primary residence address is in the northern and central/southern zone of California; and specific requirements for quarter and standardbred wagers accepted from a resident whose primary residence address is in California:

Business and Professions Code section 19604 (b)(4) provides an exchange wagering licensee may only offer exchange wagering on thoroughbred horse races, conducted within or outside of this state, to persons whose primary residence address is in the northern zone of this state if it has an exchange wagering agreement with the racing association/fair located in the northern zone authorized by the Board when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is in the northern zone of this state, and the horsemen's organization responsible for negotiating purse agreements for a live thoroughbred racing meeting.

Business and Professions Code section 19604.5 (b)(5) provides an exchange wagering licensee may only offer exchange wagering on thoroughbred horse races, conducted within or outside of this state, to persons whose primary residence address is in the central/southern zone of this state if it has an exchange wagering agreement with the racing association or racing fair located in the central/southern zone authorized by the Board, when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is in the central/southern zone of this state, and the horsemen's organization responsible for negotiating purse agreements for a live thoroughbred racing meeting.

Business and Professions Code section 19604 (b)(6) provides an exchange wagering licensee may only offer exchange wagering on quarter horse races, conducted within or outside of this state, to persons whose primary residence address is in this state if it has an exchange wagering agreement with the racing association or racing fair located in the state authorized by the Board to conduct a live quarter horse racing meeting, when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is this state, and the horsemen's organization responsible for negotiating purse agreements for the live quarter horse racing meeting.

Business and Professions Code section 19604 (b)(7) provides an exchange wagering licensee may only offer exchange wagering on standardbred horse races, conducted within or outside of this state to persons whose primary residence address is in this state if it has an exchange wagering agreement with the racing association or racing fair located in the state authorized by the board to conduct a live standardbred racing meeting, when the exchange wagering licensee is offering exchange wagering to persons whose primary residence is this state, and the horsemen's organization responsible for negotiating purse agreements for the live standardbred racing meeting.

Business and Professions Code section 19604 (d) provides exchange wagers placed on a market after the start of a race shall be lawful if authorized by the Board, racing association, or racing fair conducting the races, and the horsemen's organization responsible for negotiating purse agreements for the breed on which the exchange wager is made.

Identify the breed of races (8A through 8E) on which exchange wagering will be offered. Attach a copy of each agreement permitting these wagers.

(*) If you do not have the required agreements permitting you to accept wagers in compliance with Business and Professions Code section 19604.5, you must attach a letter addressing the status of the outstanding document(s). Please reference section 8 and the title of the outstanding agreement you are addressing. The letter must include the status of negotiations and the outstanding issues that need to be resolved and an estimated completion date for each outstanding agreement. See Exhibit 6

If the information required in response to 8A through 8E is in one agreement provide a single copy of the document.

A. Thoroughbred wagers from persons whose primary residence address is in the

northern zone of California.

1. Do you have an agreement with a racing association or fair that allows you to accept thoroughbred wagers in the northern zone? Yes No

a. If yes, identify which thoroughbred association or fair the agreement is with and provide a copy: _____

b. If no, see above instructions (*).

2. Do you have an agreement with the horsemen's organization that allows you to accept thoroughbred wagers in the northern zone? Yes No

a. If yes, provide a copy of the agreement.

b. If no, see above instructions (*).

B. X Thoroughbred wagers from persons whose primary residence address is in the central/southern zone of California.

1. Do you have an agreement with a racing association or fair that allows you to accept thoroughbred wagers in the central/southern zone? Yes No

a. If yes, identify which thoroughbred association or fair the agreement is with and provide a copy: _____

b. If no, see above instructions (*).

2. Do you have an agreement with the horsemen's organization that allows you to accept thoroughbred wagers in the central/southern zone?

Yes No

a. If yes, provide a copy of the agreement.

b. If no, see above instructions (*).

C. X Quarter wagers from persons whose primary residence address is in California.

1. Do you have an agreement with a racing association or fair that allows you to accept quarter horse wagers in California? Yes No

a. If yes, identify which quarter association or fair the agreement is with and provide a copy: _____

b. If no, see above instructions (*).

2. Do you have an agreement with the horsemen's organization that allows you to accept quarter horse wagers in California? Yes No

a. If yes, provide a copy of the agreement.

b. If no, see above instructions (*).

D. X Standardbred wagers from persons whose primary residence address is in California.

1. Do you have a contract and/or agreement with a racing association, fair that allows you to accept standardbred wagers in California? Yes No

- a. If yes, identify which standardbred association/fair the agreement is with and provide a copy: _____
 - b. If no, see above instructions (*).
2. Do you have an agreement with the horsemen's organization that allows you to accept standardbred horse wagers in California? Yes No
- a. If yes, provide a copy of the agreement.
 - b. If no, see above instructions (*).
- E. Wagers will be accepted after the start of the race.
1. Do you have an agreement that allows you to accept wagers after the start of the race with a racing association or fair that conducts the races? Yes No
- a. If yes, identify which association/fair the agreement is with and provide a copy:
 - b. If no, see above instructions (*).
2. Do you have a contract and/or agreement with the horsemen's organization that allows you to accept wagers after the start of the race? Yes No
- a. If yes, provide a copy of the agreement.
 - b. If no, see above instructions (*).

9. LABOR ORGANIZATION

NOTICE TO APPLICANT: Business and Professions Code section 19604.5 (f) (1) provides the Board shall not approve an application for an original or renewal license as an exchange wagering 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.

- A. Do you have a labor agreement for the applied term of the application? Yes No
- 1. If yes, answer questions B - D.
 - 2. If no, answer question E.
- B. If yes, what is the name of the bona fide labor organization?
- C. What is the term of the agreement? (Begin date): _____ (End date): _____
- D. Provide a copy of the labor agreement.
- E. If no, have you been in contact with a labor organization? Yes No
- 1. If yes, what was the date of contact? We have reached out to Mr. Richard Castro with Pari-Mutuel Employees Guild, Local 280 and on May 24, 2012 he promised to send us information and we will schedule a follow-up meeting.
 - 2. Include a letter with your application titled (Labor Status) addressing the status of the current labor negotiations. Include, date of last negotiation contact, remaining issues that need to be resolved and an estimated completion date. See Exhibit 7

10. ESTABLISHING EXCHANGE WAGERING ACCOUNTS

NOTICE TO APPLICANT: CHRB Rule 2089.5 provides that specific provisions must be met to establish an exchange wagering account. Business and Professions Code section 19604.5 (c) provides in part only natural persons with valid exchange wagering accounts may place wagers through an exchange. To establish an exchange wagering account, a person shall be at least 18 years of age and a resident of California or of another jurisdiction within which the placement of exchange wagers would not be unlawful under United States federal law or the law of that jurisdiction.

- A. Provide a detailed listing of the procedures to be used for establishing an account (must comply with rule 2089.5): See Exhibit 8
- B. Provide a copy of the form and terms of agreement used to establish an account for an account holder. See Exhibit 9
- C. Name and address of the third party you will use to verify identity, residence and age verification: Equifax Secure, Inc., 1550 Peachtree St., NW, Atlanta, GA 30309

11. LOCATION AND PHYSICAL PLANT

- A. Do you have a call center to accept verbal wagers? Yes No
If so, what is the name, address and phone number of the location?
- B. What is the website address available for patrons to place wagers:
www.twinspires.com
- C. Do you have a location in which patrons can place a wager in person: Yes No
If so, what is the name, address and phone number of the location?

12. OPERATION OF EXCHANGE WAGERING ACCOUNTS

- A. Submit a copy of your detailed operating plan pursuant to CHRB Rule 2086.6. Plan must include all items outlined in CHRB Rule 2086.6 including: See Exhibit 10
1. a detailed report of the daily operation of the exchange
 2. a description of policy to prevent commingling of account holders' funds with any other funds.
 3. management policy of customer accounts including deposit, withdrawals, debits and credits.
- B. List the type of deposits you will accept: ACH, credit card, debit card, Green Dot Money Pack, cash at specified locations if available, check and money order.
- C. Identify any fees or transaction-related charges and the amount that will be assessed: \$5 per credit/debit card transactions to offset charges and 4.5% is charged for credit card advance transactions processed over the phone by the processor. \$25 fee for returned checks.

12. SECURITY POLICY

NOTICE TO APPLICANT: Business and Professions Code section 19604.5 (d) provides in part the Board shall approve, as part of the exchange wagering licensee's application for an exchange wagering license, security policies and safeguards to ensure player protection and integrity, including, but not limited to, provisions governing the acceptance of electronic applications for persons establishing exchange wagering accounts, location and age verification confirmation for persons establishing exchange wagering accounts, the use of identifying factors to ensure security of individual accounts, and the requirements for management of funds in exchange wagering accounts. An exchange wagering licensee may not accept a wager, or series of wagers, if the results of the wager or wagers would create a liability for the exchange wagering account holder that is in excess of the funds on deposit in the exchange wagering account of that holder.

- A. Attach your security access policy and safeguards pursuant to Business and Professions Code section 19604.5 (d). Policy must include the following. See Exhibit 11
 - 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 available for account holders to withdraw funds from their account:
- B. Attach a copy of your information security incident management policy. See Exhibit 12
 - 1. Have you had any computer related security issues this year, or in the last year, with data, data storage or hardware? Yes No
 - 2. If yes, please identify the issue:
- C. Provide the name, address, phone number and hours of operation of the location in which the physical and electronic data will be will be stored:

Electronic:

Viawest_ 3935 NW Alcock, Hillsboro, OR 97124
Savvis Datacenter, 2425 Busse Road, Elk Grove Village, IL 60007 IL

Physical:

800 Corporate Drive, Lexington, KY 40503, phone: Phone (859) 219-4629

13. ENFORCEMENT OVERSIGHT

NOTICE TO APPLICANT: Business and Professions Code section 19604.5 (d) provides in part the Board shall approve, as part of the exchange wagering licensee's application for an exchange wagering license, security policies and safeguards to ensure player protection and integrity. CHRB Rule 2091.5 (b) states the exchange provider shall immediately notify the Board if it suspends an account due to probable fraud in connection with exchange wagering. The provider shall also submit to the Board a written account of the suspension.

- A. Identify the physical location of the applicant's security oversight operation. TBD
- B. Attach an organizational chart including chain of command and contact information (phone number and email address) for key members of the applicant's security oversight operation. See Exhibit 13
- C. Describe what forensic and analytical tools will be used for the oversight/enforcement of exchange wagering security. See Exhibit 14

13. CONTRACTS AND AGREEMENTS

A. List name, address and phone number of all organizations you will contract with to facilitate exchange wagering:

Company name, address and phone	Describe services
Global Cash Access, 3525 E. Post Rd., Suite 120, Las Vegas, NV 89120	Credit and debit card processing
United Tote, 600 North Hurstbourne, Louisville, KY 40222, 502-636-4400	Tote and customer account services
Roberts Communications Network, Inc., 4175 Cameron St., Suite B-10, Las Vegas, NV 89103	Video services
Equifax Secure, Inc., 1550 Peachtree St., NW, Atlanta, GA 30309	Identity, age and residency verification.
Green Dot Corporation, 605 E. Huntington Dr., Suite 205, Monrovia, CA 91016	Customer funding services

16. ADVERTISING

A. Name and address of the advertising agency you will use: Hoffman York, 142 East Ontario, Suite 10, Chicago, IL 60611

B. Describe marketing strategies planned for exchange wagering: TwinSpires.com will support exchange wagering with a fully integrated marketing communications strategy. TwinSpires.com will develop unique marketing plans for each exchange wagering customer segments. These segments will be further defined as we learn more about the exchange wagering market, but at this point we do understand several segments to be crucial to the success of exchange wagering. A tailored plan will be developed to cultivate "market makers" which are critical to providing liquidity in the exchange ecosystem. TwinSpires.com will create a plan to communicate with two other new segments which would be new to traditional US horse racing. The first of which is a segment that is familiar with financial markets and trading. The second of which is a segment that is familiar with fixed odds sports betting. TwinSpires.com will also create a plan to educate existing pari-mutuel players about the exchange wagering product with the hope that it will drive incremental wagering.

C. What marketing contribution is the applicant making to the California horse racing industry?

TwinSpires.com's marketing strategy is to break down the typical barriers for players to wager on horse racing. TwinSpires.com's philosophy of not nickel and diming our players with fees allows for all of their bankroll to be used for

wagering which contributes to tracks, purses and the rest of the California racing industry. We don't charge a per wager or subscription fee. We provide free handicapping information from Brisnet.com including free Ultimate Past Performances, Insider Picks and detailed Brisnet Super Stats within our wagering interfaces. We also provide free access to live streaming video and race replays. In addition to this unmatched value proposition, TwinSpires.com has invested heavily in our online and mobile wagering platforms in order to make wagering on horse racing more convenient. TwinSpires.com players can wager through their mobile or tablet device virtually anywhere there is cellular service.

With respect to California racing, TwinSpires.com utilizes a vertical marketing strategy designed to capitalize on big events that motivate non-active players to wager and active players to increase their play. TwinSpires executes this strategy by heavily promoting pari-mutuel wagering events that are important to California racing to its members. TwinSpires.com offers an array of promotions designed to motivate players to wager on these events including rewards program bonuses, contests and giveaways. The results have shown that when these events and promotions occur, TwinSpires.com routinely accounts for 10% to 15% of all sources handle on the events. Two examples include TwinSpires accounting for 12.5% of all sources handle in the guaranteed \$500,000 Pick 4 on Big Cap Day at Santa Anita and 13.6% of all sources handle bet into a \$335,167 Pick 6 Carryover at Golden Gate Fields on November 11, 2011.

D. What innovative programs have been created by the applicant to help invigorate the California horse racing industry?

TwinSpires.com offers all of its players, including those in California, membership in the TSC Elite player rewards program. This program allows members to earn points for each wager made through TwinSpires.com. These rewards points can be redeemed for everything from free wagering credits to special VIP access to racing events like the Kentucky Derby. TwinSpires.com provided several California customers a boost in 2010 when TwinSpires.com merged with Youbet.com. The Youbet.com rewards program had not previously been made available to California customers. One of the first decisions TwinSpires.com made when merging with Youbet.com was to allow California customer to participate in our TSC Elite Rewards program. California customers were very happy with this player-friendly decision.

TwinSpires has partnered with tracks in California to offer several innovation promotions. For example, TwinSpires and Cal Expo combined to offer a 0% Takeout promotion to both TwinSpires members and on-track patrons. As part of the promotion, any player who hits the Late Pick 4 on Friday night, either on-track or through TwinSpires, receives a bonus equal to 17.65% of their gross winnings, up to \$500 per day. Since its debut on Nov. 27, 2010, Cal Expo and TwinSpires have paid out more than \$40,000 in bonuses to winners and the average amount bet into the Late Pick 4 from TwinSpires players has increased 284%. Average all sources handle in the Late Pick 4 has also increased 38% since the promotion was launched in the fall of 2010. TwinSpires routinely averages close to 20% of all sources handle in the Late Pick 4 pool on Friday nights.

TwinSpires has also worked with California tracks to send its local players to the

track through a program called "TwinSpires Day at the Races". . In the past three years, TwinSpires has invited its players to events at Del Mar, Hollywood Park and Santa Anita. TwinSpires will mail a postcard to selected active players within a specific radius of a racetrack to invite them to a day at the races. The player then brings the postcard to the track to redëem it for free admission, free Brisnet racing information, special gifts and a chance to win tickets for two to the Kentucky Derby, betting vouchers and other prizes. The TwinSpires Day at Del Mar attracted over 400 players to races and the TwinSpires Day at Hollywood attracted over 150. TwinSpires also hosted an invitation-only event for its very best Southern California players in Santa Anita's new Arcadia Suite on Santa Anita Derby day. All of these events were well-received by both our players and our track partners.

E. Will there be rebate programs offered? If so, identify the programs. TBD

17. 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

Brad Blackwell

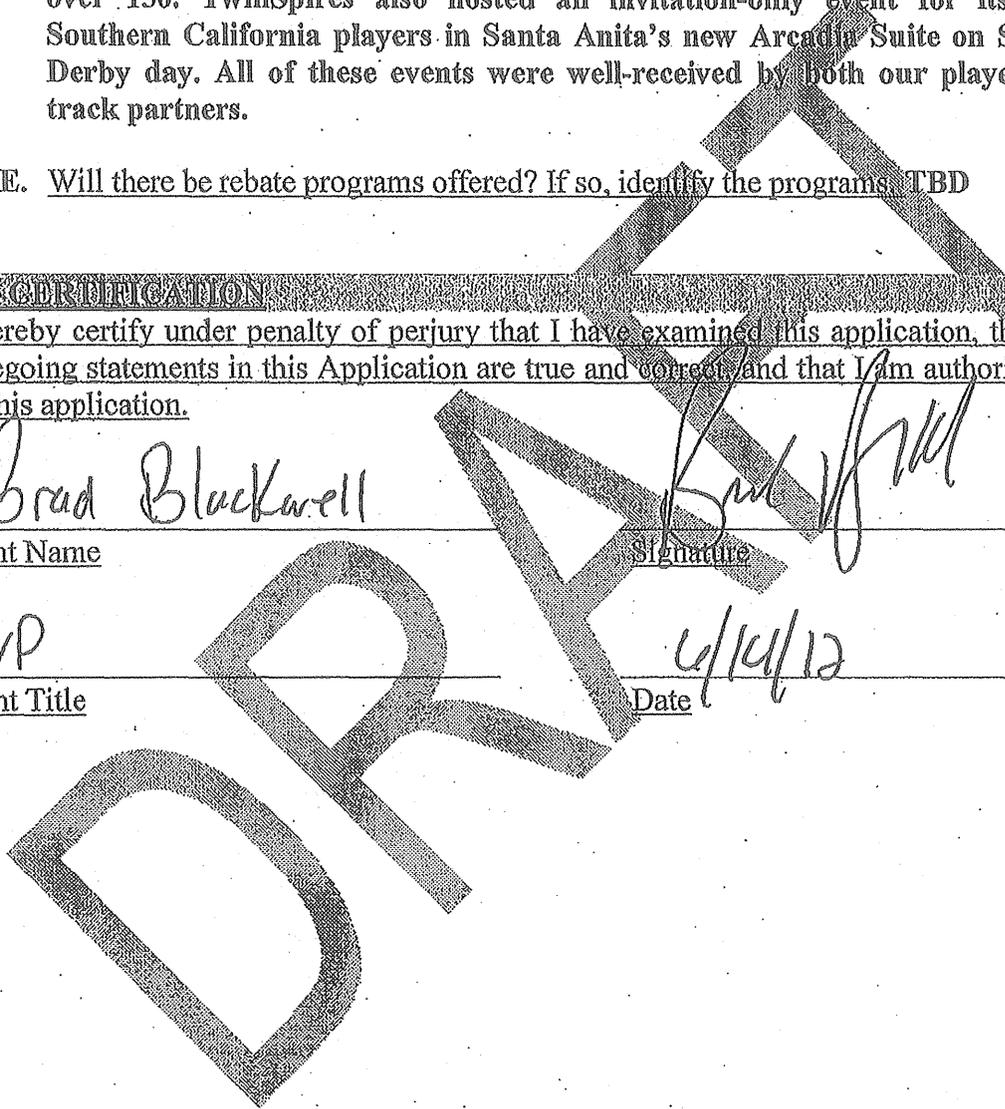
Signature

VP

Print Title

4/14/12

Date



STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST TO AMEND THE
APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF
LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION AT LOS ALAMITOS
DECEMBER 30, 2011 THROUGH DECEMBER 23, 2012, INCLUSIVE,
TO ADD EXCHANGE WAGERING TO ITS WAGERING FORMAT.

Regular Board Meeting
June 28, 2012

BACKGROUND

Senate Bill (SB) 1072, (Calderon), Chapter 283 Statutes of 2010 added Business and Professions Code section 19604.5 which authorizes exchange wagering in California. Business and Professions Code section 19604.5 (b)(6) states an exchange wagering licensee may only offer exchange wagering on quarter horse races, conducted within or outside of this state, to persons whose primary residence address is in this state if it has an exchange wagering agreement with the racing association or racing fair and the horsemen's organization responsible for negotiating purse agreements for the live quarter horse racing meeting. At the March 22, 2012 Regular Meeting, the Board approved for notice Article 27, Exchange Wagering, which is comprised of 25 proposed regulations. The proposed regulations, including the Application for License to Operate Exchange Wagering, will be heard for adoption at the Board's June 28, 2012 regular meeting. The regulations must then be reviewed and approved by the Office of Administrative Law before they are effective. In anticipation of the completion of the rulemaking process to allow exchange wagering in California, applications have been accepted from interested parties.

The Betfair (Betfair) US LLC application was originally submitted in anticipation of the conduct of exchange wagering at the 2012 Del Mar Thoroughbred Club race meeting. However, the Thoroughbred Owners of California (TOC) determined it would not vote on the issue for the period of one year. Betfair subsequently filed an application for a license to operate exchange wagering and indicated that it proposes to accept wagers on quarter horses.

ANALYSIS

Los Alamitos Quarter Horse Racing Association (LAQHRA) submitted a letter dated June 12, 2012, requesting to amend its race meet application to include exchange wagering to its wagering format. LAQHRA and Betfair reached an agreement that does not have a start date, but states the agreement would be operative for a period of twelve calendar months after the issuance of a license by the Board to accept exchange wagers. This would take the agreement into the year 2013. The 2012 LAQHRA race meeting began December 30, 2011 and ends on December 23, 2012.

RECOMMENDATION:

This item is presented for Board discussion and action. If the application is considered for approval, staff recommends an approval contingent upon successful completion of the regulatory review process for Article 27, Exchange Wagering, by the Office of Administrative Law.



June 12, 2012

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

Dear Mr. Breed,

I write on behalf of Los Alamitos Race Course to amend our current application to conduct a live racing meeting. For our current live racing meeting that began on December 30, 2011 and ends on December 23, 2012, we are requesting to amend our application to include and add exchange wagering to our wagering format. Pursuant to the statutory requirements, we have come to terms with our horsemen and the exchange wagering operator, Betfair US LLC, regarding the payment and distribution of exchange wagering revenues as evidenced by that certain Exchange Wagering Agreement Term Sheet dated June 4, 2012.

Please let us know at your earliest convenience if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Allred", is written over a light blue horizontal line.

Edward C. Allred
Owner

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD ON THE APPROVAL
OF THE 2012-13 AGREEMENT PROVIDING
FUNDING SUPPORT FOR THE BOARD

Regular Board Meeting
June 28, 2012

BACKGROUND

Business and Professions Code section 19616.51 (a) states that notwithstanding any other provision of 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 a license fee to the state 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.
- (2) The baseline funding for the Board and equine drug testing program in the first fiscal year after the enactment of this section shall be the amount approved in the 2008-09 Budget Act.
- (3) Adjustments to the funding in subsequent budget years may only be made by an act of the Legislature.

For the 2012-13 fiscal year, the California Horse Racing Board (CHRB) operating budget as determined by the Governor's Budget is \$11,590,000 and such amount shall be subject to change in future years.

ANALYSIS

The CHRB support formula was developed in consultation with the horse racing industry. As in prior years, the formula is based upon the license fees that would have been paid to the State of California had Senate Bill 16 (SB16) not been enacted. The following mechanism was used to develop the formula:

- The projected commingled handle was multiplied by the pre SB16 license fee rate for each host track to arrive at the estimated pre SB16 license fees for fiscal year 2012-2013.
- The CHRB support percentage was calculated by dividing the CHRB approved budget by the estimated pre SB16 license fees. The rate for the 2012-2013 fiscal year will be 52.65 percent.

- The same procedure was followed to calculate the Fairs and Exposition (F/E) recapture payments. The rate for the 2012-13 fiscal year will be 4.16 percent.

Fiscal year 2012-13 is the fourth year the CHRB support formula is in effect to provide for the CHRB support funding. Table 1 below shows the CHRB approved budgets and the CHRB support fee rates used to fund CHRB operations.

Table 1. Historical Percent of License Fee Savings absorbed by CHRB budget

Fiscal Year	CHRB Approved Budget	CHRB Support Fee Rate
2009-2010	11,833,000	42.6%
2010-2011	11,734,000	48.8%
2011-2012	11,716,000	57.8%
2012- 2013	11,590,000	52.65%

The CHRB support fee rate is an estimate, and depending on handle activity there may be over/under payments made for CHRB support and F/E recapture payments. The CHRB and the horse racing industry recognize that a determination of over/under payment amounts will be necessary at the end of each fiscal year. The industry has agreed to fund underpayments within ten business days. For overpayments, the industry will get a credit towards amounts due in the following year. See attachments as follows:

- Attachment I- Board Support/ F & E Recapture- Model for 7/1/12- 6/30/13
- Attachment II- Industry's Agreement
- Attachment III- Industry's Projection

RECOMENDATION

Staff recommends that the Board approve the funding formula for fiscal year 2012-13

Board Support / F & E Recapture- Model for 7/1/12- 6/30/13

Method assumes that board support and F & E recapture are calculated on the basis of old style commingled license fees. No license fees would be paid on non-merged host fees

Host	Notes	Prior Year time frame (5/31/11 through 5/28/12)				Projected July 1, 2012 - June 30, 2013 based on projected live race days 97.5%				
		Live Days	Commingled Handle	Commingled License	Commingled License %	Notes	Live Days	Projected Commingled Handle	Projected Pre SB 16 License %	Projected Pre SB 16 License
Alameda County Fair		13	32,939,467	210,683	0.64%		15	37,056,901	0.64%	237,018
Cal Expo		96	82,803,763	199,619	0.24%	Assume no operation				
California State Fair		9	19,202,520	122,570	0.64%		9	18,722,457	0.64%	119,506
Del Mar		37	400,817,150	3,975,837	0.99%		37	390,796,721	0.99%	3,876,441
Fairplex Park		13	59,663,506	334,253	0.56%		13	58,171,918	0.56%	325,897
Fresno District Fair		9	22,038,472	139,827	0.63%		9	21,487,510	0.63%	136,331
Golden Gate Fields		156	456,065,046	2,962,178	0.65%		152	433,261,794	0.65%	2,814,069
Hollywood Park Fall		26	193,073,291	1,679,835	0.87%		24	173,765,962	0.87%	1,511,852
Hollywood Park		50	437,932,066	3,996,408	0.91%		50	426,983,765	0.91%	3,896,498
Humboldt County Fair		8	5,512,828	30,894	0.56%		5	3,359,379	0.56%	18,826
Los Alamitos		151	255,411,600	796,667	0.31%		154	253,973,853	0.31%	792,183
Santa Anita Fall		96	862,550,809	8,269,148	0.96%	Host for BC	95	832,226,757	0.96%	7,978,436
San Joaquin County		4	8,685,298	55,159	0.64%		8	16,936,330	0.64%	107,561
Sonoma County Fair	Raced in June 2011	15	34,738,586	203,171	0.58%	Will race in Sep. 2012	15	33,870,121	0.58%	198,092
Total:		683	2,871,434,401	22,976,251	0.80%		586	2,700,613,468	0.80%	22,012,710

-4.19%

Estimated pre SB 16 li 7/1/12 - 6/30/2013 on commingled handle, excluding F & E section 19614: 22,012,710

Board Support:	% of Pre SB 16 License Fees:
From Outs	-
From old style licen:	11,590,000 52.65%
Total to Board	11,590,000

F/E Recapture Payments	% of Pre SB 16 License
Per year for six years	
916,667	4.16%

Estimated Board Support by Meet	2012/13	Projected Old Style	To	To	Distributable SB 16 Savings	To	To	To	
7/1/2012 - 6/30/2013	Notes	Days	License Generated	CHRB	F & E	(Old Style License less BS/F& E)	Purses	Breeders	Tracks
Alameda County Fair		15	237,018	124,793	9,870	102,355	49,642	3,071	49,642
California State Fair		9	119,506	62,922	4,977	51,608	25,030	1,548	25,030
Del Mar		37	3,876,441	2,041,000	161,425	1,674,015	811,897	50,220	811,897
Fairplex Park		13	325,897	171,589	13,571	140,736	68,257	4,222	68,257
Fresno District Fair		9	136,331	71,780	5,677	58,874	28,554	1,766	28,554
Golden Gate Fields		152	2,814,069	1,481,647	117,185	1,215,237	589,390	36,457	589,390
Hollywood Park Fall		24	1,511,852	796,011	62,957	652,883	316,648	19,586	316,648
Hollywood Park		50	3,896,498	2,051,561	162,260	1,682,677	816,098	50,480	816,098
Humboldt County Fair		5	18,826	9,912	784	8,130	3,943	244	3,943
Los Alamitos		154	792,183	417,095	32,989	342,099	166,773	8,552	166,773
Santa Anita Fall		95	7,978,436	4,200,758	332,243	3,445,435	1,671,036	103,363	1,671,036
San Joaquin County		8	107,561	56,632	4,479	46,450	22,528	1,393	22,528
Sonoma County Fair		15	198,092	104,298	8,249	85,545	41,489	2,566	41,489
Total:		586	22,012,710	11,590,000	916,667	9,506,043	4,611,286	283,471	4,611,286

* Harness Racing (Cal Expo) is not being calculated, because the industry delieves it will not run for the 2012/2013 racing meet.

Attachment II

Agreement for Fairs & Exposition Fund and CHRB Support & Funding

This will serve to memorialize agreement among the undersigned with respect to funding of the California Horse Racing Board, ("CHRB") and payments to Fairs and Expositions. 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 2012-2013 fiscal year, the CHRB's operating budget has been determined by the enactment of Section 19616.51 to be \$11,590,000 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 2012-2013 fiscal year such percentage shall be 52.65%. Thus, during the 2012-2013 fiscal year, the undersigned shall each pay 52.65% of the License Fee that would have otherwise been payable by each if SB 16 XXX had not been enacted.

The undersigned shall remit the respective amounts they owe no later than Friday for amounts generated during the prior week (Monday through Sunday) for wagers placed at brick and mortar sites within California. For amounts generated by wagering outside the State of California on races conducted in California ("export wagering") including wagers placed through ADW providers, the undersigned will remit the respective amounts they owe within ten business days of the receipt of host fees generated from export wagering.

It is recognized that a determination of true-up amounts will be necessary at the end of each fiscal year. Excesses and shortfalls in funding shall be determined after the end of the fiscal year. Should a shortfall occur, the payments required by the undersigned shall be determined by calculating the percentage of each entity's contribution to the total funding generated and then applying such percentage to the shortfall. The CHRB will notify the undersigned of their shortfall amounts, and the undersigned will remit payments within ten business days of such notification. Should an excess occur, an amount equaling the percentage of each association's contribution to the total funding generated in the current fiscal year shall be applied to the total excess generated in the current fiscal year, and that amount shall be returned to each association in the following fiscal year.

2. Section 19616.52 of the Business and Professions Code was added by ABX4 12, and stipulates:

19616.52. Notwithstanding Section 19616.51, in lieu of all amounts payable prior to July 1, 2009, pursuant to Section

19616.51, as that section existed prior to July 1, 2009, from amounts generated by parimutuel wagering on horse races, the sum of five million five hundred thousand dollars (\$5,500,000) shall be paid by racing associations and fairs from the amount available for commissions, purses, and breeder awards, as determined by the board, into the

State Treasury to the credit of the Fair and Exposition Fund over a period of six years. Commencing with the 2009-10 fiscal year, one-sixth of the sum shall be payable equally for six successive fiscal years. The proportionate share to be paid by each racing association and fair and the method of payment shall be determined by a formula approved by the board in consultation with the industry.

As a result of the enactment of Section 19616.52, racing associations and fairs commencing with the fiscal year ended June 30, 2010 are collectively to pay \$5,500,000 to the California State Treasury for the benefit of the Fair and Exposition Fund, such amount to be paid in the amount of \$916,667 per year during each of the next six fiscal years. The amount to be paid by each of the undersigned shall be a percentage of the License Fee that would have otherwise been payable by a racing association or fair in the absence of the enactment of SB 16XXX in order to generate the required \$916,667. In each of the six years, an estimate shall be made as to the percentage necessary to generate the \$916,667. For the 2012-2013 fiscal year, such percentage shall be 4.16%. Thus, during the 2012-2013 fiscal year, each of the undersigned shall pay to the California State Treasury for the benefit of the Fairs and Exposition Fund 4.16% of the License Fee that would have otherwise been payable by each if SB 16XXX had not been enacted. It is recognized that a determination of true-up amounts will be necessary at the end of each fiscal year.

3. The CHRB is a third party beneficiary of the payments to be made by the undersigned pursuant to paragraph 1 hereof and the Department of Fairs and Exposition ("F&E") is a third party beneficiary of the payments to be made by undersigned pursuant to paragraph 2 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 and F&E has the same right with respect to the payments to be made by the undersigned under paragraph 2. 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, Pacific Racing Association, California Harness Horsemen's Association, California Thoroughbred Breeders Association, Pacific Coast Quarter Horse Racing Association, Thoroughbred Owners of California

**Agreement for Fairs & Exposition Fund and CHRB Support and Funding
Fiscal Year 2012-2013**

California Authority of Racing Fairs California Exposition & State Fair

By _____ By _____

Del Mar Thoroughbred Club Los Angeles County Fair Association

By _____ By _____

Agreement for Fairs & Exposition Fund and CHRB Support and Funding
Fiscal Year 2012-2013

California Authority of Racing Fairs

California Exposition & State Fair

By _____

By _____

Del Mar Thoroughbred Club

Los Angeles County Fair Association

By Michael R. E. T.

By [Signature]

Hollywood Park Racing Association

Los Alamitos Quarter Horse Racing Association

By [Signature]

By [Signature]

Los Angeles Turf Club

Pacific Racing Association

By [Signature]

By [Signature]

Thoroughbred Owners of California

California Harness Horsemen's Association

By _____

By _____

California Thoroughbred Breeders Association

Pacific Coast Quarter Horse Racing Association

By _____

By [Signature]

Agreed and Accepted:

California Horse Racing Board

By _____

Agreement for Fairs & Exposition Fund and CHRB Support and Funding
Fiscal Year 2012-2013

California Authority of Racing Fairs

By _____

Del Mar Thoroughbred Club

By _____

Hollywood Park Racing Association

By _____

Los Angeles Turf Club

By _____

Thoroughbred Owners of California

By  _____

California Thoroughbred Breeders Association

By _____

California Exposition & State Fair

By _____

Los Angeles County Fair Association

By _____

Los Alamitos Quarter Horse Racing Association

By _____

Pacific Racing Association

By _____

California Harness Horsemen's Association

By _____

Pacific Coast Quarter Horse Racing Association

By _____

Agreed and Accepted:

California Horse Racing Board

Hollywood Park Racing Association Los Alamitos Quarter Horse Racing Association

By _____ By _____

Los Angeles Turf Club Pacific Racing Association

By _____ By _____

Thoroughbred Owners of California California Harness Horsemen's Association

By _____ By _____

California Thoroughbred Breeders Association Pacific Coast Quarter Horse Racing Association

By *[Signature]* By _____

Agreed and Accepted:

California Horse Racing Board

By _____

Industry's Projection

Board Support / F & E Recapture-Model for 7/1/2012 - 6/30/2013

Budget 11,590,000

Board Support and F & E recapture calculations based upon pre SB 16 commingled license fees.

Host Track	Base numbers from prior year Tuesday, 5/31/2011 through Monday, 5/28/2012					Projected 7/1/12 - 6/30/13 based on projected live race days and trend-adjusted prior period averages For each operating host, assumes average daily handle decline of 2.50%						
	Notes	Live Cards	Commingled Hosted Handle	Commingled Pre SB 16 License Fees	Commingled Pre SB 16 License Fee %	Notes	Live Cards	Projected Commingled Handle	Assumed Pre SB 16 License Fee %	Projected Pre SB 16 License Fees	Projected Board Support	Projected F/E
Alameda County Fair		13	32,939,467	210,683	0.64%		15	37,056,901	0.64%	237,018	124,793	9,870
Cal Expo Harness		96	82,803,763	199,619	0.24%	Assume no operator	-	-	0.24%	-	-	-
California State Fair		9	19,202,520	122,571	0.64%		9	18,722,457	0.64%	119,507	62,922	4,977
Del Mar		37	400,817,150	3,975,838	0.99%		37	390,796,721	0.99%	3,876,442	2,041,001	161,425
Fairplex		13	59,663,506	334,254	0.56%		13	58,171,918	0.56%	325,897	171,589	13,571
Fresno District Fair		9	22,038,472	139,827	0.63%		9	21,487,510	0.63%	136,332	71,781	5,677
Golden Gate		156	456,065,046	2,962,178	0.65%		152	433,261,794	0.65%	2,814,069	1,481,647	117,185
Hollywood Park Fall		26	193,073,291	1,679,836	0.87%		24	173,765,962	0.87%	1,511,852	796,011	62,957
Hollywood Park Spring		50	437,932,066	3,996,408	0.91%		50	426,983,765	0.91%	3,896,498	2,051,561	162,260
Humboldt County Fair		8	5,512,828	30,894	0.56%		5	3,359,379	0.56%	18,826	9,912	784
Los Alamitos Quarters		151	255,411,600	796,667	0.31%		154	253,973,853	0.31%	792,183	417,095	32,989
San Joaquin County		4	8,685,298	55,159	0.64%		8	16,936,330	0.64%	107,561	56,632	4,479
Santa Anita		96	862,550,809	8,269,148	0.96%	Host for BC	95	832,226,757	0.96%	7,978,436	4,200,758	332,243
Sonoma County Fair		15	34,738,586	203,171	0.58%		15	33,870,121	0.58%	198,091	104,298	8,249
Total:		683	2,871,434,401	22,976,254	0.80%		586	2,700,613,468	0.82%	22,012,713	11,590,000	916,667
Percentages to be applied to Pre SB 16 License Fees for Board Support and F & E											52.65%	4.16%