

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



REGULAR MEETING

of the California Horse Racing Board will be held on, Tuesday, November 18, 2008, commencing at 9:30 a.m., at the University of California, Davis, Gladys Valley Hall, Room 1010, Davis, 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."

University of California, Davis, Gladys Valley Hall: Take Interstate 80 to Hwy 113 north toward Woodland. Take Hutchison Road exit and turn right on Hutchison Road. Turn right on Health Sciences Drive. Parking is available in Parking Lot 56. The cost for parking is \$6.00.

AGENDA

Action Items:

1. Approval of the **minutes of the regular meeting of October 15, 2008.**
2. Approval of the **minutes of the regular meeting of September 18, 2008.**
3. Discussion and action by the Board on the **Application for License to Conduct a Horse Racing Meeting of the Los Angeles Turf Club (T) at Santa Anita**, commencing (proposed) December 26, 2008 through April 19, 2009, inclusive.
4. Discussion and action by the Board on the **Application for License to Conduct a Horse Racing Meeting of the Pacific Racing Association (T) at Golden Gate Fields**, commencing (proposed) December 26, 2008 through June 28, 2009, inclusive.
5. Discussion and action by the Board on the **Application for License to Conduct a Horse Racing Meeting of the Cal-Expo Harness Association (H) at Cal-Expo**, commencing (proposed) December 26, 2008 through August 1, 2009 and September 25, 2009 through December 19, 2009, inclusive.
6. Public hearing and action by the Board on the **proposed addition of CHRB Rule 2066, Application for License to Operate a Minisatellite Wagering Facility**, to provide for an additional 15 minisatellite wagering facilities in each California racing zone.
7. Discussion by the Board regarding the **presentation by Monitor Plus, a proprietary advanced software tool designed by Advanced Monitoring Systems Inc., that provides real-time independent monitoring of the pari-mutuel wager.**

8. Discussion and action by the Board regarding the request for approval from Southern California Off-Track Wagering, Inc. to **change the current 1.06 percent off-site stabling and vanning fund takeout up to the maximum 1.25 percent pursuant to Business and Professions Code section 19607.1(f).**
9. Discussion and action by the Board regarding the request for approval from Northern California Off-Track Wagering, Inc. to **change the current 1.06 percent off-site stabling and vanning fund takeout up to 1.20 percent pursuant to Business and Professions Code section 19607.1(f).**
10. Discussion and action by the Board regarding the allocation of race dates and related issues for 2009 and beyond.
11. Report of the Advance Deposit Wagering (ADW) Ad-Hoc committee.
12. Discussion and action by the Board on the Application for Approval to Conduct Advanced Deposit Wagering (ADW) of Churchill Downs Technology Initiatives Company dba Twinspires.com, for an out-of-state multi-jurisdictional wagering hub, for a period of up to but not exceeding two years and/or extension of the current approval.
13. Discussion and action by the Board on the Application for Approval to Conduct Advanced Deposit Wagering (ADW) of ODS Technologies, L.P., dba TVG, for an out-of-state multi-jurisdictional wagering hub, for a period of up to but not exceeding two years and/or extension of the current approval.
14. Discussion and action by the Board on the Application for approval to Conduct Advanced Deposit Wagering (ADW) of Youbet.Com Inc., for a California multi-jurisdictional wagering hub and approval for an out-of-state multi-jurisdictional wagering hub, for a period of up to but not exceeding two years and/or extension of the current approval.
15. Discussion and action by the Board on the Application for License to Conduct Advanced Deposit Wagering (ADW) of XpressBet, Inc., for a California multi-jurisdictional wagering hub, for a period of up to but not exceeding two years and/or extension of the current approval.
16. Discussion and presentation on various studies, programs and resources performed by the Maddy Laboratory at the University of California, Davis, Center for Equine Health, University of California, Davis School of Veterinary Medicine, State Diagnostic Laboratory, and University of California, Davis School of Animal Science for the benefit of horse racing.

17. Report of the **Medication Committee**.
18. **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 presentation.
19. **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 also convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).

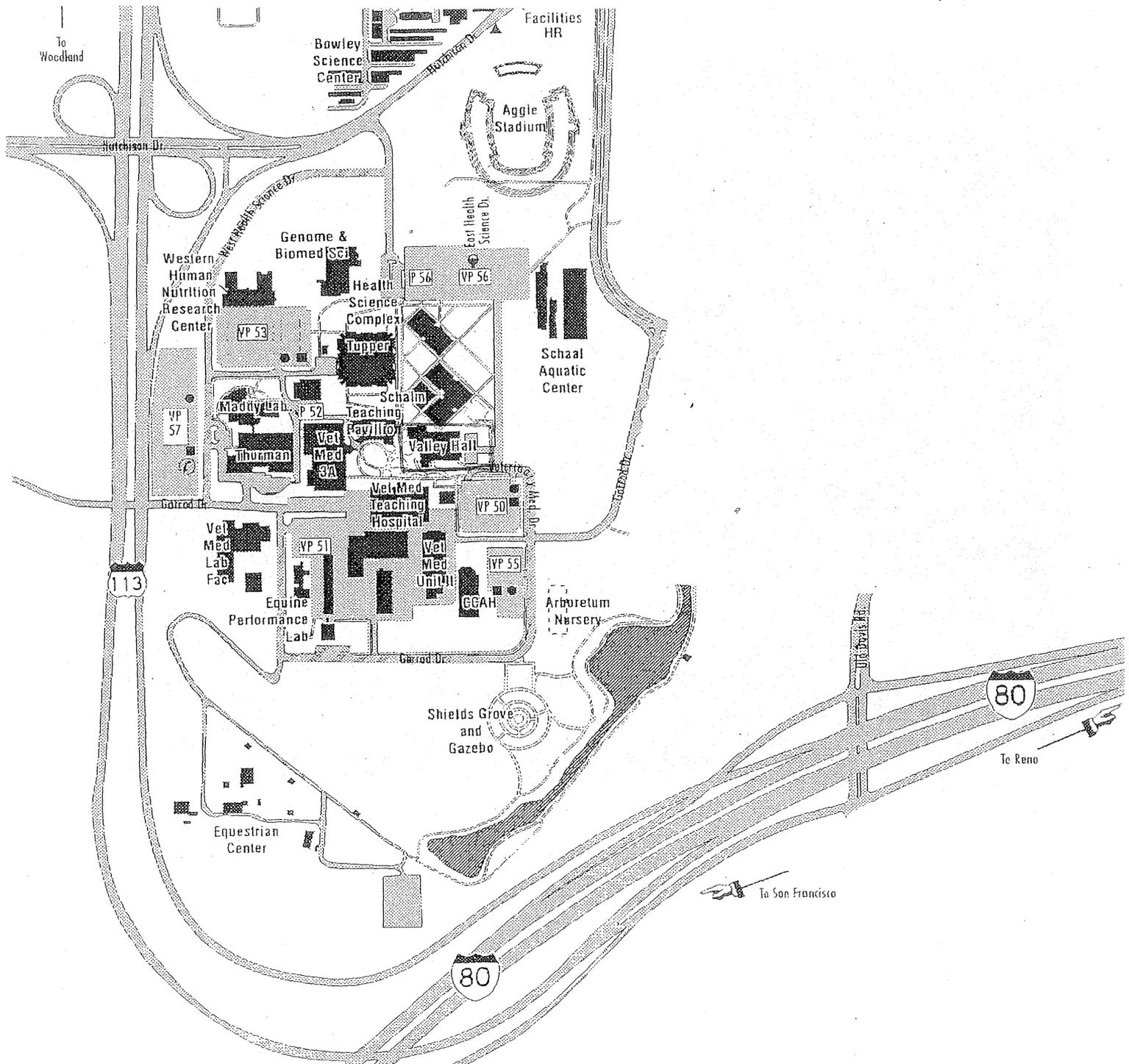
Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related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

CALIFORNIA HORSE RACING BOARD

Richard B. Shapiro, Chairman
John C. Harris, Vice Chairman
John Andreini, Member
Jesse H. Choper, Member
Bo Derek, Member
David Israel, Member
Jerry Moss, Member
Kirk E. Breed, Executive Director

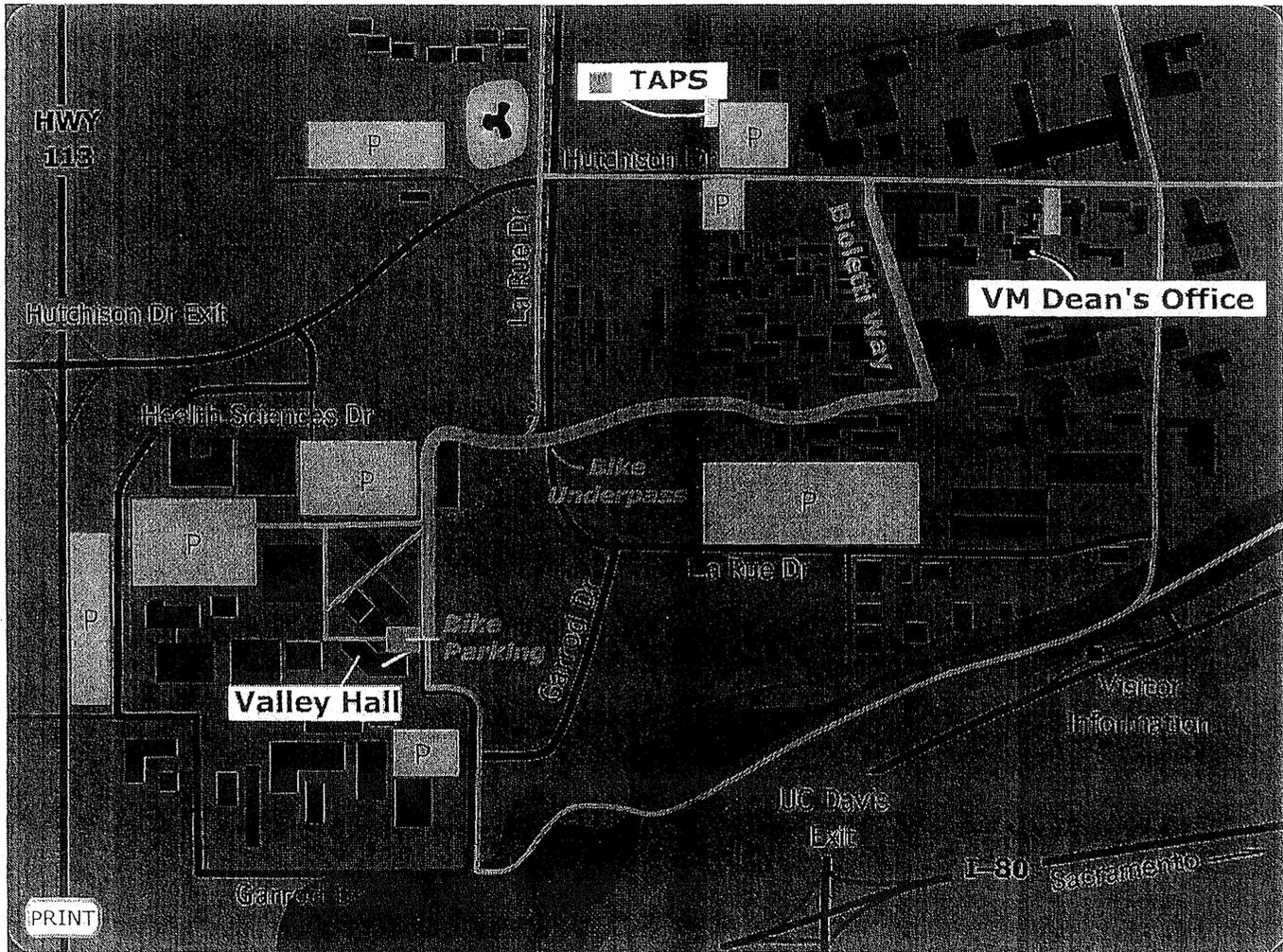
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PENDING LITIGATION
NOVEMBER 2008

CASE

CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION and CAPITOL RACING,
LLC v. CHRB

Sacramento Superior Court No. 03CS01033
Third District Court of Appeal No. C051744

CAPITOL RACING, LLC, v. CHRB and (CALIFORNIA HARNESS HORSEMEN'S
ASSOCIATION interested party)

Sacramento Superior Court No. 05CS01116

CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION v. CAPITOL RACING
Sacramento Superior Court No. 05AS05586

JAMGOTCHIAN, JERRY v. CHRB, et al.
Appeal from Los Angeles Superior Court BC 380314

JAMGOTCHIAN, JERRY v. SLENDER, GEORGE, et al.
Appeal from Los Angeles Superior Court BC 344876
District Court of Appeal B205337

PARI-MUTUEL EMPLOYEES GUILD v. CHRB
Sacramento Superior Court No. 34-2008-00006768-CU-WM-GDS

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PENDING ADMINISTRATIVE ADJUDICATIONS
NOVEMBER 2008

CASE

SACRAMENTO HARNESS ASSOCIATION
Pending Adjudicatory Proceeding

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Arcadia City Hall**, 240 West Huntington Drive, Arcadia, California, on **October 15, 2008**.

PRESENT: Richard B. Shapiro, Chairman
John C. Harris, Vice-Chairman
John Andreini, Member
Jesse H. Choper, Member
Bo Derek, Member
David Israel, Member
Jerry Moss, Member
Kirk E. Breed, Executive Director
Robert Miller, Staff Counsel

DISCUSSION AND ACTION BY THE BOARD ON THE CONDITIONAL APPROVAL OF THE APPLICATION TO CONDUCT A HORSE RACING MEETING OF THE HOLLYWOOD PARK FALL RACING ASSOCIATION LLC (T), AT HOLLYWOOD PARK, COMMENCING OCTOBER 29, 2008, THROUGH DECEMBER 21, 2008, INCLUSIVE, AND TO CONDUCT A HEARING, PURSUANT TO TITLE 4 OF THE CALIFORNIA CODE OF REGULATIONS, CHRB RULE 2044, AGREEMENTS TO BE FIELD, REGARDING THE TERMS AND CONDITIONS OF THE AGREEMENT BETWEEN THE HORSEMEN'S ORGANIZATION AND THE RACING ASSOCIATION.

Chairman Shapiro said if the parties confirmed that they reached an agreement the Board could approve the application to conduct a horse racing meeting of the Hollywood Park Fall Racing Association (HPRA) unconditionally. Drew Couto of Thoroughbred Owners of California (TOC) stated an understanding regarding the horsemen's agreement for the HPRA fall meeting had been reached, and would be signed and filed with the Board. Eual Wyatt of HPRA stated the parties resolved the issues and reached an agreement. Mr. Couto stated there were originally two points of disagreement. The first issue involved language relating to TCO2, which was solved by reinserting the language in the horsemen's agreement. The second issue was a dispute over advance deposit wagering language. The parties agreed the language would remain outside the horsemen's agreement. Chairman Shapiro **motioned** to unconditionally

approve the application for license to conduct a horse racing meeting of the Hollywood Park Fall Racing Association. Commissioner Derek seconded the motion, which was unanimously carried.

DISCUSSION AND ACTION BY THE BOARD, IF NECESSARY, TO EXTEND THE SEPTEMBER 24, 2008, THROUGH OCTOBER 26, 2008, OAK TREE RACING ASSOCIATION HORSE RACING MEETING TO INCLUDE THE RACING DATES OF OCTOBER 29, 2008, THROUGH DECEMBER 21, 2008.

Chairman Shapiro stated the item would not be heard.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED ADDITION OF RULE 2070.5, EXCLUSIVE CONTRACT PROHIBITED, TO PROVIDE THAT AS A CONDITION OF APPROVAL OF AN ADVANCE DEPOSIT WAGERING (ADW) LICENSE, OR THE APPROVAL OF AN OUT-OF-STATE ADW PROVIDER, AN APPLICANT MAY NOT ENTER INTO AN AGREEMENT WITH A HORSE RACING FACILITY, RACING ASSOCIATION AND/OR SATELLITE WAGERING FACILITY WHICH EXCLUDES OTHER LICENSED OR APPROVED ADW PROVIDERS.

Chairman Shapiro stated the advance deposit wagering (ADW) licenses/approvals were set to expire at the end of 2008. If the Board wished to enact a rule that would enforce a nonexclusive wagering platform for all California licensed/approved ADW providers, it should act. Chairman Shapiro said he invited Drew Couto of Thoroughbred Owners of California (TOC) to make a presentation regarding how ADW worked, and the issues under dispute, so the Board would be better informed when it made a decision. Mr. Couto stated his presentation was an ADW primer and an exposure to California sources and distributions of revenue. He proceeded to give a lengthy PowerPoint presentation regarding California ADW. Commissioner Israel asked if the takeout fees (source market fee, or host fee) were from a

hundred percent of revenue or a hundred percent of takeout revenue. Mr. Couto said it was the takeout revenue, not the total dollar wagered. Vice-Chairman Harris asked why some wagers had a source market fee and others did not. Mr. Couto said California had a statute that dictated the distribution of ADW revenues. Under the statute any ADW wager made in California was considered within the source market. Most states did not have legislation that defined the source market, so it would be defined in the ADW contracts. Other states with no horse racing did not have source market fees paid to any party. In California the primary objective of the source market was to protect the investments made by live racing. Commissioner Choper asked who was the guest track. Mr. Couto said if an ADW wager was made in Ohio on a Santa Anita race, and the Ohio resident lived within 25 miles of Buella Park, Santa Anita would receive its portion of the takeout, the ADW provider would receive its portion and Buella Park, as the guest track, would receive a portion. The reason Buella Park received a portion was because the Ohio resident who placed the wager lived within 25 miles of the racetrack, so it was the guest track. Vice-Chairman Harris asked how the ADW rate compared to the conventional simulcast rate. Mr. Couto said in the traditional simulcast network better than 72 percent of the pari-mutuel revenue supported live racing, in the host state or the guest state. The same dollar wagered through an ADW provider would result in slightly more than 42 percent supporting live racing in California or another jurisdiction. Every dollar that shifted from traditional simulcast sources to an ADW source meant the industry lost 40 percent of its revenue. That loss could only be recouped by substantial growth. Commissioner Israel asked if the industry wanted to establish uniform pricing, as opposed to the current model. Mr. Couto stated he did not believe there was a one-size-fits-all

model. Signals had different values, and the Thoroughbred Horsemen's Group (THG) model recognized that. Commissioner Israel asked if there was a legislative remedy, as opposed to the free market. Mr. Couto said he favored allowing the parties to negotiate an appropriate solution. Without that, legislation could be the only way. The National Council of Legislators from Gaming States was considering crafting model rules. However, Mr. Couto stated he had faith in the industry's ability to reach a consensus. Commissioner Israel commented legislation would find the middle ground, so no side was punished, and ADW would not work at a disadvantage to a simulcast provider. Mr. Couto stated California did arrive at a model for distribution, but in an interstate context Federal legislation would be necessary. Commissioner Israel said the Board's interests were in California. If there were California legislation, entities wishing to do business in this State would have to abide by its laws. Mr. Couto said California had such legislation, but it was limited to the application of its laws to within its borders. It could not create law that applied to other states and transactions that occurred in other states. Commissioner Israel stated he understood, but if an entity wished to take a wager from California, it would have to abide by California law. Mr. Couto said that was true if the wager was taken in California. If the wager was taken out-of-state on a California race the issue was not so clear. The actual wager was not occurring in California, it occurred in another state. Chairman Shapiro commented the current law stated the wager occurred where it was processed, and even if it were a wager by a California resident, on a California race, it could be considered an interstate wager because it crossed state lines and was processed in another jurisdiction. Mr. Couto said that was the industry's interpretation of how the Interstate Horse Racing Act (IHA) applied. Commissioner Choper stated the question was whether

California could impose a uniform fee on residents and non-residents, on the use of a resource of the State of California. Mr. Couto stated the IHA was considered preemptive with regards to all interstate wagers. The IHA was intended to serve as the only legislation that could apply in the context of interstate wagers. Commissioner Choper said the IHA would preempt any state laws with respect to interstate wagers. However, if the IHA did not cover an issue, then it was possible for the California Legislature to enact a uniform law that did not favor any local interests over interstate interests, but stated any entity that wanted to use a race that took place within the borders of California, was subject to a uniform regulation. But the state could only do that in the absence of a Congressional prohibition. Craig Fravel of Del Mar Thoroughbred Club said the IHA required the consent of the Board for all interstate wagers; it had the same approval rights as the horsemen. If the Board wished to promulgate regulations that governed the economics of the situation, it had that ability. The issue was not whether the Board had the authority, but if it wished to use its authority. Commissioner Israel said he was looking for a practical solution to make the wagering more uniform and fair, and to make it easier for the industry to make deals by working within well-defined parameters. He commented his understanding of Mr. Fravel's statement was that the IHA permitted the state to set those parameters, if it wished. Chairman Shapiro stated the question was how did the state accomplish that, and was it something the state wished to do, given the uniqueness of each of the markets. The California industry dealt with at least 39 wagering states, each with different rules, source market fees and market rates. That was the root of the problem. Vice-Chairman Harris asked about the price-fixing aspect of the industry setting uniform fees. Mr. Couto stated the IHA provided that the horsemen could act collectively within a state. However,

there was currently litigation regarding whether the horsemen could act collectively beyond a single state. He commented there was a line of cases that suggested there was collective anti-trust immunity, but that would be decided by Federal judges over the next year. Vice-Chairman Harris asked if the THG had a specific exemption from anti-trust laws, other than the IHA. Mr. Couto stated the THG believed it was formed in the same fashion as the American Society of Composers, Authors and Publishers (ASCAP) and Broadcast Music, Inc. (BMI), and that it functioned in an identical or nearly identical manner as ASCAP and BMI; therefore, it was using an accepted model to deal with the issue. At the conclusion of the PowerPoint presentation Commissioner Israel asked what TOC would like the Board to do with regards to non-exclusivity. Mr. Couto stated it was not the role of the Board to become involved. The reason California had 48 percent of the ADW market was that the Board took the time to learn the business and to encourage the parties to work out their differences. Commissioner Israel stated the Board was considering a proposal; what did TOC want the Board to do with it? Chairman Shapiro said he thought the TOC presentation provided a better understanding of the complexities of ADW wagering. That transitioned to the Board's view that the California industry was better served if all signals were nonexclusive. As the ADW licenses/approvals were due for renewal, the question was how did the Board achieve non-exclusivity in an equitable manner. Counsel's advice was that a regulation was necessary. That led to Commissioner Israel's question: Was TOC in favor of exclusivity, and if so, what did it want the Board to do? Commissioner Israel asked if the TOC wanted the Board to mandate, through the granting/approval of licenses/approvals, that every ADW provider agree to non-exclusivity? Mr. Couto stated in 2007 the industry arrived at a collective agreement in

the process of crafting language for the renewal of ADW. The understanding was that the door was left open to a business deal that might provide that exclusivity was desirable. TOC agreed to the concept, but it was clear in its belief that the entire industry benefited from a nonexclusive market. Commissioner Israel said that meant if an entity agreed to give the horsemen 92 percent of the takeout, TOC wanted the latitude to make that deal. Mr. Couto stated the industry wished to leave the option of exclusivity available. Chairman Shapiro said the proposed regulation did not go far enough. Any regulation should require the ADW providers and the racing associations to enter into nonexclusive agreements, unless the track, horsemen and ADW provider agreed otherwise. Commissioner Israel commented the Board should remember its responsibility was to see that the handle grew. The 2007 ADW experiment demonstrated that when the number of ADW providers was limited the handle suffered. Chairman Shapiro said he agreed, but he also wanted to keep the option of exclusivity open in case the parties decided that was a viable option. Vice-Chairman Harris stated there was a possibility that the legality of any Board action would be challenged, so the industry needed to look at all aspects of the issue. Chairman Shapiro said he spoke with TVG and was told it believed non-exclusivity might be desirable, but the way the Board was approaching the issue might be counter productive. John Hindman of TVG stated his organization did express the view that the current rule, as proposed, would not accomplish the Board's goals. He said it could leave independent ADW providers that were not vertically integrated out of the equation. Some providers could fashion exclusive or quasi-exclusive arrangements, while the independents could not. Mr. Hindman commented that before the Board acted it would be helpful for it to hear from all the ADW providers, so it could get the

provider's perspective on the realities of ADW. Chairman Shapiro said the Board needed to figure out if it was in favor on nonexclusive wagering on thoroughbred racing. He stated a committee could be formed to work with the ADW providers, tracks and horsemen to craft a consensus approach to achieve the goal. Commissioner Israel said he would like to do what would generate the most handle. He stated he would also like to hear from the ADW providers, and asked if there was a way they could organize and make one presentation. Mr. Hindman said he believed each ADW provider should be able to make a presentation. There were four providers and each had a different business model. Commissioner Israel stated an understanding of what expenses the ADW provider incurred in running their businesses would be helpful. Mr. Hindman said he thought that would be productive, and so would an understanding to the various business models - inside California - and outside the state. Chairman Shapiro stated the ADW providers would be invited to make presentations to the Board. He said the process would take a while, and an industry group needed to be formed to explore the issue. Commissioner Israel stated he would be willing to explore the concept. Commissioner Moss stated exclusivity was fine if the ASCAP model with a nationally organized group that could make guarantees to racetracks was formed. That model could present the greatest reward to the stakeholders. However, nonexclusive arrangements were acceptable absent the ASCAP model. Vice-Chairman Harris said he believed ADW was the big hope for horse racing. Any way ADW new revenues could grow was something the Board should explore. A nonexclusive model seemed like it would work towards that end. However, there needed to be some exceptions in the event there were overwhelming reasons to allow exclusive contracts. Commissioner Choper stated he leaned towards the nonexclusive model.

There were still many things that could happen with legislation or a new ADW game plan, and that was why he said he suggested using the word "ordinarily." Commissioner Choper stated the option of an exclusive contract should be left open, but there was a strong presumption that non-exclusivity out to be required. He asked if the Board was bound by the opinions of the Attorney General's office. Staff Counsel Robert Miller said he believed the Board was bound by the opinions. Chairman Shapiro stated in the past the Board had ruled contrary to some of the opinions it received from the Attorney General's office. The Board was not bound by opinions from the Attorney General's office, but it generally followed that office's advice. Vice-Chairman Harris stated perhaps the Attorney General's office could look at the TVG letter and provide an opinion. Staff Counsel Miller said the letter would be forwarded to the gaming section of the Attorney General's office for input regarding its content. Commissioner Israel stated the Board's role was to do what was right within the law, but Board decisions should not be based on the possibility that it may be sued. Chairman Shapiro said he agreed. He stated he gave the TVG letter to staff and asked that Staff Counsel give the Board advice with respect to the letter's legal positions. However, the letter was only recently received, so there was not enough time for that to happen. Commissioner Derek stated she agreed with the concept of nonexclusive ADW contracts, with an allowance for non-exclusivity if the parties agreed. Mr. Fravel said he believed the market would work to solve the issue, and that could make Board action unnecessary. The exclusive contracts with Del Mar, Oak Tree and Fairplex Park Pomona were expiring and the parties were free to negotiate new contracts. In addition, once the Board made a determination that exclusivity was just one financial term that could be dictated, it could be constrained or required to dictate all the terms. The Board would take

over the negotiating posture of the racetracks and horsemen, which is why if the Board disallowed exclusivity, it should make it so that the horsemen and tracks had to agree to that. Chairman Shapiro stated the Board had examined the issues for a while, and the only opportunity it had to fix the situation was when it licensed/approved the ADW providers. However, the situation had changed due to the expiration of the exclusive contracts, so the Board wanted to make sure it had the tools that gave it the authority to do what was best for the industry. Mr. Fravel said he understood, but the only tool a racetrack had to negotiate a better deal was to state it would not do business with a provider. He encouraged the Board to keep that in mind when crafting a rule. Chairman Shapiro stated the process would take a long time, so a committee should be formed to examine the issues, and craft a proper regulation. In the mean time, the ADW licenses/approvals should be extended on a short-term basis because the process would not be done by the end of the year when the licenses/approvals expired. Chairman Shapiro asked Commissioner Israel if he would head a committee to explore ways to achieve the goal of nonexclusive ADW, with the exception of exclusivity when all the parties agreed. Sherwood Chillingworth of Oak Tree Racing Association stated his organization did not believe a regulation was needed.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FOR APPROVAL FROM SOUTHERN CALIFORNIA OFF-TRACK WAGERING, INC (SCOTWINC) TO ADJUST THE STABLING AND VANNING DEDUCTION FROM THE OFF TRACK HANDLE APPLICABLE TO RACING AT HOLLYWOOD PARK, TO FACILITATE THE USE OF FUNDS CURRENTLY IN SCOTWINC'S POSSESSION TO PROVIDE FOR IMPROVED RACING AND TRAINING FACILITIES IN THE CENTRAL ZONE OF CALIFORNIA PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTION 19607.1(F).

Tom Varela of Southern California Off-Track Wagering, Inc. (SCOTWINC) said an adjustment of the stabling and vanning deduction was discussed at the May 2008 Regular Board Meeting. At that time the stabling and vanning rate for Hollywood Park was dropped to .89 percent. It was predicted that a decrease in the rate would allow Hollywood Park to realize a savings of a certain amount of money; however, the projected savings were not realized. The proposed adjustment in the stabling and vanning deduction would drop the rate to .89 percent from its current level of 1.06 percent for the first week of the 2008 Hollywood Park Fall meeting. Once approximately \$18,000 in savings was realized, the rate would return to the 1.06 percent level for the remainder of the meeting. Chairman Shapiro asked if the reduction would create a savings for the horsemen and the racetrack. Mr. Varela said it would. Commissioner Moss asked who might be adversely affected by the request. Chairman Shapiro stated no one would be hurt. Vice-Chairman Harris **motioned** to approve the request by SCOTWINC to adjust the stabling and vanning deduction from the off track handle applicable to racing at Hollywood Park. Commissioner Israel **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE FEASIBILITY OF AMENDING CHRB RULE 1498, PHYSICAL EXAMINATION, TO ADD ADDITIONAL CRITERIA FOR THE REQUIRED JOCKEY, APPRENTICE JOCKEY, AND DRIVER ANNUAL PHYSICAL EXAMINATION.

Vice-Chairman Harris stated he asked that the item be placed on the agenda for the Board and the public to reflect on the physical examinations required under Rule 1498, Physical Examination. Vice-Chairman Harris said Barry Broad of the Jockey's Guild had expressed concern over confidentiality rights and drug testing, so he assured him no decisions would be made. However, Rule 1498 was inadequate, as it did not promote uniformity in physical exams, and all that was required was that a jockey could hear and see. It should be as tough for a jockey to pass a physical examination as it was for a truck driver or pilot. The examinations for both of those occupations were better thought out than current Board practice. Vice-Chairman Harris added he thought the physicals should include some drug panels. He added another facet of the physicals is when a jockey was injured. The Board did not have a defined protocol to ensure the jockey's health, or to assure the public that the jockey was fit to ride. There were millions of dollars wagered on horse races and the public should be confident in the jockeys' abilities. Commissioner Israel commented the Board should seek a medical consultant to provide advice on the content of a physical examination and what the protocol should entail. Chairman Shapiro stated Dr. David Seftel, a racetrack doctor in Northern California, could help with the issue. Dr. Seftel was active with the Jockey's Guild, and in the ongoing jockey health study. Mike Martin, CHRB staff, said he spoke with Dr. Seftel who volunteered his services. Mr. Martin commented that one of the cracks in the system was jockeys who were from out-of-state to ride a race or two. They were already

licensed, so they did not need to see the stewards. Commissioner Israel stated one solution to that problem would be to have the jockey provide a medical record that was current. Jockeys did not have a guaranteed salary, so it was in their financial interest to return to work sooner, as opposed to an athlete who was on a defined salary. In some ways they needed to be protected from themselves. Ed Halpern said under worker's compensation if a jockey was injured he had to present a doctor's release to return to work, so there was some assurance that the jockey was approved to return. Darrell Haire of the Jockey's Guild said his organization would cooperate in the development of jockey physical protocols.

DISCUSSION BY THE BOARD REGARDING THE ALLOCATION OF RACE DATES AND RELATED ISSUES FOR 2009 AND BEYOND.

Chairman Shapiro stated the allocation of race dates was one of the more difficult issues faced by the Board over a period of time. There had been disputes over particular days, and there was the closure of Bay Meadows, as well as the possible closure of Hollywood Park. He commented that when the Bay Meadows Land Company purchased Hollywood Park it stated it would only commit to racing at the facility for three years, absent improvements to the economics of horse racing. The improvements did not materialized, and Hollywood Park had been upfront in advertising it may close. The industry and the Board attempted to craft a strategic plan regarding what would happen if the racing facilities were lost. Hollywood Park committed to running its 2009 spring meeting, but it was not in a position to commit to run beyond that meeting. Chairman Shapiro stated the industry failed to develop any contingency plans despite all the meetings the Board held to create such a plan. The plan would provide alternatives for racing; stabling; and training horses should Bay Meadows and Hollywood Park

close. The result was that there still was no plan for the south and the plan for the north was to move some dates around, with no funding in place with which to improve any racing facilities. While there has been legislation, and there have been a lot of meetings, there were still no plans. Chairman Shapiro said when the Board first tried to push the idea of a strategic plan the Board was asked to stand back and let the industry create a plan. The Board agreed, but it appeared that was a mistake because there was no plan. He stated he was disappointed that the industry was left not knowing where it would race, or house horses, and such planning was no further along that it was two years ago. Chairman Shapiro commented there was too much racing, and the industry could not afford to have a Northern and Southern California circuit that ran continuously. There were 5,000 horses in the south to run a Southern California circuit, and in the north the schedule would continue as before with only a few tweaks, which did not seem to be much of a plan. With respect to the 2009 racing schedule there was a tentative agreement in the south that included the assumption that Hollywood Park would run its fall dates. The north seemed to be the more difficult issue. Chairman Shapiro stated he was not sure what the industry expected of the Board, and he was not sure if the Board should just put together its own calendar and give it to the industry. Commissioner Israel asked if Hollywood Park was committed to running in 2009. Eual Wyatt of Hollywood Park stated the Board had two calendars labeled "Southern California 2009." The calendar labeled "proposed" was the calendar the Southern California racetracks were in agreement with. Commissioner Israel asked if Hollywood Park would commit to running November 11, 2009, until December 21, 2009. Jack Liebaw of Hollywood Park said "no." He stated Hollywood Park would make a commitment to run its 2009-spring/summer meetings, and that

a 2009 fall meeting would be subject to a six-month notice. The industry agreed, and that was why Hollywood Park was running in 2009. Commissioner Israel asked how the industry was supposed to make coherent plans with so much uncertainty. Chairman Shapiro stated in the past the Board tried to look at alternatives. The Board could state it would not license the entity, or it could insist the entity run during that period as a condition, but there also needed to be a contingency plan. Commissioner Israel stated the Board could at least require Hollywood Park to make stabling and training available. He asked how many stalls Hollywood Park had. Chairman Shapiro said there were 1,900 stalls. Commissioner Israel asked how many were presently filled. Mr. Liebau stated close to 1,900 stalls were presently occupied at Hollywood Park. Commissioner Israel asked where the horses were supposed to go if Hollywood Park closed. Mr. Liebau said in September 2005, when Bay Meadows Land Company bought Hollywood Park, it was announced the facility would stay open for three years, unless the economics of horse racing improved. Hollywood Park stood by its commitment and it put a lot of money into the facility. Mr. Liebau stated he currently did not know what would happen to Hollywood Park, nor did anyone else. Chairman Shapiro said the industry had worked to address the issues. There were plans to expand Fairplex Park Pomona (Pomona) as a training and racing venue, and there were proposals from Los Alamitos to create a new meeting at that track, but the bottom line was the industry had not produced anything. The industry needed to figure out how it would reconfigure itself, or there might not be racing if Hollywood Park closed. Commissioner Israel stated Santa Anita or Pomona would fill the void with racing; the problem was too few stalls to house horses, and losing 1,900 stalls only added to the current problem. Chairman Shapiro said there were plans to expand Pomona

and Los Alamitos. There had also been talks with respect to San Luis Rey Downs, Del Mar and Galloway Downs. Vice-Chairman Harris commented the Board could also stipulate that 4,000 horses were no longer necessary to run a race meeting. Commissioner Israel stated there needed to be a venue for horses to train. Vice-Chairman Harris said 4,000 horses might not be needed to sustain a meeting. Those horses could go someplace. Commissioner Israel asked if the horses would go out of state, or were there enough training and stabling facilities. Chairman Shapiro said the horses could leave the state, or go to farms, but there were not enough racetracks with stables. Commissioner Choper said the issues before the Board would soon be realities. What should the Board do to move the issues along? Chairman Shapiro stated for three years the Board tried to get the industry to craft a contingency plan, but it looked like the Board would have to take on the issue. Commissioner Israel stated the Board could refuse to approve Hollywood Park's license to run April through July 2009 unless it agreed to run its traditional winter meeting. Mr. Liebau said the Board did not want to do that, as the implications would be terrible. Vice-Chairman Harris stated what the industry had could be the best of a bad situation. There were not a lot of alternatives. Chairman Shapiro said the Board needed to look at the possibility that the calendar would be scaled back. The industry needed legislative help to fund fair expansion, but it did not achieve its goals. Sherwood Chillingworth stated Oak Tree Racing Association (OTRA) was willing to run an additional three weeks, which would take the calendar to the first of December. The industry could then take a hiatus until December 26. He added there might be other tracks willing to run the same dates. He added OTRA did not have an answer to the stabling and training problem. Chairman Shapiro said the industry knew it could race at Santa Anita; the issue was

stabling and training, and where to put all the people who lived on the backside. Drew Couto of Thoroughbred Owners of California (TOC) said in the short-term the industry looked at assimilating horses at San Luis Rey Downs, which could only take a couple hundred more horses, absent temporary stalls. In addition, Del Mar could act as a short-term venue probably until May 2010. The industry would have between the time Hollywood Park shut down and early May 2010 to arrive at a long-term solution. There were thoughts about expanding San Luis Rey Downs or Pomona, and some discussions with Los Alamitos, so nothing was off the table. Commissioner Moss stated if Hollywood Park informed the industry it would close in November, horsemen would not know if they would be allowed on Hollywood Park's grounds past July. Hollywood Park had six months to tell the industry it would close, but that did not mean it had to stay open for six months. Mr. Liebau stated he suspected he would be applying for race dates in 2010. Horse racing had some fundamental problems, and the underlying business needed improvement. When a business did not do well, it reallocated its resources. Hollywood Park promised to give six months notice that it would not run its fall meeting. That did not mean it would keep its backside available. If it did that, it might as well keep racing. Vice-Chairman Harris stated Santa Anita and Hollywood Park had a tradition of alternating which track was open during Del Mar. In 2009 Hollywood Park would be closed during Del Mar regardless of how long it would exist as a racing facility. Mr. Liebau said that was correct, and he pledged to inform the industry about Hollywood Park's future as soon as possible. Vice-Chairman Harris stated the Board needed to decide on a 2009 racing calendar. Chairman Shapiro said the south agreed on a 2009 calendar. Vice-Chairman Harris stated the 2009 southern calendar needed to be cut to build up demand. There was racing six to eight

weeks from July 22 through September 29, 2009. In addition, Fairplex Park Pomona was six to eight weeks, and it was overpaid \$400,000 in its last meeting. He said horse racing had a real problem, and it needed to be resized, as the only way to increase purses was to run slightly fewer live races and simulcast on dark days. That would build up purse monies and pent up demand amongst fans for live racing. Commissioner Israel said the Board needed to understand how a reduction in live racing would impact out-of-state ADW revenue. If the racing calendar were reduced, how would that affect the handle and the money flowing back from ADW? It could have the effect of reducing purses. Vice-Chairman Harris said it would clearly increase purses. He was not looking at gross purses, but purses per race. Cliff Goodrich, representing Pomona, said the facility had one meeting that ran less than three weeks. Taking about reducing the race days for a three week meeting was a pretty severe penalty. Pomona would like to be involved in the discussion, so it could convince the Board that every day was precious to a meeting that ran less than three weeks. Mr. Goodrich stated Chairman Shapiro was correct. The industry approached the Board and asked to work to solve the problems, and nothing had been accomplished. He said the industry could get through 2009 if Hollywood Park announced it would not run its fall 2009 meeting. The more difficult issue would be a long-term plan, and the burden of that fell on the industry stakeholders. Mr. Goodrich stated the current economic problems were affecting horse racing across the nation, including Southern California. In addition, the credit crunch was affecting the ability of Pomona and Pleasanton to borrow funds for facility improvements. The industry stakeholders would resolve the very complex issues, as the Board could not force the expansion of a facility, or direct where horses would be trained or stabled. Commissioner Choper stated

Pomona had plans to expand its stabling capacity, but was it also going to expand its capacity to race more than three weeks a year? Mr. Goodrich said the parties remained in ongoing talks about Pomona's fate. Pomona was interested in expanding, but it could not direct its own fate; Pomona could only make itself available. The fate of Southern California racing facilities would be a collective decision made in the long-term interest of the industry, and taking into account what was affordable, reasonable and could be accomplished. Commissioner Choper stated Los Alamitos was also mentioned as a potential resource. Was Los Alamitos included in the industry's discussions? Chairman Shapiro stated the industry included Los Alamitos in its talks. Ron Charles of Magna Entertainment said the industry held numerous meetings and he believed it would find a way to get through the race dates. The problem was Hollywood Park was not sure how long it would race, and it was difficult to allocate a commitment to 50 to 100 million dollars when Hollywood Park could be racing up to four more years. The industry was in a limbo, and it currently did not have an answer. Commissioner Israel asked if the stabling business was profitable – apart from racing. Chairman Shapiro said stabling was not profitable; it was subsidized. He commented stabling was one issue that needed to be looked at, as certain trainers had 40 to 50 horses at the stables, including young horses that were not close to racing. The trainers did not pay stable rent; instead, the stabling and vanning fund subsidized the stabling. At some point the racetracks might wish to impose some form of rent. It was going to cost tens of millions of dollars to improve Pomona, and there needed to be revenue to offset that. Commissioner Israel stated there was also the issue of horse welfare. If the number of horses stabled was reduced, they would have to go somewhere, and that could be the slaughterhouse. He said he understood it was illegal in California, but the least

productive thoroughbreds, if not in training, were going to be sent somewhere beyond the Board's ability to control. Vice-Chairman Harris said, however, the racetracks should not serve as lay-up facilities. There were plenty of lay-up facilities in California. Disposal of the horses was not the problem; they just needed to get off the track. Commissioner Israel stated the number of available ranches and farms had declined because of development. Chairman Shapiro said he did not blame trainers for wanting to keep younger horses near. Farms were disappearing; it was easier to keep horses at the track. However, if the racetracks charged rent for stalls, perhaps the horses would be better off going to farms that had training facilities. Commissioner Moss said trainers needed the ability to watch their horses train and develop. It did not do the trainer any good to have a two-year-old working at a training track 20 miles away, where he could not observe. Chairman Shapiro said that was true, but there were other horses at the track that were not at that stage. Everyone else was subsidizing those horses. Commissioner Andreini asked if the issues with Los Alamitos were large. Mr. Charles said there had been difficulties in the talks with Los Alamitos, but the parties would continue negotiations. He commented what ever the industry did; it had to be first class. Southern California racing was too high a quality to not have first rate training facilities. Mr. Charles added Southern California needed to start looking at the starts per stall. Northern California had half the horse population as Southern California and it was able to produce race meetings. However, the real issue was a plan for the future of horse racing in California. The industry took the problem seriously, but the economy and a number of other issues changed the direction of the talks. In addition, it was difficult to make a commitment to spend 50 to 70 million dollars to improve racing facilities when the possible closure of Hollywood Park kept

the parties in limbo. Chairman Shapiro said he understood the issues were difficult and that the industry was attempting to find solutions. However, it had been three years, and the industry was still at square one. If Hollywood Park was to close, and there was a crisis, the Board was not in a position to solve it. Commissioner Moss said the State should also be involved, as it owned the property at Del Mar. How could Del Mar be made available for year-round racing? Mr. Charles stated talks were currently underway regarding Del Mar. Commissioner Israel asked if part of the problem was that the person or persons responsible for causing the uncertainty were never held to account before the Board. Chairman Shapiro said the principals had appeared before the Board, and Mr. Liebau was frequently present. The problem was that Hollywood Park's owners did not know when the entitlement process would be finished, and like Bay Meadows, they would keep the facility open to enjoy the resulting cash flow. The Board's only alternative was to state that since Hollywood Park could not say when it would close, its dates would be given to another racetrack to run. However, that option created other problems. Commissioner Choper said if a racing facility were to commit to making the necessary improvements, the Board could assure it that once it was ready to race, it would get Hollywood Park's dates. The Board had to do everything within its powers to solve the problem, but no racetrack would make the investment to improve its facilities if they were going to be told Hollywood Park would continue running. The race dates were something over which the Board had control. Chairman Shapiro stated the Board could act on such a solution, but no entity had come forward with a plan. Commissioner Choper said the free market would take care of the issue if it had the assurance of the Board that when it did, the dates would be available. Mr. Charles said that was important for the

industry to hear, because no entity would step forward unless the Board made a commitment. Commissioner Choper commented it might be premature for the Board to take such action, but it could not be considered unfair, as a racetrack facility could not be built on six months notice. Mr. Liebau said that was absolutely true. He stated he was astounded because Hollywood Park was being blamed for the lack of industry action. If one was going to commit one hundred million dollars to the industry, it was reasonable to ask for the race dates in return. Chairman Shapiro stated that brought the issue back to the industry's plans, which were not in evidence. Commissioner Israel said OTRA stated it would take the remaining weeks of November, and perhaps Del Mar would take the December dates prior to the Santa Anita meeting. Commissioner Choper commented in Northern California Golden Gate Fields effectively picked up the Bay Meadows dates, which seemed to work well. What did not work were the plans for improving Pleasanton. Chairman Shapiro stated there were still plenty of problems in the north. Pleasanton had not been renovated and there were no funds to improve and add stalls at that facility. The industry had not been able to solve the economics or develop a plan. Del Mar had a fair that had other events scheduled. There were issues to be worked out, such as a bond schedule and housing, and the same was true for Oak Tree. At the same time there was no solution to funding improvements at Pomona to make it fit for more training and racing. There also was no deal with Los Alamitos, which was a year round quarter horse facility, and which would require significant money to improve. In the mean time, the Board seemed willing to grant Hollywood Park's race dates to the entity that did come forward with a plan to improve its facility to solve the problem. Marsha Naify of TOC said the basic problem for the industry was stabling. An industry group had been meeting

regarding the issue and was diligently working to solve the problem. There were complex issues to overcome, but there were contingency plans in the event Hollywood Park closed, and the group hoped to have long term plans by the end of 2008. Chairman Shapiro stated he hoped the industry would keep the Board informed regarding any progress it made. Rod Blonien, representing Pleasanton, said all the horses from Bay Meadows were currently at Pleasanton, and the transition went well. Bay Meadows, Magna Entertainment (Magna) and Pleasanton cooperated to make the transfer of horses complete. Mr. Blonien stated Magna and Pleasanton were working to create revenue to help fund improvements at Pleasanton. That included legislation to help find a revenue stream. Commissioner Choper asked if there were adequate stalls in the north. Mr. Blonien said "yes," and there were ten stalls at Golden Gate Fields where the horses needed to be moved, but additional stalls would be found. With regards to Los Alamitos, Mr. Blonien stated it was willing to accommodate thoroughbred racing, but there were some requirements, which were known to the parties. If, by the end of 2008, the thoroughbred industry decided to go forward with racing at Los Alamitos, Dr. Edward Allred, the owner of Los Alamitos, would arrange funding and take on the obligation. Chairman Shapiro said that while horses were being provided for, there were the same issues in Northern California. It appeared that TOC and California Authority of Racing Fairs (CARF) had competing proposed 2009 race schedules. Drew Couto of TOC stated there was a split in the industry regarding the 2009 Northern California racing calendar. Industry discussions occurred until frustration levels cut off dialogue. The TOC submitted a calendar that illustrated what was discussed. At the industry's last meeting CARF presented a proposed 2009 calendar that closely resembled the 2008 racing calendar, with the exception that the

majority of Bay Meadow's dates would run at Golden Gate Fields. TOC looked at the CARF calendar and determined Northern California racing was in trouble. There were serious problems that could not be fixed by trying to placate one or two interests regarding what they considered traditional dates and expect that racing would remain healthy in the north for more than a few years. TOC, Magna, Golden Gate Fields and the California Thoroughbred Trainers proposed a 2009-race dates schedule that would have a meeting at Golden Gate Fields from December 26, 2008, through June 14, 2009. In January and February 2009 there would be a four-day race week (with the exception of two weeks during that time) because there were too few horses and too many race dates. In the March through June timeframe, when horses from outside California typically arrived, the five-day calendar was restored. On June 14, 2009, at the end of the Golden Gate meeting, the calendar turns to Stockton, with its traditional race dates of June 18 through June 28, 2009. Those dates were during the Stockton fair. In September, during the Pleasanton fair, Pleasanton would run three weeks. Mr. Couto commented Pleasanton was the new training center for the north. TOC believed Pleasanton needed additional weeks to help it generate revenue that could be used for facility improvements. He stated the Vallejo meeting would not run in 2009, and Santa Rosa would follow Pleasanton. One problem with racing in Northern California was a long stretch without turf racing. That was resolved by increasing Santa Rosa to three weeks. A four-week meeting at Golden Gate Fields that would be dedicated to Pleasanton would follow Santa Rosa. The meeting would help fund facility improvements at Pleasanton, and it would run from August 12 through September 7, 2009. The meeting would also be overlapped by Ferndale, which would run from August 13 through August 23, 2009. Mr. Couto said Sacramento only recently

returned to running thoroughbreds at its fair meeting. TOC felt it was best for Sacramento to start for three weeks on September 7 through September 27, 2009. He stated TOC calculated Sacramento would see an increase of 20 percent in its revenues. After Sacramento, Fresno would run from September 30 through October 12, 2009. Following Fresno, Golden Gate Fields would run its fall meeting from October 16 through December 13, 2009. Mr. Couto noted the calendar returned to four-day weeks because of the weather and shortage of horses. He added there would be a two-week Christmas break in the north. The calendar was developed with comments from TOC constituents in mind, and with an eye to generating revenue. Mr. Couto spoke about the economic assumptions behind the proposed 2009-racing calendar, how there were synergies in wagering north and south that generated revenues, and possible savings in vanning and stabling. Chairman Shapiro asked how many race days the proposed 2009 calendar represented. Mr. Couto stated there were approximately 33 fewer race days in the proposed 2009 racing calendar. That represented a 14 percent reduction. He stated when the days were reduced and there was full card imports and ADW wagering, the average purse revenue increased. Commissioner Moss asked if the racing secretaries put together a calendar that reflected the horse population and highlighted certain races so trainers could make the circuit and prepare for a particular race. Mr. Couto stated there was a lot of logic in Commissioner Moss's question. For several years TOC had asked for a calendar of stakes races, but it could not get racing secretaries together to accomplish the task. TOC agreed with Commissioner Moss, and was working internally on such a calendar. Commissioner Israel asked if the Board had a role in facilitating a stakes calendar. Mr. Couto said the Board could have a role, but TOC had not thought about that. A problem for the

racing secretaries was that they could not write a stakes schedule until there was a 2009-racing calendar. Chairman Shapiro asked if the fairs were not using the same racing secretary. Mr. Couto stated 2008 was the first year the fairs used one racing secretary. Golden Gate Fields also had a racing secretary, so perhaps there would be a better result going forward. Mr. Couto said TOC understood that CARF might wish to run their race meetings at the same time as their fairs. It also was aware of the argument that new owners and fans were developed at the fairs. However, the industry was at a point of peril economically and structurally, and the horsemen and others who participated in the race meetings were stating the status quo no longer worked. Vice-Chairman Harris stated the proposed 2009 racing calendar had a lot of good points. The five-day weeks and the pauses between certain meetings were nice; however, if something had to change it would be Cal-Expo, which was a large fair with a long history. Cal-Expo was a nice facility that had the potential to be as good as any racetrack in America. Cal-Expo never should have walked away from its fair meeting, but it was back, and to deny Cal-Expo its traditional dates would be wrong. In addition, the facility was located in the State Capitol, and while the Board did not necessarily respond to political pressure, it was a sensitive issue. Norm Towne, representing CARF, stated for a couple years Cal-Expo did conduct harness racing at its facility during the state fair. However, in 2008 it got back into the thoroughbred business and had a reasonably successful meeting. Cal-Expo indicated by letter that it would like to have three weeks of racing in 2009 that corresponded with its fair dates, which were August 21 through September 7, 2009. Mr. Towne stated CARF had a proposal that maintained Cal-Expo's traditional two-week race meeting in 2009. In the interests of harmony, Cal-Expo would go along with the CARF proposal, if needed. Cal-Expo did not like

the TOC proposal that moved its meeting beyond the Labor Day timeframe. Commissioner Choper said he thought TOC stated the Cal-Expo fair dates were uncertain for 2009. Mr. Towne stated Cal-Expo 2009 fair dates were set for August 18 through Labor Day. Commissioner Choper asked if the Golden Gate Fields meeting in August could be flipped to run at Cal-Expo, and the TOC proposal for Cal-Expo run at Golden Gate Fields. Mr. Towne stated that was exactly the CARF proposal, and it would be acceptable to Cal-Expo. Commissioner Israel asked if the dates were not the San Mateo fair dates. San Mateo County Fair would probably get some revenue by ascribing the dates to Golden Gate Fields, and so did Vallejo. Mr. Couto stated the TOC calendar was drafted from a financial standpoint and to appeal to horsemen in the north. In 2008 horsemen did not run in Sacramento. Cal-Expo had the smallest field sizes and was able to fill one allowance race, which was a \$32,000 optional. If the race dates were flipped there would not be the security or participation in the north. Chairman Shapiro stated Cal-Expo had a great facility. The meeting was its first year back with thoroughbreds, and the fair meeting exposed Legislators and hundreds of thousands of fair-goers to horse racing. One should not look at just the economics. Commissioner Israel said at some point disparaging fair meetings would become a self-fulfilling prophecy. If horsemen were encouraged to go to Cal-Expo they would participate in the meeting. Mr. Couto stated TOC was not discouraging horsemen from going to Cal-Expo; it was merely stating what happened. Commissioner Choper said he understood, but what was the difference if the three weeks were in September or August? Chairman Shapiro stated every time a fair ran a race meeting that was not in conjunction with its fair dates, the race meeting was a disaster. TOC might be able to prove its point on paper, but it was hard to imagine Cal-Expo

running its fair and not having a rae meeting. Charles Dougherty of California Thoroughbred Trainers (CTT) said the horsemen were not treated well at Cal-Expo. The Barn area was not in good condition, and the horsemen were charged \$2 per horsemen to bring families on the facility. In addition, Cal-Expo refused to send veterinarians to get horses off the vet's list. Mr. Dougherty stated the industry was in peril and it tried to devise a calendar that would make the north a better place to run. There was a good circuit of horsemen in the north, and the industry tried to figure in turf opportunities where a two-year old program could be established. The industry knew there would be a controversy with Cal-Expo because every time it talked about improving northern racing, the fairs would not move out of their traditional block of dates. Commissioner Choper stated the TOC plan gave Cal-Expo three weeks. Why would three weeks in August not be good and three weeks in September be good. Mr. Dougherty stated the industry was attempting to create a continuous turf racing circuit. From Santa Rosa through the Golden Gate meeting there would be seven continuous weeks of turf racing. That would allow owners and trainers a chance with turf horses, and during Sacramento and Fresno they would not have to run. The better horses would not ship to Sacramento to run in the heat. Flipping the dates would keep some of the better two-year olds in the north. After Golden Gate they could take a break and then return for the Golden Gate fall meeting. Vice-Chairman Harris said the temperatures in Sacramento would be about the same in August and September. He asked if the problems in the Cal-Expo Barn area were ever brought to the Board's attention. Executive Director Kirk Breed said the facility was inspected. Cal-Expo was told to fix its broken windows, which it did, and it was filling the stalls. Chairman Shapiro said he was sure Cal-Expo would fix any problems in its barn area.

The fundamental issue was if the fair should be separated from the race meeting. Mr. Couto said it was traditional to run horse racing at fair meetings, and there was supposed to be emerging breeds, and new fans were supposed to be cultivated, but none of that had happened or could be quantified. The point of the proposed 2009 racing calendar was that Golden Gate Fields would attract new fans, and the horsemen would be happy. A large component of horsemen's revenue was north/south wagering. At Del Mar, fans would wager on the north. In 2008 the southern fans had a Sacramento card, which was not a good card by any measure. It did not handle much at Del Mar. If Del Mar overlapped Golden Gate Fields, the handle in the north and the south would increase because of the higher quality of racing. Commissioner Choper asked what happened during the three weeks in September when Cal-Expo would be running. Commissioner Israel said Sacramento and Pomona would be running, so the handle would not be as good. TOC wanted Sacramento and Pomona to coincide because they were the three weakest weeks. Vice-Chairman Harris said one issue was that Pomona did not have a turf course, nor did Sacramento. It would seem as if one did not wish to overlap Pomona and Sacramento. If Pomona and Golden Gate Fields overlapped at least an owner who wanted to run on turf could ship to Golden Gate Fields. Commissioner Israel said the idea was that horsemen would go on vacation until the Oak Tree meeting or the Golden Gate fall meeting. Mr. Towne stated at some point the fairs were going to have to get into major league racing. Cal-Expo realized that and had poured money into its facility. Cal-Expo was also negotiating with the National Basketball Association (NBA) to build an arena, and there were talks about incorporating the racing facility. The horsemen were going to have to recognize the coming importance of the fairs and start participating in their meetings. Bay Meadows was gone and

the fairs were now part of the major circuit. Chairman Shapiro stated it seemed logical that there should be a major race meeting at Cal-Expo. The facility could easily accommodate a turf course, and it had a great barn area. Mr. Towne said there were ongoing discussions for an expanded racing facility, even with an NBA arena. Tom Bachman of TOC stated the industry worked on the proposed 2009 racing calendar for some time. Over the last couple of years TOC looked at which fairs needed to be enhanced, and they were Pleasanton, Santa Rosa and Sacramento. Cal-Expo had indicated it would do what TOC recommended, and the horsemen decided Pleasanton would be the auxiliary stabling for Golden Gate Fields. He stated Golden Gate Fields was the cornerstone of Northern California racing, and it was paramount to keep it healthy. Magna Entertainment's stock was not exactly healthy, and there could be entities looking to purchase Golden Gate Fields. The healthier the industry made Golden Gate Fields, the more secure the northern circuit would become. Horsemen would not ship in August from the Bay Area to run in Sacramento's hundred-degree heat; instead, they would sit and wait until the Golden Gate fall meeting. Commissioner Israel stated the difference in temperature between the three weeks of the August Cal-Expo fair meeting, and the three weeks in September of the TOC schedule, was negligible. He asked what the horsemen would do in September. Mr. Bachman said the horsemen would wait until Golden Gate Fields opened. Commissioner Israel stated that meant the horsemen would not run in Sacramento no matter which three-week period it was allocated. It would be a hundred degrees on either set of dates; it did not make any difference. Chairman Shapiro asked where the emerging breeds and less expensive horses going to go in September, when the schedule had Golden Gate Fields running? Mr. Bachman said he believed the emerging breeds and less

expensive horses were going to disappear. Chairman Shapiro stated Mr. Bachman's pronouncement convinced him there was too much racing. However, the bottom line was the three weeks in Sacramento, and as Mr. Bachman was suggesting the horsemen would not run there no matter which three week period was assigned. Mr. Liebau said the Board might want to look at field sizes in the various months. It would see that the field size was highest in November and December because that was when the horses from Washington came down. September was a terrible month for field sizes. Commissioner Israel asked if Mr. Liebau was stating there needed to be more racing dates in November and December in Northern California? Mr. Liebau said if he had to choose, and he had only so many dates, he would certainly look at field size, where there were the most horses. Vice-Chairman Harris said with the issue of four-day weeks, it might be better to run them in September than in November. Mr. Liebau said only if one was worried about field size and horse population. He added Cal-Expo was better off running during its fair meeting when it had a large population at the fair. Chairman Shapiro asked Chris Korby of CARF how CARF's proposed calendar differed. Mr. Korby said CARF was in general accord with the TOC calendar. The only point of disagreement was that the TOC calendar moved the traditional Cal-Expo dates to September. Otherwise, the TOC calendar built on what CARF proposed; it just went too far. Vice-Chairman Harris asked if the Humboldt County Fair was happy with the proposed calendar. Steward Titus of the Humboldt County Fair (HCF) said his organization would like to remove itself from its overlap to see how well it could do on its own, but due to the complexity of the issues, that did not seem possible. He commented it would be detrimental to HCF to move Cal-Expo to three weeks in August. HCF could survive overlap with Golden Gate Fields if it

received additional supplemental purses and a portion of the profits from Golden Gate Fields. Vice-Chairman Harris asked if HCF would like Cal-Expo to run during its fair. Mr. Titus said during the Cal-Expo fair was okay, but not moving into a third week. Chairman Shapiro stated he did not know where the notion that HCF would be denied racing dates started, but that was not true. There was never any thought about discontinuing dates at the HCF. Mr. Goodrich stated in 2008 Pomona overlapped with Stockton for the first time. The second half of the meeting was an overlap with Golden Gate Fields. He said the overlap with Stockton was a disaster, while the Golden Gate Fields overlap was much better. TOC would rather have a major meeting against another major, but if Cal-Expo and Pomona ran against each other, they would both have very poor results. Richard Castro of the Pari-Mutuel Employee's Guild spoke about his concerns regarding the proposed 2009 racing calendars. Robert Hartman of Golden Gate Fields said the real question with the 2009 racing calendar was the five weeks between August 26 and September 27. He stated he would recommend that the parties get together and try to figure out how to solve the issue. One of the real problems for the north was that a lot of momentum was built up in the spring, but in the fall all the horses were gone. Vice-Chairman Harris said Golden Gate Fields should decide which four-day weeks were best; November could be better than September. The Board could be flexible when it approved Golden Gate's license, but the association needed to run some numbers to see when it was optimum to run four-day weeks. Commissioner Choper asked how Golden Gate Fields would react to flipping the proposed Cal-Expo dates with the proposed Golden Gate Field dates. Mr. Hartman stated the fair dates were a gesture by Golden Gate Fields to offer its facility at cost to raise money for improvements at Pleasanton. Golden Gate Fields was

trying to run a four-week meeting where all the money would go to Pleasanton's barn area, and perhaps start a fund for a synthetic surface and a turf course. Vice-Chairman Harris said the big issue was that whoever overlapped Del Mar had a better revenue source than the association that overlapped Pomona. A Cal-Expo and Pomona overlap was probably not good for the overall State, and it made more sense for Golden Gate Fields to overlap Pomona. Chairman Shapiro said the Board raised serious concerns about Cal-Expo not having racing during the State Fair. The Board appreciated the points made by the industry, but it was disturbed by the notion of a CARF general fair. It was a good idea to help raise funds for improvements, but why was a commercial racetrack running for the benefit of a fair? In addition, the Board did not like the notion that the industry was holding onto fair dates, when those fairs no longer existed as racing fairs. Chairman Shapiro suggested that the parties get together and renegotiate a proposed 2009 race dates calendar, perhaps with the participation of the Board, if needed.

MEETING ADJOURNED AT 1:55 P.M.

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

Chairman

Executive Director

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Sheraton Fairplex Suites**, 601 West McKinley Avenue, Pomona, California, on **September 18, 2008**.

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

MINUTES

Chairman Shapiro asked for approval of the minutes of the Regular Meeting of August 19, 2008. Commissioner Moss **motioned** to approve the minutes. Commissioner Israel **seconded** the motion, which was **unanimously carried**.

PUBLIC HEARING AND ACTION BY THE BOARD ON THE PROPOSED AMENDMENT OF CHRB RULE 1481, OCCUPATIONAL LICENSES AND FEES, RULE 1486, TERM OF LICENSE, AND THE ADDITION OF CHRB RULE 1504.5, PROVISIONAL EXERCISE RIDER, TO INITIATE A PROVISIONAL EXERCISE RIDER PROGRAM, TO PROVIDE A TRAINING PROGRAM TO ALLOW ASPIRING EXERCISE RIDERS TO GAIN EXPERIENCE BEFORE BECOMING LICENSED EXERCISE RIDERS.

Chairman Shapiro said the item was discussed at the August 2008 Regular Meeting where changes to the text were proposed. Leigh Ann Howard of San Luis Rey Downs stated the current procedures for issuing exercise rider licenses did not guarantee that only persons who had racetrack experience were licensed. The proposal to create a provisional exercise rider license had three components. The first part required the prospective exercise rider to be employed by a CHRB licensed trainer. A signed employment agreement must be presented

before an applicant may be licensed as a provisional exercise rider. This would make the trainer responsible for the provisional exercise rider, and it would prohibit the provisional exercise rider from riding other trainers' horses. The second part required the provisional exercise rider to wear distinctively colored helmet and vest covers, so everyone on the racetrack could distinguish him or her. The third part stated the provisional exercise rider may not upgrade to an exercise rider license until 60 days after receipt of the provisional exercise rider license. There might be provisional exercise riders who demonstrated enough talent after two weeks, but in a two-week period no one could get the necessary racetrack experience. Ms. Howard stated she would like the text of the proposed Rule 1504.5, Provisional Exercise Rider, to be changed to require the signature of the starter, in addition to the outrider and the stewards. The starter's signature would be needed to ensure the provisional exercise rider was familiar with the starting gate. In addition, Ms. Howard said subsection 1504.5 (c) provided that only outriders currently working at a race meeting for flat racing could sign the recommendation card. She stated she believed any outrider working at any CHRB approved facility should be able to sign the recommendation card. Commissioner Israel asked what happened if a provisional exercise rider did not upgrade to an exercise rider license after one year. Could one reapply for a license, or were all options for becoming an exercise rider exhausted? Vice-Chairman Harris said the license could be renewed. Commissioner Israel commented that meant someone could have a provisional license indefinitely, make a living as an exercise rider, and never be approved by the outriders and the starters. Ms. Howard stated that would probably be okay because one would have to wear the distinctive colored vest and helmet, and everyone would know who one was. Commissioner Moss said the provisional

exercise rider could renew the license, as the trainer usually sponsored a new exercise rider. Ms. Howard stated currently, if the applicant was someone a trainer wanted to get a license, the applicant would borrow a horse from the trainer and gallop around once or twice and be approved for a license. However, that did not ensure the applicant would be a safe exercise rider. The proposed provisional exercise rider license would help guarantee the trainer would be responsible for the rider. Commissioner Israel stated provisional exercise riders would probably be paid less than exercise riders, and at the 60-day mark they could get a bump in their fees. Perhaps at the 60-day mark there would be an inordinate amount of pressure to start applying for an exercise rider license, so one could start earning more money. Ms. Howard said the track pay rates varied. Some persons earned \$8 to \$10 per mount, and others were getting \$12 to \$15 per mount, and others received more. Vice-Chairman Harris motioned to direct staff to initiate a 45-day public comment period for the revised text of the proposed addition of Rule 1504.5. Commissioner Choper asked if there was a resolution regarding how many times one could renew a provisional exercise rider license. Ms. Howard said once a provisional exercise rider realized he or she would not progress in the industry, he or she would find something else to do. Darrell Haire of the Jockey's Guild said his organization endorsed the provisional exercise rider program. The motion was unanimously carried.

PUBLIC HEARING AND ACTION BY THE BOARD ON THE PROPOSED ADDITION OF CHRB RULE 1689.2, SAFETY REINS REQUIRED, TO REQUIRE THE USE OF SAFETY REINS AT CALIFORNIA RACETRACKS.

Chairman Shapiro said the item was deferred.

DISCUSSION AND ACTION BY THE BOARD ON PROPOSED WAIVERS OF CHRB RULES FOR THE OCTOBER 18, 2008 "LIVING LEGENDS" RACE AT SANTA ANITA.

Chairman Shapiro said the Living Legends race would take place at Santa Anita on October 18, 2008. Due to the unusual nature of the race, which would involve pari-mutuel wagering, the Board was being asked to waive some of its rules. Specifically, the Board was being asked to waive Rule 1481, Occupational Licenses and Fees; Rule 1498, Physical Examination; Rule 1499, Qualifications for Jockey; and Rule 1683, Maximum Overweight. Vice-Chairman Harris said his only concern was waiving Rule 1489. He stated it would be nice to have evidence of a physical examination within at least a year of the event. It did not seem like an undue burden to have some due diligence with regards to the health of the riders. In addition, the insurance should be more than just worker's compensation insurance. There should be third-party liability coverage. Allen Gutterman of Oak Tree Racing Association (OTRA) said OTRA took out an extraordinary insurance policy that went well beyond the trainer's responsibility. The jockeys who would be riding in the race reviewed the policy and gave their approval. The policy covered anything that could happen with regards to remuneration for any party who might be injured. Vice-Chairman Harris stated he would like to see the CHRB, and the owner and trainer named as also insured. Mr. Gutterman stated the owners and trainers were covered by the trainers' policies. Commissioner Israel commented the State of California needed to be indemnified in some way. He asked if the jockeys would get out on the track to familiarize themselves with the synthetic racing surface. Mr. Gutterman said all of the jockeys would ride on the track by at least the Friday before the race. He added all of the jockeys were riding in anticipation of the race. Mr. Gutterman stated, however, he would require the

jockeys to ride on the Santa Anita track before the race. Chairman Shapiro motioned to waive Rule 1481. Commissioner Derek seconded the motion, which was unanimously carried. Chairman Shapiro motioned to waive Rule 1498 conditioned upon each jockey providing proof that he or she underwent a physical examination to certify his or her good health and fitness to ride at least three months prior to the race. Vice-Chairman Harris seconded the motion, which was unanimously carried. Chairman Shapiro motioned to wave Rule 1499 and 1683. Commissioner Moss seconded the motion, which was unanimously carried.

DISCUSSION BY THE BOARD REGARDING THE STATUS OF ADVANCE DEPOSIT WAGERING (ADW), THE LICENSURE OR APPROVAL OF ADW PROVIDERS AND THE IMPOSITION OF CONDITIONS FOR ISSUANCE OF ADW LICENSES, INCLUDING PROHIBITIONS AGAINST EXCLUSIVITY AGREEMENTS/CLAUSES BETWEEN ADW PROVIDERS AND INDUSTRY PARTICIPANTS.

Chairman Shapiro stated in December 2007 the Board licensed or approved California's four advance deposit wagering (ADW) providers. The term of the license/approvals was one year, to expire on December 31, 2008. Over the past several years there were many discussions regarding the most effective use of ADW in California. At the end of 2007 an ADW experiment was initiated wherein all of the ADW providers were able to accept wagers on all California thoroughbred race meetings. The experiment lasted for eight months. At the June 2008 Regular Board Meeting the industry discussed extending the ADW experiment through Del Mar, Fairplex and Oak Tree meetings; however, one provider had exclusive agreements that precluded the other providers from accepting wagers on those meetings. Chairman Shapiro stated over a long period of time the Board had discussed requiring, as a condition of licensure, that all California content be made available for wagering on all ADW platforms.

The requirement would not include broadcasting television signals. The Board had the ability to set the conditions for ADW licensing/approvals; however, it could not interfere, or dictate the economic terms of the ADW agreements. Based on prior Board discussions, the consensus of the Board and horseracing fans seemed to be a desire for all thoroughbred products to be offered through all licensed/approved ADW providers. Chairman Shapiro stated the Board should consider adopting a rule to require that all thoroughbred signals be offered through all licensed/approved ADW providers. Due to the economics involved, all parties to an ADW agreement, which would include the track, the ADW provider and the horsemen, should determine if an exclusive arrangement would be in their best interest. Chairman Shapiro added the ADW statute required the parties to enter into agreements with labor, and as the ADW providers were licensed/approved, the Board had to ensure the parties complied with the law. Vice-Chairman Harris said the ADW experiment demonstrated that when all ADW providers had access to California product, the result would be more revenue to all parties. He stated he was not clear regarding the Board's authority to require nonexclusivity in ADW contracts. Staff Counsel Robert Miller said the Board could make the issuance of an ADW license on the conditions as noted. If the Board wished to go further and review the conditions for tracks and horsemen, it could do that. Vice-Chairman Harris asked if there were interstate issues if the Board directed ADW providers to be exclusive or nonexclusive. Mr. Miller said there were none, as the Board was only regulating ADW providers as they did business in the State of California. Commissioner Choper commented the ordinary power to license was the power to impose conditions, and there could be any conditions unless they were contrary to another law. He stated the Board ought to let the parties do as much as they could in agreeing to

nonexclusivity. The industry was directly concerned with ADW, and though nonexclusivity benefited the entire industry, there could be situations where it might not. He asked what was the argument against requiring an ADW to take California product on a nonexclusive basis? It sounded like a good idea, but what might be wrong with it? Chairman Shapiro stated the Board clearly had jurisdiction to set conditions. Commissioner Moss asked if all the ADW companies had the same deal with the tracks during the ADW experiment. Chairman Shapiro stated there were different deals between the various tracks and ADW providers. The Board was not involved in determining the fees. Commissioner Moss asked if it would be beneficial for the Board to simplify the ADW deals, and require the providers to accept them, or not. Chairman Shapiro said the Board could make such a requirement. He asked if the Board wished to impose nonexclusivity versus continuing the present ADW scheme. Commissioner Israel said it was clear the Board favored nonexclusivity, and that the deals required "favored nations" between racetracks and ADW providers. If TVG made a deal with Santa Anita, then it would apply to any other licensed ADW provider that wanted to take Santa Anita's product. Vice-Chairman Harris stated "favored nations" did not fit the situation, as it also involved broadcasting. Commissioner Moss said he was trying to avoid huge negotiations. There were three or four basic tenets to every deal that were the same for any ADW provider, so it would be up to the racetrack and horsemen to approve the deal. Chairman Shapiro said if the Board could do that it would never have to hear the issue again, but there were those who would state the Board did not have the authority without changing the law, and the distinct differences in California product precluded such an approach. Commissioner Israel commented the concept was establishing something similar to a takeout mandate for ADW. Vice-Chairman Harris said

the free market should set the fees. Rather than a one-size-fits-all rate, the Board could state that if an association wanted a license, or an ADW provider wanted a license/approval, the applicants would not get those licenses/approvals if they had exclusive arrangements. Commissioner Choper commented the nonexclusivity provision was more straightforward than a most favored nation provision. While most favored nation might be a good idea, ADW was more complicated. Chairman Shapiro said the question was the quality of the product. Should the same rates be charged for racing fairs as for Santa Anita or Del Mar? Commissioner Israel stated if it were a percentage of the gross, the revenues would not be the same because the ADW providers would just get a percentage of the gross. Vice-Chairman Harris stated the big issue was television rights. The revenue had to tie into the wagering, because an ADW provider did not want to spend a lot of money on television production while another provider got all the revenue. Chairman Shapiro said the general Board consensus was that California product should be nonexclusive, as it was in the best interest of the industry and the fans. John Hindman of TVG stated he was hearing the Board's proposal for the first time, and he would like to see it in writing, so he could clearly understand what it entailed. Chairman Shapiro said his comments were only general observations regarding how the Board may achieve nonexclusivity in ADW; there were no concrete proposals. Mr. Hindman stated if the Board wished to ensure every ADW provider was taking wagers on every track, he did not know if the general direction the Board was taking would do that. The terms and the price needed to be negotiated amongst the parties. TVG once offered content to another ADW provider, but was refused because the provider would not accept the terms. That same provider once made overtures to TVG on terms TVG did not feel it could operate under. No one was suggesting

an ADW provider should be forced to do anything, but the issue became very complicated when closely examined. Mr. Hindman said exclusivity was discussed at length during the legislative process that extended ADW in California. The result of the discussions was that such topics should be left to the parties to negotiate. The issue transcended ADW providers, as it included racing associations and horsemen's groups. There could be conditions under which the parties would find exclusivity advantageous, so the goal of the ADW legislation was to allow the industry to explore all opportunities. Chairman Shapiro stated the Board's goal was to achieve the most wagering on California product, so it wanted to see all ADW platforms have access to all California content. He asked how the Board could modify its rules or the ADW statute to achieve its goals. The industry understood exclusivity was not just a California issue. There were horsemen's disputes with tracks and ADW providers across the country. The root of the problem was the economics. While the takeout might remain static, there were some circumstances where ADW providers made more money than the tracks or horsemen. If one looked at an ADW wager made from outside California on Santa Anita live product, Xpressbet would make \$12.50 out of the \$19.00 takeout, and Santa Anita and the horsemen would each make \$2.90. If a different formula could be found that would equalize the income for all parties and provide service to wagering fans, what would it be? Mr. Hindman said he did not have immediate answers, and he could not speak for Xpressbet; however, TVG had a lot of obligations. Vice-Chairman Harris stated he was not happy with any of the distributions, but under the ADW model, more money was coming back to California than if a fan made a wager on California product at a New York off track betting site, and California made even less money at other satellite wagering sites. Mr. Hindman

stated that was true, and TVG's takeout did not go straight to profit. He stated there were a number of competing business models in horseracing, so no one could claim to have the correct answer. The different models were not necessarily harmful, as there was a tremendous amount of investment and advances in wagering, which fostered competition. The ADW providers were trying to make the industry grow, and to do what was best for the industry. Commissioner Israel stated horseracing was kind of analogous to the movie industry in the first half of the 20th century. That industry had vertical integration where the actors to the distribution and exhibition of the movies were owned by the studios. The ADW providers were doing those things, because they were essentially getting the races for free, or on an exclusive, fairly inexpensive basis. Mr. Hindman stated TVG did not own any racetracks, so it was not vertically integrated, and in 2007 TVG paid back \$55 to \$60 million to the horse racing industry, so he did not think ADW received free signals. Commissioner Israel said TVG, however, wanted to retain the right to negotiate an exclusive agreement. Mr. Hindman stated every ADW provider had different business models. TVG built an expensive television network based on a particular model, but it was adapting. The ADW experiment was an example of that, as were the agreements TVG entered into across the country. However, TVG was also aware that the majority of American who watched horseracing on television watched it on TVG. Mr. Hindman commented TVG wished to provide its customers with the best service, and it was only looking for the best way to accomplish that goal. Commissioner Israel asked what TVG's position was on the prohibition of exclusive agreements. Commissioner Choper asked what if the Board had a rule that stated no ADW provider could sign a contract that excluded any other ADW provider from taking product and handling wagers from the

same track. No ADW provider had to take the content, but no ADW provider could be excluded. He commented it could be argued that would further competition in a free market. Cathy Christian of TVG said the question of whether the parties decided, with the Board's encouragement, to adopt an open platform was different than if the Board could condition licenses without enacting regulations. The Board would have to at least enact regulations if it wished to place conditions. The ADW statute stated there were a number of things an ADW agreement was to address, and one of them was "any arrangements as to the exclusivity between the horseracing association or fair and the ADW provider." Ms. Christian said the language of the statute suggested that the Legislature acknowledged those kinds of arrangements might exist. Chairman Shapiro said he agreed the statute said there could be exclusive agreements, but it did not prohibit the Board from setting conditions on ADW licenses/approvals. Ms. Christian stated if the Board were to enact regulations that imposed a prohibition the horse racing law did not contemplate, it could be argued the Board was going outside its scope to enact the regulation. That would be an issue of concern, and there could be better ways to achieve what the Board was looking for. When the Board was trying to state the parties had to conduct business a certain way, or they could not receive a license, it was important to be consistent with the statute. Chairman Shapiro asked if TVG believed the Board had the ability to enact regulations that set nonexclusivity as a condition for an ADW license/approval. Mr. Hindman said TVG was merely pointing out a provision of the ADW statute it thought was important in the discussion. Vice-Chairman Harris commented the Interstate Horse Racing Act (IHA) was enacted before ADW was authorized in California, and the current ADW statute was trying to back into it. Chairman Shapiro said the IHA governed

the interstate transmission of wagers. Mr. Hindman stated the IHA was imported into the California ADW statute to apply for wagering on a California race by a California resident. Commissioner Israel asked what percentage of TVG's handle was based on races run at California racetracks. Mr. Hindman said he did not know. Commissioner Israel stated he would like to receive that information, and the percent of TVG's handle generated by California customers. Drew Couto of Thoroughbred Owners of California (TOC) stated the Board could regulate activities related to intrastate wagers, and to the extent the Board imposed conditions on ADW licenses/approvals, it would be related to intrastate wagers. However, the current ADW framework had every California licensed/approved ADW provider's hub in an out-of-state location, which meant every wager was an interstate wager, controlled by the IHA. That meant the Board had to be careful, as it was looking at interstate wagers, and the IHA was the enabling statute. Commissioner Choper stated a suggestion was made that the IHA prevented the Board from requiring nonexclusivity as a condition of licensing/approving ADW providers. He asked if that was TOC's position. Mr. Couto said the IHA did address exclusivity, and it provided that the horsemen were entitled to include it as one of the terms and conditions under which they granted their consent. Commissioner Choper asked if the IHA would permit exclusivity with regards to wagers from in state or out-of-state if the horsemen agreed? Mr. Couto said exclusivity was one of the terms the horsemen could address in the context of their consent. Commissioner Choper stated that was very much the same thing that was in the California ADW statute. Mr. Couto said the industry used the language from the IHA to ensure the parties could negotiate exclusivity. Commissioner Israel asked if TOC thought an exclusive arrangement was a good idea. Mr. Couto stated TOC thought exclusivity

resulted in limited distribution and sources of income for the entire industry; however, the racetracks and ADW providers got TOC to agree not to foreclose on the possibility if there were situations in which the economics worked in favor of exclusivity. Chairman Shapiro commented that was why the Board generally favored nonexclusivity, but would leave the door open if the parties to an ADW agreement found otherwise. Ms. Christian stated the issue before the Board was if it would deny a license based on exclusivity, which was different from whether the horsemen or the tracks thought it was a good idea. She added TVG offered a full exchange of content, but it was not accepted. Mr. Hindman said at the June 2008 Regular Board Meeting TVG stated it would be willing to entertain exchanging all of its content for any content held by TrackNet, or a reciprocal exchange of content at fair rates. TVG did that in November 2007 with the ADW experiment, and it continued to talk to the parties because TVG wished to give its customers the best wagering experience possible. He added since 2001 TVG sold its content to Yobet. Vice-Chairman Harris asked what was the problem with the ADW experiment that caused TVG not to wish to continue participating. Mr. Hindman stated the theory behind the ADW experiment was that if all providers had access to all California content, fans would wager more in the aggregate. That did not happen. During certain portions of the experiment TVG benefited, and during other portions, other ADW providers benefited. During the ADW experiment the aggregate handle did not increase when compared to any prior period. Commissioner Choper said TVG's position was that under the Federal and State statutes exclusivity was permitted in any agreement with the ADW providers and racing associations, and the horsemen, who had to be parties to the agreement. Ms. Christian said the agreement was between the horsemen and the racing association. The racing

association also had an agreement with the ADW provider. If the horsemen did not agree to the racing association/ADW provider agreement they did not have to allow their signal to be sent. Commissioner Choper stated if the horsemen and the racing association did not want exclusivity they could accomplish that under the law. Commissioner Israel asked how many parties had to sign the contract. Mr. Hindman stated there was an agreement between the horsemen and the racing association, and there was a license agreement between the racing association and the ADW provider. Commissioner Choper said it appeared that if the horsemen and the racing association could be persuaded it was to their benefit to grant an exclusive ADW agreement, then that was possible under the statute. However, the Board could not do anything about it, and should not use a license denial to force a different result. Commissioner Choper stated it seemed that Del Mar wanted to continue the ADW experiment, but TVG did not. Mr. Hindman said TVG tried many different ways to accomplish that, as Del Mar's opinion mattered. He commented the Board should remember that ADW is the most competitive area of horse racing. TVG was not stating an absolute position about a proposition it had not yet seen. TVG was only trying to highlight a portion of Business and Professions Code section 19604, which was important to the discussion. Commissioner Israel asked TVG to submit in writing the answers to his earlier questions. He added he would also like to know the total number of employees TVG had in California, and the total salaries paid. Ms. Christian asked if the Board was making a general question to the industry. Commissioner Israel stated he would like the information from each ADW provider. Jack Liebau, of Hollywood Park and Youbet.com, said he did not understand why the Board was talking about promulgating a regulation to condition a license. The Board currently had the

right to condition licenses as it saw fit. He stated Board Rule 1485, Licenses Subject to Conditions and Agreements, provided that the Board could place conditions on any [occupational] licenses it issued, and all [occupational] licensees would strictly comply with any conditions imposed by the Board. When the ADW experiment began in 2007 Hollywood Park had an exclusive agreement with TVG that had lapsed. Hollywood Park recognized opinion was running against exclusivity, but it was also aware of what television helped the handle and was necessary for the overall success of the meeting. The result was an agreement that gave Hollywood Park the best of both worlds, but which required the cooperation of the thoroughbred industry and the ADW providers. To accomplish the ADW experiment TVG was assured of getting Santa Anita's signal, and Twinspires and XpressBet were assured of getting Hollywood Park's signal. Without such cooperation and the consent of all parties, the ADW experiment would not have occurred. Mr. Liebau stated television and TVG was of extreme importance to the success of Hollywood Park, but it was also important for wagering to be open to all ADW providers. He said Commissioner Israel talked about most favored nations, which was extremely important, because discrimination with rates between ADW providers could lead to exclusivity. Vice-Chairman Harris asked what was Hollywood Park's view of the ADW experiment. Mr. Liebau stated the ADW experiment probably worked better for Santa Anita than for Hollywood Park, but Hollywood Park certainly was not hurt. There was more incremental wagering due to TVG getting the Santa Anita signal than at Hollywood Park because of XpressBet and Twinspires. Hollywood Park would continue under contract with TVG to have exclusivity in broadcasting, but it would favor nonexclusivity in the distribution of its signal. Chairman Shapiro asked if the Board did not have the authority to set

rates and enter into negotiation of rates and business terms, would it have the authority to require that most favored nations be offered? Mr. Liebau said the problem for the Board was that some racetracks had affiliations with ADW operations, which resulted in taking money out of one pocket and putting it in another. Chairman Shapiro said if it was in the best interests of racing fans and the industry to widely distribute the signal, how could that be done given the Board's inability to establish rates? Mr. Liebau said maybe the Board could state there would be no discrimination between the ADW providers it licensed/approved. The Board had some criteria for licensing/approving ADW providers. It would be concerned with the integrity of their operation and wagering systems, but also their service to the California fan, and it would have minimum licensing/approval criteria with respect to those elements. Vice-Chairman Harris said it seemed that arbitration or mediation where there was an impasse would be beneficial. Mr. Liebau stated he agreed, but the horsemen viewed the IHA as a lever, which they would not give up. Michael Brodsky of Youbet.com stated his organization benefited from exclusivity. Youbet also participated in the ADW experiment, which was not beneficial, as during the experiment its California handle was down. Youbet believed the industry should compete through innovation, customer service and nonexclusive access to California content. To continue with the fragmentation of ADW would be the worst thing for the industry. Racing fans did not wish to open multiple ADW accounts so they could wager on California content. Mr. Brodsky stated Youbet.com supported the concept of nonexclusivity. Commissioner Choper asked if Youbet.com's support extended to rate differentials. Mr. Brodsky stated equality among rates also supported the proposition of serving customers in the best way possible. Commissioner Israel asked if Youbet.com would be opposed to discounting ADW

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providers with higher volume. Mr. Broadsky stated Youbet.com believed all providers should have the same rates. Ron Charles of Magna Entertainment said that with the ADW experiment, Santa Anita was up 39 percent. At the same time, Del Mar, which did not have open distribution, was devastated. He stated Santa Anita wanted to negotiate a fair and equitable rate with the horsemen, and make that rate available to all ADW providers. It was fair, safe, and it ensured the stakeholders and the horsemen the maximum return. Commissioner Israel said that meant Santa Anita would offer the same business proposition to each ADW provider that asked for the opportunity to carry Santa Anita content. Mr. Charles stated that was correct, and if an ADW provider refused the rate, it did not have to carry Santa Anita content. He added there would be television fees, but the industry understood the importance of television. Santa Anita believed the growth of HRTV was important, and television fees would be part of the negotiations. However, HRTV and TVG would continue to have exclusive rights. Mr. Charles stated he had been talking about wagering, not broadcasting. Rod Blonien, representing Los Alamitos (LA), said LA had an exclusive agreement that it believed gave substantial value to the horsemen and the quarter horse industry. He added LA would like to continue with its exclusive agreement. Chairman Shapiro stated the conversation was focusing on the thoroughbred industry, and any action by the Board would include the ability of interested parties to agree to an exclusive contract. Richard Castro of the Pari-Mutuel Employees Guild (Guild) asked how labor fit into the ADW equation, as ADW providers needed to have labor agreements. Chairman Shapiro said the ADW statute required ADW providers to work with the organization that historically represented pari-mutuel employees. He stated he thought all the ADW providers were clear

that they should adhere to the provisions of the law regarding labor. Mr. Castro stated in March 2008 his organization filed a lawsuit, which it looked at as a necessity. The Guild currently had an agreement with TVG, but it did not have agreements with the other ADW providers. The ADW providers had one interpretation of the ADW statute, and the Guild had another. Mr. Castro added the Guild researched the ADW providers' positions, and came to the possible conclusion that the ADW providers could be right. The Guild counted on deals made in closed-door sessions with parts of the industry and Legislators, but they did not work out as anticipated. However, Mr. Castro stated, the Guild still had good communications with the ADW providers. He explained the position of the Guild's board with respect to signing any ADW agreements, and why the board took that position. TVG, on the other hand, gave the Guild 12 to 14 customer service jobs. The other ADW providers first stated they did not have to provide any jobs, then they stated they would look at the issue. TVG did not hesitate, and it acted in good faith. Commissioner Choper asked if the Guild was close to signing agreements with the other ADW providers. Mr. Castro stated he had agreements for the three providers, which he had signed, but his executive board disagreed. Vice-Chairman Harris said the Board did not have any intentions of damaging the Guild's bargaining rights. He stated the Board did not wish to damage any parties' rights, and it did not have the authority to impose a contract on any entity. Mr. Castro said the statute required that the parties enter into good faith bargaining, so the Guild complied. However, the Board's position was that it did not wish to stop the ADW revenue source. He stated the Guild did not wish to harm the industry, too; it just wanted a few jobs. Vice-Chairman Harris asked if the Guild would agree to another state agency acting as an arbitrator. Mr. Castro said the Guild objected to the idea, as

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the law was clear regarding labor. He stated the ADW providers would claim they tried negotiating, but the Guild was stalling. Chairman Shapiro said the Board made an attempt to arrive at an agreement that would facilitate a card check agreement between the Guild and the ADW providers. The Board and the ADW providers sincerely desired to uphold the law. Greg Scoggins of XpressBet stated his organization; Youbet.com and Twinspires did not have an agreement with the Guild, as it related to the requirements of the ADW statute. All of the parties had been in negotiations since November 2007 to try to reach an agreement. There were questions and discussions regarding the scope of the agreement, and which employees were covered. The ADW providers agreed to allow for customer representatives, but there was a question about whether California law could bind tellers or customer service representatives who did not have contact with California customers. It was the last remaining legal issue, and the ADW providers submitted a draft contract that reflected their understanding of the law. There were numerous exchanges with the Guild, and as late as August 2008 the Guild's executive board was unwilling to sign the contract. The ADW providers were ready and able to sign the contract they proposed, if the Guild would also agree. Chairman Shapiro said the Board would ask that its counsel advise it regarding how it could craft any condition that would allow it to license/approve ADW providers with fair and equal access to all California thoroughbred content. Vice-Chairman Harris stated he did not think the Board could stand in the way of an exclusive contract if the parties chose to execute such an agreement. In addition, there was already veto power regarding exclusivity amongst the parties, so it did not seem as if the Board needed to intervene. Chairman Shapiro said the Board did want to see nonexclusive ADW wagering, but there could be a situation wherein the

parties believed exclusivity was in their best interest, and the Board would not wish to prevent such an agreement. Commissioner Israel said at some level the Board was the customer's surrogate. If the customer benefited by more options, then that had to be taken into consideration. If the Board did not actively encourage competition, ultimately, the customer could suffer damage, and revenue could decline. Vice-Chairman Harris said there would be competition anyway. The problem over the past few years was the exclusive agreements entered into when ADW was first introduced in California. At that time, exclusivity was an incentive, but going forward it needed to be reconsidered – not so much by the Board – but by the parties involved. Commissioner Israel stated the Board was the licensing body, and ADW was a licensed activity, so in some sense the only way for the free market to work was for the Board to ensure its performance by granting licenses with conditions. When the Board granted licenses it was responsible for ensuring free market competition existed. If an ADW provider were to get a monopoly, it would be due to superior performance on a fair playing field. But the Board had to establish the foundation for ADW providers to compete. Commissioner Choper said the Board would get a legal opinion regarding its ability to set conditions for ADW licensing/approval. If the Board could set conditions, it did not mean it should. When it received an opinion, the Board could consider the various options. Staff Counsel Miller stated he contacted the Office of the Attorney General regarding the Board's ability to set a condition requiring nonexclusivity on ADW licenses/approvals. The informal opinion was that the Board could impose such a condition. He suggested the Board direct staff to prepare a regulation for future consideration. The Board could then decide if it wished to initiate a 45-

day public comment period. Chairman Shapiro said the opinion could include most favored nation provision.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION TO CONDUCT A HORSE RACING MEETING OF THE HOLLYWOOD PARK RACING ASSOCIATION, LLC (T) AT HOLLYWOOD PARK, COMMENCING OCTOBER 29, 2008, THROUGH DECEMBER 21, 2008, INCLUSIVE.

Chairman Shapiro said the application for license to conduct a horse racing meeting of the Hollywood Park Racing Association (HPRA) requested the same dates that were allocated in 2007. He stated the track was being refurbished, and asked for an update on that process. Eual Wyatt of HPRA said prior to the conclusion of the Del Mar meeting the main track was closed and refurbished. Mr Wyatt explained the process by which the track was refurbished. He stated the refurbished track was tested and HPRA was waiting for the results. If additional fiber needed to be added it would not entail closing the track. Chairman Shapiro asked if there were any lessons learned that could be shared with the industry. Mr. Wyatt said prior to the installation of the track, HPRA realized the synthetic surface would be used more than any track in England, but it did not appreciate what that meant. Since its installation in September 2006, the HPRA track was open every day for training, so it tended to wear out. HPRA thought it could refurbish the track on a yearly basis, but it would probably require attention more often. Vice-Chairman Harris asked if HPRA had any instruments to measure the condition of the track. Mr. Wyatt stated HPRA took the track temperature several times a day, and in the summer found there was a significant difference between morning and afternoon of up to 40 to 50 degrees. Mr. Wyatt explained other measurements HPRA took on its track. Vice-Chairman Harris said measuring the track was important because the

association could quantify the results, and share the information. Commissioner Israel asked if the synthetic racing surface was more or less expensive than a traditional dirt track. Mr. Wyatt said the HPRA track was wax-based, and there were many theories about what affected the racing surface. There were times of the year when HPRA did not need to do much at all to the track, and at other times of the year the track had to be worked after almost every race. Mr. Wyatt stated he did not think HPRA was saving any money on the track. Jack Liebau of HPRA said the financials showed HPRA was not saving any money on the synthetic surface; however, the track was better for the safety of the horse and rider. Vice-Chairman Harris stated it looked as if HPRA was paying out almost two or three million dollars in purses over two or three days during its Turf Festival. He asked if HPRA felt that was a viable way to run its stakes program. Mr. Wyatt said the Turf Festival was the highlight of the HPRA meeting. It presented high caliber racing in a short period of time, on the best weekend of the HPRA meeting. The bulk of the money was horsemen's fees for the guaranteed races, so it was not all purse money. Vice-Chairman Harris said he just wanted to know management was looking at the profit and loss, and that the festival brought in fans who wagered. Chairman Shapiro asked if there was a horsemen's agreement, a trainer's agreement and a current worker's compensation agreement. Mr. Wyatt stated the workman's compensation insurance had been renewed, and the trainers' agreement was complete. The horsemen's agreement was not completed. Mr. Liebau said the parties could not come to an understanding with regards to the horsemen's agreement, and he hoped the Board would conduct a hearing into the matter under Rule 2044, Agreements to Be Filed. He stated the issues may be concluded prior to any hearing, but they currently were not settled. Drew Couto of Thoroughbred Owners of

California (TOC) said his organization did not agree to additional terms relating to advance deposit wagering (ADW) that had never been in a prior horsemen's agreement. When TOC rejected the ADW language it was told it did not have an agreement, and that provisions regarding TCO2 were also objectionable. Mr. Couto stated TOC agreed there should be a hearing to resolve the issues. However, TOC would not be put in a position where ADW was forced into a horsemen's agreement. Mr. Liebau said HPRA believed it was important to include ADW in the horsemen's agreement, as it did not wish to have last minute situations. All the issues needed to be on the table so HPRA could plan for its meeting. Mr. Liebau added the basis of the horsemen's purse agreement was the overnight schedule for purses and the stakes schedule. Both were predicated on anticipated wagering, which included ADW. If the meeting was about to start, and suddenly ADW was an issue, purses would be cut. That happened at Calder and Churchill Downs, so HPRA just wanted to make sure it knew what would happen at its meeting. Commissioner Choper commented the Board's October 2008 Regular Meeting was two weeks before the HPRA meeting opened. Chairman Shapiro said staff would arrange a special meeting, so interested parties could receive proper notice. Mr. Couto stated the purse agreement in question was the same agreement that had been executed with California thoroughbred racetracks for the past 15 years. He said he could not verify if the ADW disputes described by HPRA actually occurred at the out-of-state tracks, but there were rumors that HPRA had indicated if there was not an agreement on ADW, it would consider not running its meeting and closing its track. Mr. Couto stated he would like to know if that was a fact; if an ADW agreement were not reached, would HPRA consider closing its track? He added if that were true, TOC would also ask for an emergency special meeting to

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consider extending the Oak Tree meeting. Mr. Couto said there were a number of issues to be discussed, and perhaps an extension of the Oak Tree meeting would be appropriate. Chairman Shapiro stated the Board was not fully informed regarding the disputed issues. The Board only knew there was no horsemen's agreement; there was a dispute; and a special meeting had been requested. No one wished to see HPRA close its track, but that could be incorporated into any discussion held at the special meeting. Commissioner Moss **motioned** to approve the application by HPRA to conduct a horse racing meeting conditioned on the completion of the horsemen's agreement. Commissioner Choper **seconded** the motion, which was **carried** with Vice-Chairman Harris voting "**no**." Chairman Shapiro said a special meeting would be scheduled as quickly as possible. Vice-Chairman Harris stated he voted "no" because he looked at the issue as a total solution. Occasionally it was better to have all the issues open for discussion, rather than concentrating on one issue. Otherwise, he stated he was okay with the Board action.

DISCUSSION BY THE BOARD REGARDING THE STATUS OF THE SACRAMENTO HARNESS ASSOCIATION.

Robert Miller, CHRB Staff Counsel, said the Sacramento Harness Association (SHA) sent a letter to the Board that stated SHA made an agreement with Cal-Expo and was in the process of negotiating an agreement with the satellite wagering facilities. Mr. Miller commented the letter stated if SHA could not reach an agreement with the satellite wagering facilities by September 20, 2008, it would make an assignment for the benefit of creditors, or it would file a Chapter 7 proceeding. Vice-Chairman Harris said he thought any agreements made with creditors within a certain time span for a bankruptcy were invalid. Mr. Miller stated such

agreements were considered preferential transfers, but SHA envisioned an agreement with all its creditors. Vice-Chairman Harris said the Board should understand any agreements SHA made might not be binding. The agreements with Cal-Expo and Mr. Bartus could be subject to a challenge of preferential treatment. Chairman Shapiro asked if there were any answers to the distribution of monies being held by other industry entities on behalf of SHA. Mr. Miller said the SHA letter stated any agreement reached with the satellites would direct any funds owed SHA by Southern California Offtrack Wagering, Inc. (SCOTWINC), Northern California Offtrack Wagering, Inc. (NOTWINC) and Los Alamitos, net of funds payable through the satellites, to be distributed to SHA. Jim Perez of California Harness Horsemen's Association (CHHA) stated his organization was not aware of any agreements made by SHA. He stated CHHA had previously asked the Board to direct the industry to release to the CHHA any funds it was holding on behalf of SHA. The funds were due, by statute, to CHHA, so it could continue its insurance programs for harness horsemen families. Mr. Perez stated the CHHA was working with Mr. Miller, and it would like to expedite the payment. Chairman Shapiro said the Board supported the CHHA request, and staff was working to do everything it could within the law to facilitate a resolution on CHHA's behalf. Jack Liebau of Hollywood Park and Bay Meadows spoke at great length about his frustrations regarding the distribution of monies held by industry entities on behalf of SHA. He stated his organizations were owed approximately \$120,000 in location fees, and he was unaware of anything the Board had done to settle the debts. The industry agreed that the distributions mandated under the California Business and Professions Code was inviolable, and the funds were to be distributed right away. Mr. Liebau stated he did not understand why the Board did not issue a ruling that mandated the

distributions. SHA representatives told him they would accept a Board ruling and the money would be distributed with the excess going to SHA so it could pay the remainder of its creditors. Vice-Chairman Harris said it seemed the creditors Mr. Liebau referenced were preferred creditors over general creditors. Sorting out the preferred creditors and determining who got what was the problem. Commissioner Choper said his understanding was that no monies had been distributed, and there was a question regarding the extent to which the Board could decide it was going to interfere with the jurisdiction of the bankruptcy court in determining who was entitled to the money. He stated he understood Mr. Liebau's argument, and he understood the parties would like to receive money owed as soon as possible, but the Board was hesitant in overstepping its bounds in making a determination that ultimately would be subject to the bankruptcy court. Mr. Liebau stated he was only asking the Board to make a determination so the wagering pools in California would have some integrity. Commissioner Choper said without confident legal advice he would be concerned that the Board was in some way stepping into the jurisdiction of the bankruptcy court. Mr. Liebau said all he wanted was the Board to state that the money was being held in trust for the distributees. Commissioner Choper asked what if the Board was to state the money should be distributed to no one else, this was the Board's judgment as to what the law required, but no money would be distributed until a Federal Bankruptcy Court finally adjudicated the matter? Mr. Liebau stated he only wanted a ruling from the administrative body, and that was all. Commissioner Choper said, however, Mr. Liebau had stated he would take such adjudication by the Board to Mr. Axelrod of SHA. What if SHA distributed the money in reliance on the Board's opinion? Chairman Shapiro said he was sympathetic with Mr. Liebau's arguments. However, counsel had stated

that Board action could cause considerable harm, so on advice of counsel the Board had not moved forward. Chris Korby of California Authority of Racing Fairs (CARF) stated his organization, which represented all the fair satellites around the state, had not heard from SHA. He stated CARF agreed with Mr. Liebau. The Board had an obligation to enforce the statute that protected the pari-mutuel distributions. Chairman Shapiro asked Mr. Miller to seek a formal Attorney General's opinion on the money held in trust. Commissioner Israel asked how much money was held in trust. Mr. Miller stated the total amount was in excess of what was owed to the satellites. The problem was that action by the Board could give the appearance of preference to one class of creditors over another, and expose the Board to liability. Commissioner Choper commented that could be avoided by not distributing the funds. Mr. Miller stated the statute provided the manner in which the monies would be distributed, but it was up to the bankruptcy court to determine if one class of creditor was preferred over others. It was the position of the horsemen's association and the satellite wagering facilities that they were entitled to a preference, so the monies should not go into the SHA books. The problem was that racing associations traditionally distributed the money. Commissioner Israel stated the implication was that a condition of the SHA license was the posting of a \$450,000 letter of credit. He asked if that letter was posted. Mr. Miller said he had no knowledge of the letter of credit. The Board was currently holding a \$100,000 deposit from SHA. Executive Director Kirk Breed stated the letter of credit was not a condition of license for SHA. Commissioner Choper stated the Federal bankruptcy law trumped state law, and was traditionally interpreted as strongly favoring equality among creditors. That was why he did not favor Board action except on condition that it was subject to the final disposition by

the bankruptcy court. Mr. Liebau said he would have a lot better chance in bankruptcy court if he had an interpretation of the law from the Board, and that was what he was trying to achieve.

DISCUSSION AND ACTION BY THE BOARD REGARDING REQUIRING CERTIFICATION OF SECONDARY PARI-MUTUEL ORGANIZATIONS (SPMO'S) BY THE ASSOCIATION OF RACING COMMISSIONERS INTERNATIONAL (ARCI) IN CONJUNCTION WITH OTHER RACING JURISDICTIONS.

Chairman Shapiro said the item was informational to make the Board aware of what the Association of Racing Commissioners International (ARCI) was doing in the area of secondary pari-mutuel organizations (SPMOs). He directed the Board's attention to the application for license to conduct a horse racing meeting of the Hollywood Park Fall Racing Association (HPRA). In that application there was a list of SPMOs that would receive HPRA's signal. Chairman Shapiro stated that he had always been troubled by the notion that implicit in the Board's approval of a racing association's license, it was also approving the list of SPMOs and endorsing the idea that they were all legitimate concerns. Chairman Shapiro stated that raised issues with wagering security and integrity because it was not known who was doing due diligence on the SPMOs. The issue was raised with the ARCI, which determined it would create a national certification of the SPMOs, so racing jurisdictions could be assured the SPMOs were legitimate. He said he was aware that the Thoroughbred Racing and Protective Bureau did due diligence for its members, but California did not see the results of that work. In addition, the Board did not have the staff to do the work, nor did other racing jurisdictions. The ARCI and/or the National Racing Compact would do the due diligence and make that available to California and other jurisdictions. Commissioner Israel asked what the due

diligence program would cost. Chairman Shapiro stated it would have no cost to the Board, as the SPMOs would pay the ARCI to be certified. Commissioner Israel asked what oversight of the ARCI investigators the Board would have. Chairman Shapiro stated the Board was a member of ARCI and would have input in approving the certification process. Commissioner Israel said his only concern was if something untoward happened and a certified SPMO did not perform well. By virtue of the certification, the Board could be liable in a way it otherwise would not. Vice-Chairman Harris said the Board currently implied there was due diligence. The ARCI program might not be perfect, but it was better than current practice. Staff Counsel Miller stated the Board would not be any more liable than under current practice. Scott Daruty, representing TrackNet Media Group, spoke at length about his organization and the security procedures it used to do due diligence on entities that bought TrackNet signals. Chairman Shapiro said the ARCI proposal was put forth to improve the integrity and security of wagering. The ARCI was looking to work with organizations such as TrackNet, so the process would not be an undue burden on any SPMO. Perhaps that could result in efficiencies in providing racing jurisdictions with information regarding the SPMOs. From the Board's perspective, the ARCI proposal would put a process in place that would ensure the vetting of the SPMOs. Chairman Shapiro encouraged TrackNet to work with the ARCI to give comment and input. Commissioner Choper asked if TrackNet had done due diligence on every SPMO on the HPRA application. Mr. Daruty said TrackNet had not done due diligence on every SPMO listed. What it had done was taken licensed, regulated racetracks out of the equation. TrackNet then started with new entities, or particularly large entities. Many of the entities it had not looked at had done business with California racetracks for many years. That did not

mean they would not undergo a background check, but they were a lower risk. Commissioner Choper asked how long TrackNet would take to complete background checks on all the SPMOs. Mr. Daruty stated the process was very time consuming. TrackNet talked to regulators; analyzed the tote systems; looked at computer systems; and looked at wagering patterns and history. The background check was a six-month process with follow-up questions and secondary meetings. It could not be applied to everyone at once, and could take several years to complete. Commissioner Choper asked if Mr. Daruty thought the Board should work with the ARCI proposal. Mr. Daruty said the ARCI suggestion was good, and TrackNet could help it arrive at an efficient, non-redundant process. Commissioner Choper asked if TrackNet had previously worked with ARCI. Mr. Daruty said it had been a while since TrackNet worked with ARCI. He commented there was concern among the account wagering companies that is appeared the ARCI proposal may have been much more developed than it was. Commissioner Choper stated the Board was not interested in reinventing a process. If TrackNet was currently investigating SPMOs, and the ARCI planned to investigate them, there ought to be room for collaboration. The question was: How could it be accomplished effectively and efficiently? Mr. Daruty stated TrackNet would follow up with the ARCI.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE ALLOCATION OF RACE DATES AND RELATED ISSUES FOR 2009 AND BEYOND.

Chairman Shapiro said with Bay Meadows closed it was necessary to create a new racing schedule in Northern California. He stated there was nothing that needed to be discussed regarding the night calendar, so the discussion ought to center on the Northern and Southern California thoroughbred circuits. Chairman Shapiro said he had not seen any calendars, so

perhaps a Strategic Planning and Race Dates Committee meeting was necessary. He stated it seemed there were fewer horses, so field size was an issue, and with few exceptions the Board should avoid six-day racing weeks. Race weeks should be no more than five days, and in certain circumstances, four days. The Board should look at how it could reduce race dates to increase field size, improve interest and the quality of the product. Chairman Shapiro stated he had no answers, and would like to hear from interested parties. Vice-Chairman Harris said a committee meeting was needed. He stated there were problems in the north, and the industry needed to find a way to increase purses per race, which was tough to do with declining handles. Enacting several four-day weeks would help to enhance field size, lead to more wagering, and allow the tracks to bring in the southern signal, as well as other signals, on northern dark days. That money would stay in the north and would enhance commissions and purses. Chairman Shapiro added the industry needed to get ahead of the curve, and not wait until there was a crisis. He stated he did not subscribe to the "long-break theory" in which there would be longer breaks between meetings. Three to five days off might be prudent, but longer breaks would lose fans, and there would be no savings on the upkeep of the horses. Commissioner Choper stated it would be interesting to see how Golden Gate Fields would do with the takeover of the Bay Meadows dates. At its last meeting Golden Gate Fields had over eight horses per race on average, which was a good number. There were a lot of horses coming down from Canada, so the outlook was encouraging. Vice-Chairman Harris said the Board needed to look at things like a four-day week. Six-day weeks at the fairs went through too many horses. In addition, the fair overlaps could be eliminated because the horse population was not sufficient. Commissioner Choper asked if certain fairs that had a difficult

time in 2008 could run at Golden Gate Fields or Pleasanton. Chairman Shapiro said the fairs could have combined meetings. The Board needed to find the most creative solutions to ensure good racing throughout the year. Commissioner Israel stated in determining the number of racing dates it would be helpful to understand the impact on advance deposit wagering (ADW) and the industry. He said the issue was how would the gross handle respond if the industry instituted a few four-day weeks? Vice-Chairman Harris stated the live handle would probably decrease, but the handle per race could increase, and satellite wagering would subsidize dark days. Commissioner Israel asked if ADW would suffer because going dark might encourage fans to focus their energies on tracks in other states – even on days when California was not dark. Many of those fans might not think of handicapping races in other states if there were racing in California. Chairman Shapiro said Commissioner Israel raised a valid point, but the industry needed to look at the entire picture. Commissioner Israel said the off-track handle included satellite wagering, so the portion of the total handle was significant. If California caused regular fans to start handicapping races they otherwise would not consider, the industry in this state might be harmed. Vice-Chairman Harris stated the cost of keeping a horse in training was approximately \$3,000 a month. There was not enough purse money to make that work, and horsemen always lost money. The concern was that the supply of horses would not be there, so the industry in California had to adapt. If there were enough horses to fill races, that was great, but how would the industry react if there were not enough horses? Cliff Goodrich of Fairplex Park stated all the issues under discussion were relevant, but the industry was waiting for a Strategic Planning Committee meeting where a lot of the issues could be discussed in detail. He said Southern California did not have a major problem with its

calendar, but the industry was looking for a meeting to air out the issues. Chairman Shapiro stated at the request of the industry, which wanted to work on the racing calendars without the Board's intervention, no Strategic Planning Committee meeting was scheduled. The Board had been patient in allowing the industry to make plans, but it would schedule a meeting and move forward. Richard Castro of the Pari-Mutuel Employee's Guild (Guild) said if four-day weeks were instituted the racing associations still had costs. The Guild did not understand why the number of races per day was not cut, and more simulcast races imported. The industry wanted qualified pari-mutuel clerks, but it was increasingly difficult to keep people working. Chairman Shapiro said he appreciated the Guild's comments, but the entire industry was having difficulties. Mr. Castro commented about the lack of industry cooperation regarding a past Indian gaming initiative, and the resulting lack of positive results. John Bucalo of the Barona Casino spoke regarding Mr. Castro's comments and the contribution to horseracing made by California's tribal gaming industry. Chairman Shapiro said he believed Mr. Castro was stating that the California horseracing industry was facing a hard time, and that while the tribes may participate in sponsorship deals with racetracks, there had to be a way for the tribes and the industry to work to create a healthy economic environment for both. Mr. Castro was not making a negative statement regarding Indian gaming, or a particular tribe.

DISCUSSION AND ACTION BY THE BOARD ON THE PROPOSED AMENDMENT OF RULE 2073, OPERATION OF AN ADVANCE DEPOSIT WAGERING ACCOUNT FOR ALL ENTITIES, TO REMOVE RESTRICTIONS ON THE NUMBER OF DEPOSITS AN ACCOUNT HOLDER MAY MAKE EACH RACING DAY, AND TO ALLOW ACCESS TO SUCH DEPOSITS THE DAY THEY ARE MADE.

Vice-Chairman Harris said when the advance deposit wagering (ADW) regulations were put in place there was an abundance of caution that resulted in the prohibition against patrons accessing more than one ADW deposit per day. However, there did not seem to be a problem, and the ADW companies should be allowed to formulate their own policies. Vice-Chairman Harris **motioned** to direct staff to initiate a 45-day public comment period for the proposed amendment of Rule 2073, Operation of an Advance Deposit Wagering Account for all Entities, and to suspend Rule 2073(m) in accordance with Board Rule 1406, Suspension of Rule. Commissioner Choper **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING A PROPOSAL TO AMEND CHRB RULE 1690.1, TOE GRABS PROHIBITED, TO MODIFY THE HEIGHT OF PERMISSIBLE FRONT SHOE TOE GRABS FROM FOUR MILLIMETERS TO TWO MILLIMETERS.

Chairman Shapiro said the recommendation to modify the height of permissible front shoe toe grabs from four millimeters to two millimeters was a recommendation of the Jockey Club, and was a move to ensure the health and safety of the horse. He stated the change would require an amendment to Board Rule 1690.1, Toe Grabs Prohibited. Vice-Chairman Harris **motioned** to direct staff to initiate a 45-day public comment period regarding the proposed amendment to Board Rule 1690.1. Commissioner Israel **seconded** the motion. Ed Halpern of California Thoroughbred Trainers (CTT) stated his organization believed the move to amend Rule 1690.1

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was premature. He stated the Board had gotten into the habit of putting every idea out to a 45-day public notice without holding committee hearings where such ideas were discussed. The CTT recommended the issue go to the appropriate committee prior to public notice. That would provide for a full contemplation and discussion of the issue without dragging them out four or five hours at a Regular Board meeting. Mr. Halpern stated horses needed to "get into" a track. That meant the horse had to break the surface of the track, and that was why a hard track that did not break open, such as those used by humans, was not used for horse racing. The synthetic racetracks were a compromise that allowed a horse some spring, but also allowed it to break into the track. However, it was not always that easy, so toe grabs were needed. They allowed a horse to break into the track and complete its natural motion. Most of the regulations regarding toe grabs were based on Dr. Sue Stover's toe grab report. Mr. Halpern read an excerpt from Dr. Stover's report, which stated "...the very low [two millimeters] and the low height [four millimeters] toe grabs are not necessarily a bad thing." Vice-Chairman Harris said the report was taken out of context. Dr. Stover was stating that based on the evidence she had, she could definitely make a case, but she was not stating low toe grabs were a problem. Mr. Halpern spoke about a problem at Del Mar due to horses not getting enough traction. He stated there were many ramifications to a change in the allowed height of toe grabs, and all CTT wanted was a complete review of the issue. Chairman Shapiro said there should be a complete review of the issue, but there was not such urgency that a Medication Committee meeting needed to be called; for the Board to then hear a report, and then to go to a 45-day comment period. He stated the Board was saying move forward with a comment period, so all the questions could be submitted. Mr. Halpern said CTT did

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not think it got a full or fair hearing with the 45-day comment process. Vice-Chairman Harris said the issue would be put out for comment for 45-days, then a meeting would be held for discussion. The change in the regulation would bring the Board into conformity with other racing jurisdictions. Commissioner Israel asked if CTT was commenting because all the large tracks were running on synthetic surfaces, but if it were dirt surfaces CTT would be okay with the change? Mr. Halpern stated in both cases there were questions, but synthetic tracks made it more complicated. CTT simply felt the industry was jumping the gun on the issue. Dr. Rick Arthur, CHRB Equine Medical Director, said two millimeters was a twelfth of an inch. The recommendation from the Jockey Club Safety Committee was derived from high-speed video research that was done on synthetic surfaces in Kentucky as part of the Welfare and Safety Summit. Dr. Arthur said the Jockey Club Safety Committee was also looking at hind shoes as well. He commented the Board might wait until that research was completed, so a comprehensive shoeing program could be enacted. Some of the CTT position regarding Dr. Stover's information was not correct, but there was a relationship between the way horses were shod and even two millimeters made a difference. The industry visited the issue in the past, and racetracks had regulated the way horses were shod on turf surfaces. Basically the issue was shoeing horses on synthetics, which were quite similar to turf courses. The **motion** was **unanimously carried**.

REPORT OF THE MEDICATION COMMITTEE.

Dr. Rick Arthur, CHRB Equine Medical Director, said the Medication Committee (committee) discussed preparations for the 2008 Breeders' Cup. There would be three ambulances and

trauma teams from the School of Veterinary Medicine Surgery Department on site. Dr. Arthur commented the two-millimeter toe grab rule would be enforced during the Breeders' Cup. Commissioner Israel asked if there was a procedure regarding who would speak on behalf of the veterinary staff if there were an unfortunate incident at Breeders' Cup. Dr. Arthur stated the On-Call Program would be at the Breeders' Cup. There would be an on-call veterinarian in the track veterinarian's vehicle, who would be in immediate communication with Dr. Larry Bramlage, who would be in charge. Dr. Arthur said there would be a concerted effort not to euthanize any horse if there was an injury on the racetrack. The horse would be anesthetized and taken to the hospital for examination. Dr. Arthur discussed the veterinarian's list, and the issue of Breeders' Cup pre-race examinations. He stated the goal was to eliminate horses that were at risk. The examining veterinarian would error on the side of the horse. Dr. Arthur discussed the CHRB anabolic steroid program, the implementation of the veterinarian's list for horses treated with anabolic steroids, and the Board's pre-race testing program. He commented that other jurisdictions were charging \$300 a sample for the pre-race testing, but the Board was providing it at no cost. Chairman Shapiro said at some point the Board needed to give notification that it would no longer provide pre-race testing without cost. The Board had budgetary challenges and ought to revisit the issue. Vice-Chairman Harris asked if there was an effort to ensure Breeders' Cup participants were well aware of California's policies. Dr. Arthur said he and staff reworked the horsemen's brochure. He stated he would make sure such information was also on the Breeders' Cup website. Dr. Arthur stated the committee also talked about changes in the philosophy in the way horses were medicated, and also about how racing could be made safer for horses. Ron Charles of Magna Entertainment asked if the

issue of horses that were not doing well during the morning gallop was discussed. He stated if a horse was not in the condition it should be in, it would be nice to have the official veterinarian look at the horses and follow up to make sure they came off the track. There was nothing worse than seeing a horse that was not in great condition during its workout break down in a race two days later. Dr. Arthur said it would be a big step forward to identify horses at risk, but the Board did not have the resources. Mr. Charles asked if that would be the case if the racetracks assumed the financial responsibilities. Dr. Arthur stated in that case, a program could be put together quickly.

PUBLIC COMMENT.

John Bucalo of the Barona Casino Off-Track Betting, spoke about his casino's problems with tote machines breaking down, the impact on the handle, and asked for the Board's help in finding a resolution. Chairman Shapiro said he would ask staff to participate in the Barona Casino problem and any tote issues the Board heard prospectively. Richard Castro of the Pari-Mutuel Employee's Guild spoke about the Guild's frustrations with the tote machine problems. Mr. Castro also spoke about additional issues, including the implementation of the minisatellite wagering facilities, the Guild's working relationship with Board staff, issues related to wagering machine problems and advance deposit wagering.

MEETING ADJOURNED AT 2:32 P.M.

Proceedings of the Regular Meeting of September 18, 2008

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

STAFF ANALYSIS
November 18, 2008

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES TURF CLUB AT SANTA ANITA (PROPOSED) DECEMBER 26, 2008 THROUGH APRIL 19, 2009.

Los Angeles Turf Club (LATC) filed its application to conduct a thoroughbred horse racing meeting at Santa Anita.

- The race dates are proposed dates. The Board has not allocated 2009 race dates.
- LATC proposes to race December 26, 2008 through April 19, 2009, or 84 days, one day less than the dates allocated to LATC in 2008. The dates correspond to those reflected on the Southern California calendar proposed to the Board at its October Board meeting. The association proposes to race a total of 722 races, or 8.60 per day, over 85 days. In 2008 they raced 696 races with an average of 8.65 runners per race. The (actual) average daily purse for the spring 2008 meet was \$496,482. The (estimated) average daily purse for this meet is \$498,697. It should be noted that although LATC was allocated 85 days of racing in 2008, it only raced 77 days due to drainage issues with the new track surface.
- Race week Wednesday through Sunday, whereas in 2008 LATC raced Thursday through Monday except February, in which it raced Wednesday through Monday. The 2009 proposed race dates deletes Wednesdays January 21st and February 18th. Adding Mondays December 29th; January 19th; February 16th.

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 H	26	27
28	29	30	31			

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1 H	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19 H	20	21	22	23	24
25	26	27	28	29	30	31

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12 H	13	14
15	16 H	17	18	19	20	21
22	23	24	25	26	27	28

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				

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 5 days per week, Wednesday through Sunday, with 8 races per day weekdays and 9 races opening day, weekends and December 29, January 1, 19 and February 16 with the option to program 10 races on such days.
- 11 races Santa Anita Handicap day March 7, 2009 and Santa Anita Derby day April 4, 2009.

- 75 stakes races are proposed (15 overnight/ 60 non-overnight)
- One management change: Addition of Randy Fowler, Director of Food and Beverage
- A \$10,000 certified check payable to the Treasurer of the State of California to secure the payment of any license fees, pursuant to Business and Professions Code section 19490 is on file. The Board has required no additional bonds, letter of credit or other financial instruments to be filed in conjunction with a race meeting conducted by PRA.

Magna Entertainment Corporation reports its financial results on a consolidated basis and therefore separate financials of the applicant, LATC are not available. Magna's 2007 audited annual financial statements were provided and the unaudited six-month financial statement for the period ending June 30, 2008 of LATC's parent, Magna Entertainment Corporation were also submitted with the license application.

A more current version of the applicants Securities and Exchange Commission Form 10-Q document was retrieved from their website providing the unaudited nine-month financial statement for the period ending September 30, 2008. The "Notes to the Consolidated Financial Statement" section of the 10-Q under Going Concern states the following:

"The Company has incurred a net loss of \$116.1 million for the nine months ended September 30, 2008, has incurred net losses of \$113.8 million, \$87.4 million and \$105.3 million for the years ended December 31, 2007, 2006 and 2005, respectively, and at September 30, 2008 has an accumulated deficit of \$626.1 million and a working capital deficiency of \$195.4 million."

In a recent press release the Daily Racing Form reported that Magna lost \$49 million in the third quarter. The article provided the following:

"Magna Entertainment Corp. lost \$49.1 million in the third quarter of 2008 and has hired a bankruptcy advisory firm in the wake of hundreds of millions of dollars of losses over the past three years and its struggles to pay off its debt."

Given Magna Entertainment Corporation's reported financial status, the Board may want to consider requesting an additional financial surety be submitted in conjunction with this application.

- Usable stalls available at the track: 1,950
- Minimum number believed necessary for the meeting: 1,853
- 1,500 off-site auxiliary stalls at Hollywood Park, 500 off-site auxiliary stalls at San Luis Rey Downs, and 500 off-site auxiliary stalls at Fairplex will be maintained.
- Total available stalls (track and auxiliary): 4,450

- First post 1:00 p.m. all weekdays; 12:00 p.m. weekends and holidays December 26, 2008-February 1, 2009; 12:30 p.m. weekends and holidays February 4, 2009-April 19, 2009.
- First post 12:00 p.m. December 26, 2008 – Opening Day; March 7, 2009 – Santa Anita Handicap; April 5, 2009 – Santa Anita Derby
- First post 11: 00 a.m. February 1, 2009 – Super Bowl Sunday
- First post 11:45 p.m. January 24, 2009 – Sunshine Millions

- Schedule of charges for admission, seating, parking, program have not changed since the last submission of a LATC application to conduct a horse racing meeting.

- Request that Jennifer Paige be appointed horse identifier pursuant to CHRB Rule 1525.

- Track safety inspection has been requested and will be completed before the beginning of the race meet.

- Inspection of backstretch worker housing has been requested and will be completed before the beginning of the race meet.

- Fire clearance for the upcoming 2008-2009 race meet has been provided.

- Wagering program will use CHRB rules and ARCI rules.
 - Early wagering will be 8:30 a.m. to 10:00 a.m. each day.

- Proposed Advance Deposit Wagering (ADW) providers are Xpressbet, Youbet, TwinSpires and TVG. As noted on the application, negotiations with proposed ADW providers for 2009 race year are pending. Current ADW contracts/agreements expire December 31, 2008.

- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.

- A copy of the 2008 LATC end of meet report has been included for your review. The report was previously presented to the Board at the August 19, 2008 CHRB Board meeting.

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

1. Horsemen's agreement
2. CTT agreement
3. ADW contracts
4. Track safety inspection
5. Backstretch housing inspection

Specific information which will need **updating** during the proposed race dates:

1. Updated Workers' Compensation Insurance Policy (expires 01/01/2009)
2. Audited financials (provided in the MEC annual report)

RECOMMENDATION:

Staff recommends that the application for license not be heard unless the Horsemen's agreement is received.

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

END-OF-MEET OUTLINE SUMMARY

Los Angeles Turf Club
December 26, 2007 - April 20, 2008
Race Days: 77

AVERAGE DAILY STATISTICS

	Percent Change	Total Value
Avg. Daily Handle	2.77	325,052
Avg. Daily On-Track Handle	-9.97	(213,390)
Avg. Daily ITW Network Handle	-3.58	(102,787)
Avg. Daily ADW In Network Handle	33.24	290,939
Avg. Daily Out-Of-State Handle	5.99	350,289
Avg. Daily Attendance	-5.46	(989)
Avg. Daily On-Track Attendance	-5.56	(514)
Avg. Daily ITW Attendance	-5.36	(476)

CALIFORNIA HORSE RACING BOARD

END OF MEET REPORT

Los Angeles Turf Club at Santa Anita

2008 Number's Do not
include AB480 Purses
and Track CommissionsPrevious Year \$
and % Change

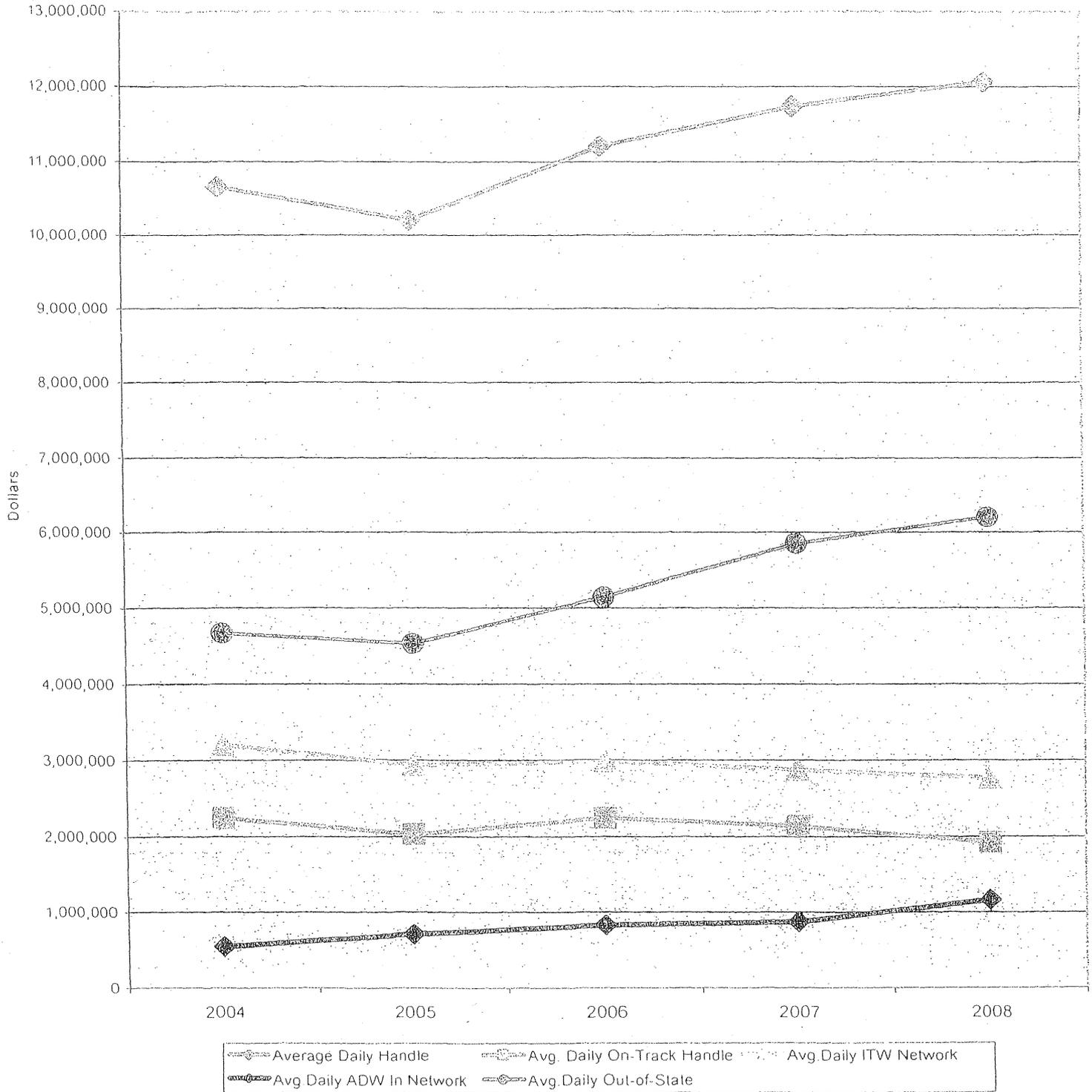
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2008 \$ CHANGE</u>	<u>2008 % CHANGE</u>
TOTAL RACE DAYS	84	85	86	85	77	(8)	-9.41%
TOTAL HANDLE	895,295,884	867,614,465	963,949,422	997,699,283	928,827,174	(68,872,108)	-6.90%
BY ORIGIN OF WAGER							
ON-TRACK	188,596,686	172,706,230	193,149,553	181,931,924	148,377,922	(33,554,002)	-18.44%
ITW NETWORK	268,557,636	249,449,558	256,916,467	244,157,759	213,263,622	(30,894,137)	-12.65%
ADW IN NETWORK	46,235,471	60,627,905	71,579,464	74,404,308	89,803,885	15,399,577	20.70%
OUT-OF-STATE	391,906,091	384,830,773	442,303,938	497,205,292	477,381,746	(19,823,546)	-3.99%
BY ORIGIN OF RACE							
LIVE	679,633,218	644,105,147	732,703,490	778,773,589	725,307,400	(53,466,188)	-6.87%
OUT-OF-ZONE	85,771,698	83,258,382	81,258,761	72,877,390	69,555,515	(3,321,875)	-4.56%
INTERSTATE-IMPORT	128,986,161	137,594,006	144,087,908	134,785,738	124,205,288	(10,580,450)	-7.85%
INTERNATIONAL-IMPORT	904,807	2,656,931	5,899,263	11,262,565	9,758,971	(1,503,595)	-13.35%
AVG DAILY HANDLE	10,658,284	10,207,229	11,208,714	11,737,639	12,062,691	325,052	2.77%
AVG BY ORIGIN OF WAGER							
AVG ON-TRACK	2,245,199	2,031,838	2,245,925	2,140,376	1,926,986	(213,390)	-9.97%
AVG ITW NETWORK	3,197,115	2,934,701	2,987,401	2,872,444	2,769,657	(102,787)	-3.58%
AVG ADW IN NETWORK	550,422	713,269	832,319	875,345	1,166,284	290,939	33.24%
AVG OUT OF STATE	4,665,549	4,527,421	5,143,069	5,849,474	6,199,763	350,289	5.99%
AVG BY ORIGIN OF RACE							
AVG LIVE	8,090,872	7,577,708	8,519,808	9,162,042	9,419,577	257,534	2.81%
AVG OUT-OF-ZONE	1,021,092	979,510	944,869	857,381	903,318	45,937	5.36%
AVG INTERSTATE IMPORT	1,535,550	1,618,753	1,675,441	1,585,715	1,613,056	27,341	1.72%
AVG INTERNATIONAL IMPORT	10,772	31,258	68,596	132,501	126,740	(5,761)	-4.35%
TOTAL TAKEOUT	173,099,426	170,261,309	188,187,256	196,470,877	182,709,167	(13,761,709)	-7.00%
EFFECTIVE TAKEOUT %	19.33%	19.62%	19.52%	19.69%	19.67%	-0.02%	-0.11%
STATE LICENSE FEES	10,371,730	9,658,842	10,397,619	10,115,922	8,843,803	(1,272,119)	-12.58%
STATE %	1.16%	1.11%	1.08%	1.01%	0.95%	-0.06%	-6.09%
TRACK COMMISSION	36,084,884	34,717,466	38,173,797	38,256,612	35,179,678	(3,076,934)	-8.04%
TRACK %	4.03%	4.00%	3.96%	3.83%	3.79%	-0.05%	-1.22%
PURSE COMMISSION	35,448,027	34,080,435	37,293,459	37,521,113	34,514,707	(3,006,405)	-8.01%
PURSE %	3.96%	3.93%	3.87%	3.76%	3.72%	-0.04%	-1.19%
CALIFORNIA NETWORK ATT	1,641,055	1,484,947	1,579,223	1,539,010	1,317,996	(221,014)	-14.36%
ON-TRACK	747,640	677,193	789,196	785,167	671,725	(113,442)	-14.45%
ITW NETWORK	893,415	807,754	790,027	753,843	646,271	(107,572)	-14.27%
AVG DAILY ATTENDANCE	19,536	17,470	18,363	18,106	17,117	(989)	-5.46%
AVG DAILY ON-TRACK	8,900	7,967	9,177	9,237	8,724	(514)	-5.56%
AVG DAILY ITW NETWORK	10,636	9,503	9,186	8,869	8,393	(476)	-5.36%
TOTAL RACE EVENTS	726	730	747	740	696	(44)	-5.95%
STARTERS	5,842	5,738	6,330	6,379	6,020	(359)	-5.63%
AVG STARTERS PER EVENT	8.05	7.86	8.47	8.62	8.65	0	0.34%
AVG HANDLE PER START	116,336	112,253	115,751	122,084	120,483	(1,601)	-1.31%

Data Date 6/6/2008

Print Date 6/6/2008

numbers provided by CHRIMS, Inc.

Los Angeles Turf Club Average Daily Totals



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

1. APPLICANT ASSOCIATION

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

Los Angeles Turf Club, Incorporated
Santa Anita Park
285 W. Huntington Drive
Arcadia, CA 91007

Telephone: 626/574-7223
Fax: 626/446-9565

B. Breed of horse: TB QH H

C. Racetrack name: **Santa Anita Park**

D. Attach a certified check payable to the Treasurer of the State of California in the amount of \$10,000 as deposit for license fees pursuant to B&P Code Section 19490. (Attached)

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

2. DATES OF MEETING

A. Inclusive dates for the entire meeting: **December 26, 2008 through April 19, 2009**

B. Actual dates racing will be held:

December 26, 27, 28, 29, and 31;

January 1, 2, 3, 4, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 22, 23, 24, 25, 28, 29, 30, 31;

February 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 16, 19, 20, 21, 22, 25, 26, 27, 28;

March 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 25, 26, 27, 28, 29;

April 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 15, 16, 17, 18, 19

C. Total number of days or nights of racing: **84 Days**

D. Days or nights of the week races will be held: Exceptions: Monday, December 29, 2008;

Wed - Sun Tues - Sat Other (specify) Monday, January 19 and
Monday, February 16, 2009.

E. Number of days or nights of racing per week: **5 Days**

Exception: 6 Days; Monday, December 29, 2008 – Sunday, January 4, 2009

CHRB CERTIFICATION

Application received:
Deposit received:
Reviewed:

Hearing date:
Approved date:
License number:

3. RACING PROGRAM

- A. Total number of races: **Estimate 722**
- B. Number of races for each day or night: 8 races weekdays
 Nine (9) races Opening Day, Weekends and December 29, January 1, 19 and February 16, with the option to program 10 races on such days. Eleven (11) races Santa Anita Handicap day March 7, 2009, and Santa Anita Derby day April 4, 2009.
- C. Total number of stakes races: **75**
- 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.
 See attached Exhibit 3(D).
- 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:

	All Weekdays	Weekends & Holidays	
		December 26-February 1, 2009	February 4-April 19, 2009
Race 1	1:00 p.m.	12:00 p.m.	12:30 p.m.
Race 2	1:30 p.m.	12:30 p.m.	1:00 p.m.
Race 3	2:00 p.m.	1:00 p.m.	1:30 p.m.
Race 4	2:30 p.m.	1:30 p.m.	2:00 p.m.
Race 5	3:00 p.m.	2:00 p.m.	2:30 p.m.
Race 6	3:30 p.m.	2:30 p.m.	3:00 p.m.
Race 7	4:00 p.m.	3:00 p.m.	3:30 p.m.
Race 8	4:30 p.m.	3:30 p.m.	4:00 p.m.
Race 9		4:00 p.m.	4:30 p.m.
Race 10		4:30 p.m. <i>(When Applicable)</i>	5:00 p.m. <i>(When Applicable)</i>
Race 11		5:00 p.m. <i>(When Applicable)</i>	5:30 p.m. <i>(When Applicable)</i>

Exceptions:

Friday, December 26, 2008	Opening Day	12:00 pm
Saturday, January 24, 2009	Sunshine Millions	11:45 pm
Sunday, February 1, 2009	Super Bowl	11:00 am
Saturday, March 7, 2009	Santa Anita Handicap	12:00 pm
Saturday, April 5, 2009	Santa Anita Derby	12:00 pm

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to B&P Code Section 19568(b).

2008-09 Santa Anita STAKES COSTS

Run Date	Race	Age	Distance	Purse	COST	Nom Fee
Fri Dec 26	Malibu Stakes (Grade I)	3 YO	7 F	\$250,000G	\$230,000	\$250
Fri Dec 26	Sir Beaufort Stakes (Grade III)	3 YO	1 M (T)	\$100,000A	\$100,000	\$100
Fri Dec 26	California Breeders Champion Stakes	2 YO (CA Breds)	7 F	\$125,000A	\$125,000	\$125
Sat Dec 27	California Breeders Champion Stakes	F, 2 YO (CA Breds)	7 F	\$125,000A	\$125,000	\$125
Sat Dec 27	La Brea Stakes (Grade I)	F, 3 YO	7 F	\$250,000G	\$230,000	\$250
Sat Dec 27	Eddie Logan Stakes	2 YO	1 M (T)	\$75,000A	\$0	\$50
Sun Dec 28	San Gabriel Handicap (Grade II)	3 & UP	1 1/8 M (T)	\$150,000G	\$135,000	\$150
Sun Dec 28	Blue Norther Stakes	F, 2 YO	1 M (T)	\$75,000A	\$0	\$50
Mon Dec 29	Impressive Luck Handicap	3 & UP	abt 6 1/2 F (T)	\$75,000A	\$0	\$50
Wed Dec 31	Kalookan Queen Handicap	F/M, 3 & UP	6 1/2 F	\$75,000A	\$0	\$50
Thu Jan 1	El Conejo Handicap (Grade III)	4 & UP	5 1/2 F	\$100,000A	\$100,000	\$100
Fri Jan 2	Paseana Handicap	F/M, 4 & UP	1 1/16 M	\$75,000A	\$0	\$50
Sat Jan 3	Monrovia Handicap (Grade III)	F/M, 4 & UP	abt 6 1/2 F (T)	\$100,000A	\$100,000	\$100
Sun Jan 4	San Gorgonio Handicap (Grade II)	F/M, 4 & UP	1 1/8 M (T)	\$150,000G	\$135,000	\$150
Sat Jan 10	San Pasqual Handicap (Grade II)	4 & UP	1 1/16 M	\$150,000G	\$135,000	\$150
Sun Jan 11	Santa Ysabel Stakes (Grade III)	F, 3 YO	1 1/16 M	\$100,000A	\$100,000	\$100
Sat Jan 17	**San Fernando Stakes (Grade II)	4 YO	1 1/16 M	\$200,000G**	\$90,000	\$150
Sat Jan 17	San Rafael Stakes (Grade III)	3 YO	1 M	\$100,000A	\$100,000	\$150
Sat Jan 17	Santa Ynez Stakes (Grade II)	F, 3 YO	7 F	\$150,000G	\$135,000	\$150
Sun Jan 18	El Encino Stakes (Grade II)	F, 4 YO	1 1/16 M	\$150,000G	\$135,000	\$150
Mon Jan 19	San Marcos Stakes (Grade II)	4 & UP	1 1/4 M (T)	\$150,000G	\$135,000	\$150
Mon Jan 19	San Pedro Stakes	3 YO	6 1/2 F	\$75,000A	\$0	\$50
Sat Jan 24	Sunshine Millions Turf	4 & UP (CA/FL Breds)	1 1/8 M (T)	\$500,000G	\$850,000	\$100
Sat Jan 24	Sunshine Millions Distaff	F/M, 4 & UP (CA/FL Breds)	1 1/16 M	\$500,000G	\$0	\$100
Sat Jan 24	Sunshine Millions Sprint	4 & UP (CA/FL Breds)	6 F	\$300,000G	\$0	\$100
Sat Jan 24	Sunshine Millions Oaks	F, 3 YO (CA/FL Breds)	6 F	\$250,000G	\$0	\$100
Sun Jan 25	Tuzla Handicap (Grade III)	F/M, 4 & UP	1 M (T)	\$100,000A	\$100,000	\$50
Sun Jan 25	Palos Verdes Handicap (Grade II)	4 & UP	6 F	\$150,000G	\$135,000	\$150
Sat Jan 31	Santa Monica Handicap (Grade I)	F/M, 4 & UP	7 F	\$300,000G	\$275,000	\$250
Sat Jan 31	Wishing Well Handicap	F/M, 4 & UP	abt 6 1/2 F (T)	\$75,000A	\$0	\$50
Sun Feb 1	La Habra Stakes (Grade III)	F, 3 YO	abt 6 1/2 F (T)	\$100,000A	\$100,000	\$100
Sat Feb 7	Strub Stakes (Grade II)	4 YO	1 1/8 M	\$300,000G	\$275,000	\$300
Sat Feb 7	Thunder Road Handicap	4 & UP	1 M (T)	\$75,000A	\$0	\$50
Sat Feb 7	Robert B. Lewis Stakes (Grade II)	3 YO	1 1/16 M	\$200,000G	\$190,000	\$200
Sat Feb 7	Las Virgenes Stakes (Grade I)	F, 3 YO	1 M	\$300,000G	\$275,000	\$250
Sun Feb 8	San Antonio Handicap (Grade II)	4 & UP	1 1/8 M	\$200,000G	\$180,000	\$250
Wed Feb 11	La Zanzara Handicap	F/M, 4 & UP	1 1/2 M (T)	\$75,000A	\$0	\$50
Sat Feb 14	Santa Maria Handicap (Grade I)	F/M, 4 & UP	1 1/16 M	\$300,000G	\$275,000	\$250
Sun Feb 15	La Canada Stakes (Grade II)	F, 4 YO	1 1/8 M	\$200,000G	\$190,000	\$200
Sun Feb 15	Daytona Handicap	4 & UP	abt 6 1/2 F (T)	\$75,000A	\$0	\$50
Mon Feb 16	San Vicente Stakes (Grade II)	3 YO	7 F	\$150,000G	\$135,000	\$150

2008-09 Santa Anita STAKES COSTS

Mon Feb 16	Buena Vista Handicap (Grade II)	F/M, 4 & UP	1 M (T)	\$150,000G	\$135,000	\$150
Sat Feb 21	San Carlos Handicap (Grade II)	4 & UP	7 F	\$150,000G	\$135,000	\$150
Sat Feb 21	Valentine Dancer Handicap	F/M, 4 & UP (CA Breds)	1 M (T)	\$100,000A	\$100,000	\$100
Sun Feb 22	San Luis Obispo Handicap (Grade II)	4 & UP	1 1/2 M (T)	\$150,000G	\$135,000	\$150
Sat Feb 28	Sham Stakes (Grade III)	3 YO	1 1/8 M	\$200,000G	\$190,000	\$200
Sat Feb 28	Crystal Water Handicap	4 & UP (CA Breds)	1 M (T)	\$100,000A	\$100,000	\$100
Sun Mar 1	Baldwin Stakes (Grade III)	3 YO	abt 6 1/2 F (T)	\$100,000A	\$100,000	\$100
Sat Mar 7	Honest Lady Stakes	F/M, 4 & UP	6 F	\$100,000A	\$100,000	\$100
Sat Mar 7	Santa Anita Handicap (Grade I)	4 & UP	1 1/4 M	\$1,000,000G	\$925,000	\$300
Sat Mar 7	Frank E. Kilroe Mile (Grade I)	4 & UP	1 M (T)	\$300,000G	\$275,000	\$300
Sat Mar 7	Santa Anita Oaks (Grade I)	F, 3 YO	1 1/16 M	\$300,000G	\$275,000	\$300
Sun Mar 8	China Doll Stakes	F, 3 YO	1 M (T)	\$75,000A	\$0	\$50
Sat Mar 14	Santa Margarita Handicap (Grade I)	F/M, 4 & UP	1 1/8 M	\$300,000G	\$300,000	
Sat Mar 14	San Felipe Stakes (Grade II)	3 YO	1 1/16 M	\$200,000G	\$190,000	\$200
Sun Mar 15	Pasadena Stakes	3 YO	1 M (T)	\$75,000A	\$0	\$50
Sun Mar 15	Irish O'Brien Stakes	F/M, 4 & UP (CA Breds)	abt 6 1/2 F (T)	\$125,000 A	\$125,000	\$125
Sat Mar 21	San Luis Rey Handicap (Grade II)	4 & UP	1 1/2 M (T)	\$200,000G	\$185,000	\$200
Sun Mar 22	Santa Ana Handicap (Grade II)	F/M, 4 & UP	1 1/8 M (T)	\$150,000G	\$135,000	\$150
Sat Mar 28	Tokyo City Cup (Grade III)	4 & UP	1 1/2 M	\$100,000A	\$100,000	\$100
Sat Mar 28	San Miguel Stakes	3 YO	6 F	\$75,000A	\$0	\$50
Sun Mar 29	Santa Paula Stakes (Grade III)	F, 3 YO	6 1/2 F	\$100,000A	\$100,000	\$50
Sun Mar 29	Sensational Star Handicap	4 & UP (CA Breds)	abt 6 1/2 F (T)	\$125,000A	\$125,000	\$125
Sat Apr 4	Santana Mile	4 & UP	1 M	\$75,000A	\$0	\$50
Sat Apr 4	Santa Anita Derby (Grade I)	3 YO	1 1/8 M	\$750,000G	\$650,000	\$300
Sat Apr 4	**Potrero Grande Handicap (Grade II)	4 & UP	6 1/2 F	\$200,000G**	\$90,000	\$150
Sat Apr 4	Arcadia Handicap (Grade II)	4 & UP	1 M (T)	\$150,000G	\$135,000	\$150
Sat Apr 4	Providencia Stakes (Grade II)	F, 3 YO	1 M (T)	\$150,000G	\$135,000	\$100
Sun Apr 5	Las Flores Handicap (Grade III)	F/M, 4 & UP	6 1/2 F	\$150,000G	\$135,000	\$150
Sat Apr 11	La Puente Stakes	3 YO	1 M (T)	\$100,000A	\$100,000	\$100
Sat Apr 11	Santa Lucia Handicap (Restricted)	F/M, 4 & UP	1 1/16 M	\$75,000A	\$0	\$50
Sun Apr 12	Las Cienegas Handicap (Grade III)	F/M, 4 & UP	abt 6 1/2 F (T)	\$100,000A	\$100,000	\$100
Sat Apr 18	Santa Barbara Handicap (Grade II)	F/M, 4 & UP	1 1/4 M (T)	\$200,000G	\$180,000	\$200
Sat Apr 18	San Simeon Handicap (Grade III)	4 & UP	abt 6 1/2 F (T)	\$100,000A	\$100,000	\$100
Sun Apr 19	San Juan Capistrano Handicap (Grade II)	4 & UP	abt 1 3/4 M (T)	\$250,000G	\$250,000	

\$10,695,000

* Pending TOC Approval

**Includes \$100,000 Breeders' Cup Funding

- 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 A on file with CHRB.

C. CORPORATION

1. Registered name of the corporation: Los Angeles Turf Club, Incorporated
2. State where incorporated: California
3. Registry or file number for the corporation: 481360
4. Names of all officers and directors, titles, and the number of shares of the corporation held by each:

The officers of the corporation hold zero shares in Los Angeles Turf Club, Incorporated.

Ron Charles, President & Chief Executive Officer
 George Haines II, V.P. & General Manager
 Frank De Marco, Jr., V.P. Regulatory Affairs and Assistant Secretary
 Allen Gutterman, V.P. Marketing & Sales
 Gina Lavo, V.P. Finance
 Scott J. Daruty, Director

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:
 Los Angeles Turf Club, Incorporated is a wholly owned subsidiary of The Santa Anita Companies, Inc., a Delaware Corporation, which is a wholly owned subsidiary of Magna Entertainment Corp., a Delaware Corporation.
6. Number of outstanding shares in the corporation:
 Los Angeles Turf Club, Incorporated: 25 shares (Not publicly traded.)
 The Santa Anita Companies, Inc.: 100 shares (Not publicly traded.)
 Magna Entertainment Corp.: 2,928,447 Class A Subordinate Voting Shares
 2,923,302 Class B Shares
 As of August 31, 2008
7. Are the shares listed for public trading? Yes No
 If yes, on what exchange and how is the stock listed:
 The MEC shares are traded on the NASDAQ Exchange.
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: N/A
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
 Magna Entertainment Corp.

10. Attach the most recent audited annual financial statement for the licensee, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission. The licensee may submit the audited consolidated annual financial statements of its parent owner if the parent owner is a publicly traded company and guarantees the obligations of the licensee.

Magna Entertainment Corp. Form 10-Q dated June 30, 2008 on file with the Board.

- D. LLC N/A
E. OTHER N/A

F. Management and Staff

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 10B, who will be listed in the official program:

Ron Charles, President

George Haines, Vice-President & General Manager

Frank DeMarco, Jr., Vice-President Regulatory Affairs & Assistant Secretary

Allen Gutterman, Vice-President Marketing & Sales

Gina Lavo, Vice-President Finance

Candace Coder-Chew, Director of Print & Graphics

Randy Fowler, Director of Food & Beverage

Randy Hartzell, Director of Mutuels

Dick Honaker, Director of Operations & Security

Chris Quinn, Director of Group Sales

Pete Siberell, Director of Community Service & Special Events

Jason Spetnegal, Director of Facilities

Aaron Vercruyse, Executive Director, Business Development/Simulcasting

Ken Walker, Director of Labor Relations

Mike Willman, Director of Publicity & Public Relations

Amy Zimmerman, Director of Broadcasting

Nina Zukin, Director of Information Services

Jay Cohen, Hornblower

Trevor Denman, Public Address Commentator/Announcer

2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing address of such person(s) if other than the mailing address of the association:

Frank DeMarco, Jr., Vice-President Regulatory Affairs & Assistant Secretary

5. PURSE PROGRAM

A. Purse distribution:

1. All races other than stakes:

Current meet estimate:	\$26,230,600
Prior meet actual:	\$26,560,000

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

Current meet estimate:	\$ 312,269
Prior meet actual:	\$ 312,471

2. Overnight stakes:

Current meet estimate:	\$ 1,125,000
Prior meet actual:	\$ 1,200,000

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

Current meet estimate:	\$ 13,392
Prior meet actual:	\$ 14,118

3. Non-overnight stakes:

Current meet estimate:	\$10,695,000
Prior meet actual:	\$10,545,000

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

Current meet estimate:	\$ 127,321
Prior meet actual:	\$ 124,059

B. Stakes races:

1. Purse distribution for all stakes races:

Current meet estimate:	\$11,820,000
Prior meet actual:	\$11,745,000

Average Daily Purse (5B1 ÷ number of days):

Current meet estimate:	\$ 140,714
Prior meet actual:	\$ 138,176

2. Percentage of the purse distribution for all stakes races that will be distributed for California-bred stakes races:

Current meet estimate:	13%
Prior meet actual:	13%

Average Daily Purse (5B2 ÷ number of days):

Current meet estimate:	.15%
Prior meet actual:	.15%

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

Current meet estimate:	\$ 2,700,000
Prior meet actual:	\$ 2,750,000

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:
NTRA	\$ 186,000	\$ 186,000
TOC	\$ 381,600	\$ 384,000
CTT Pension	\$ 377,784	\$ 380,000
CTT Administration	<u>\$ 194,616</u>	<u>\$ 196,000</u>
Total	\$1,140,000	\$1,146,000

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

Current meet estimate: \$41,890,600
 Prior meet actual: \$42,201,000

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

Current meet estimate: \$ 498,697
 Prior meet actual: \$ 496,482

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

Current meet estimate: \$26,236,000
 Prior meet actual: \$27,400,000

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

Current meet estimate: \$ 312,333
 Prior meet actual: \$ 322,353

G. Purse funds to be generated from interstate handle:

Current meet estimate: \$ 9,700,000
 Prior meet actual: \$ 9,100,000

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

Current meet estimate: \$ 115,476
 Prior meet actual: \$ 107,059

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

Wells Fargo Regional Commercial Bank, West Covina Office, paid through Paymaster of Purses Account #ON FILE

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

Bowen, McBeth Co., 10722 Arrow Route, Suite 110, Rancho Cucamonga, CA 91730 Telephone: (909) 944-6465

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

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

6. STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held: **1,950**
- B. Minimum number of stalls believed necessary for the meeting: **1,853**
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: **2,500**
- D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site: **Hollywood Park 1,500** **San Luis Rey Downs 500** **Fariplex 500**
- 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.

SCOTWINC agreement on file with CHRB

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

- F. Total number of usable stalls made available on-site for the 1986 meeting: **1,950**
- G. Estimated cost to provide off-site stalls for this meeting. Show cost per day per stall:
\$3,326,000 **(\$19.50/day/stall; excludes vaning costs)**
- H. Estimated cost to provide vaning from off-site stalls for this meeting. Show fees to be paid for vaning per-horse: **\$350,000**
\$180 RT for Hollywood and Pomona
\$320 RT for San Luis Rey Downs

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

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

TYPE OF WAGERS		APPLICABLE RULES
Example Race: \$1 E; \$1 Double		CHRB #1959; RCI #VE
Race #1	\$1E \$2DD \$1PK3 \$1PPN \$1PNP4	CHRB #1959, 1957, 1977, 1976.8, 1976.9
Race #2	\$1E \$2DD \$1PK3	CHRB #1959, 1957, 1977
Race #3	\$1E \$2DD \$1PK3 \$2PNP6	CHRB #1959, 1957, 1977, 1976.9
Race #4	\$1E \$2DD \$1PK3 \$2PNP6	CHRB #1959, 1957, 1977, 1976.9
Race #5	\$1E \$2DD \$1PK3 \$2PNP6 \$1PNP4	CHRB #1959, 1957, 1977, 1976.9
Race #6	\$1E \$2DD \$1PK3 \$1PNP4	CHRB #1959, 1957, 1977, 1976.9
Race #7	\$1E \$2DD \$1PK3 \$1PNP4	CHRB #1959, 1957, 1977, 1976.9
Race #8	\$1E \$2DD \$1PK3 Super H5	CHRB #1959, 1957, 1977, 1976.9; ARCI 19599
Race #9	\$1E \$2DD Super H5	CHRB #1959, 1957; ARCI 19599
Race #10	\$1E \$2DD Super H5	CHRB #1959, 1957; ARCI 19599

- Rolling \$2 Daily Doubles beginning with Race #1. (CHRB #1957)
- \$1 Trifecta on all eligible races. (CHRB #1979)
- \$0.10 Superfecta wagering on all qualifying races. (CHRB #1979.1) Except on races with Pentafecta.
- Incoming simulcasts will follow host track format.
- \$1 Place PK8 on 8-race program; Place PK9 on 9-race program, Place PK10 on 10-race program. Alternate runner provision. [All \$1 Wagers] No carryover. Pay all tickets with most winners. (CHRB #1976.8)
- \$2 PNP6 Last six live races 70% Carryover, 30% Minor. Alternate runner provision. (CHRB #1976.9)
- \$1 PNP4 first race and last four live races. Alternate runner provision. (CHRB #1976.9)
- \$2 Parlay Wagering Races 1-10. (CHRB #1954.1)
- \$1 Pentafecta 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. Note: Superfecta will not be offered in a selected Super High-5 race. Super High-5 will be carded as last race of the day. [Applicable rule: ARCI 19599 – T PICK (N) POSITION (X) POOLS]

B. Maximum carryover pool to be allowed to accumulate before its distribution OR the date(s) designated for distribution of the carryover pool: Unlimited

C. List any options requested with regard to exotic wagering: N/A

D. Will "advance" or "early bird" wagering be offered? Yes No
 If yes, when will such wagering begin: 8:30 a.m. – 10:00 a.m.

E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract:
 Scientific Games Racing, Brooks Pierce, President Expires: September, 2012

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

Pending Restrictions:

- Twin Spires
- YouBet
- TVG
- XpressBet

9. SIMULCAST WAGERING PROGRAM

- A. Simulcast organization engaged by the association to conduct simulcast wagering:
 Southern California Off-Track Wagering, Inc.
- B. Attach the agreement between the associations 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.
 Agreement on file with CHRB.

- C. California simulcast facilities the association proposes to offer its live audiovisual signal:

Alameda County Fair	Monterey County Fair – 7 th DAA
Antelope Valley Fair	National Orange Show
Barona Casino	Redwood Acres Fair – 9 th DAA
Bay Meadows	San Bernardino County Fair – 28 th DAA
Cal. Expo	San Joaquin Fair – 2 nd DAA
Desert Expo	Santa Barbara County Fair – 37 th DAA
Earl Warren Showground's – 19 th DAA	Santa Clara County Fair
ExpoCentre	Shasta District Fair – 27 th DAA
Fairplex	Solano County Fair
Fantasy Springs Casino	Sonoma County Fair
Fresno District Fair – 21 st DAA	Stanislaus County Fair, Turlock Satellite
Fresno Club One Wagering Facility	Sycuan Casino
Golden Gate	Ventura County Fair – 31 st DAA
Hollywood Park	Viejas Casino & Turf Club
Kern County Fair – 15 th DAA	Surfside Race Place at Del Mar
Lake Perris Sports Pavilion	24 th District Agricultural Association
Los Alamitos	

- D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:
 See (E) Common Pool Sites and Separate Pool/Flat Fee Sites.

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

EXPORT SIMULCAST SITE REQUEST – Subject to Change/Additions

All ADW companies should be on the list of sites possibly taking wagers on SA races. All are pending approval.		Balmoral Park/Maywood	Illinois
		Bettor Racing OTB (Royal River),	South Dakota
		Beulah Park	Ohio
Amwest Entertainment	North Dakota	Birmingham Race Course	Alabama
Arapahoe Park	Colorado	Blue Ribbon Downs	Oklahoma
Arima Race & Sports Book	Trinidad	Bluffs Run Greyhound Park & Casino,	Iowa
Arlington International Racecourse,	Illinois	Boyd Gaming, dba Delta Downs	Louisiana
Atlantic City Casino Assn.	New Jersey	Buffalo Trotting Association	New York
Atlantic City Race Course	New Jersey	Calder Race Course	Florida
Atokad Downs	Nebraska	Canterbury Park	Minnesota

Capital District OTB	New York	Nassau Suffolk OTB	NEW YORK
Capital Sports Pty Ltd.	Australia	Nevada Pari-Mutuel Association	Nevada
Catskill OTB	New York	New Jersey Sports & Exposition Authority, NJ	
Charles Town Races	West Virginia	New York City Off-Track Betting	New York
Choctaw Racing Services, LLC,	Oklahoma	New York Racing Association	New York
Churchill Downs	Kentucky	Newport Jai-Alai	Rhode Island
Churchill Downs Sports Spectrum,	Kentucky	Northfield Park	Ohio
Coeur d' Alene Casino	Idaho	Northville Racing Corp.	Michigan
Colonial Downs	Virginia	Oaklawn Park	Arkansas
Columbus Races	Nebraska	Ocean Downs	Maryland
Connecticut OTB	Connecticut	Penn National Race Course	Pennsylvania
Corpus Christi Greyhound Race Track,	Texas	Philadelphia Park	Pennsylvania
Crystal Palace Casino	Bahamas	Plainridge Race Course	Massachusetts
Dairyland Greyhound Park	Wisconsin	Portland Meadows	Oregon
Delaware Park	Delaware	Prairie Meadows	Iowa
Dover Downs	Delaware	Raceway Park	Ohio
Downs at Albuquerque	New Mexico	Racing & Gaming Services, Inc.,	British WI
Ellis Park	Kentucky	Remington Park	Oklahoma
Emerald Downs	Washington	Retama Park	Texas
European Simulco	Austria	River Downs	Ohio
Evangeline Downs	Louisiana	Rockingham Park	New Hampshire
Fair Meadows at Tulsa	Oklahoma	Rosecroft Raceway	Maryland
Fairgrounds Race Course	Louisiana	Ruidoso Downs	New Mexico
Fairmount Park	Illinois	Saginaw Harness Raceway	Michigan
Finger Lakes Race Track	New York	Sam Houston Race Park, LTD	Texas
Fonner Park	Nebraska	Saratoga Raceway	New York
Freehold Raceway	New Jersey	Scarborough Downs	Maine
Geneva Lakes Kennel Club	Wisconsin	Scioto Downs	Ohio
Gillespie County Fair Race Meet	Texas	Southland Greyhound Park	Arkansas
Great Lakes Downs	Michigan	Sports Creek Raceway	Michigan
Hawthorne National LLC	Illinois	State Fair Park	Nebraska
Hazel Park	Michigan	Stevenson & Associates, Inc. (Common),	Florida
Hinsdale Greyhound Park	New Hampshire	Suffolk Downs	Massachusetts
Hoosier Park	Indiana	Suffolk OTB	New York
Horsemen's Park	Nebraska	Sunland Park	New Mexico
Indiana Downs	Indiana	Sunray Park	New Mexico
International All Sports Limited	Florida	The Green Track	Alabama
Jackson Harness Raceway	Michigan	The Greyhound Park at Post Falls,	Idaho
Keeneland Association	Kentucky	The Meadows	Pennsylvania
Las Vegas Dissemination Co.	Nevada	The Texas Hub at Gulf Greyhound,	Texas
Lebanon Raceway	Ohio	Thistledown Racing	Ohio
Les Bois Park	Idaho	Tri-State Racetrack & Gaming Center,	WV
Lewiston Raceways, Inc.	Maine	Turf Paradise	Arizona
Lien Games, Inc.	North Dakota	Turfway Park	Kentucky
Lincoln Park	Rhode Island	Twin Spires ADW	
Lone Star Race Park Ltd.	Texas	Western Regional OTB	New York
Louisiana Downs	Louisiana	Wheeling Downs	West Virginia
LVDC / Elite Turf Club	Nevada	Wichita Greyhound Park	Kansas
LVDC / Tribal Locations	Nevada	Wonderland Greyhound Park	Massachusetts
Manor Downs	Texas	Woodlands	Kansas
Maryland Jockey Club	Maryland	Wyoming OTB	Wyoming
Midway Slots & Simulcast	Delaware	XpressBet, Inc.	California
Monmouth Park	New Jersey	Yonkers Raceway	New York
Montana Simulcast Partners	Montana	Yobet / I.R.G.	California
Monticello Raceway	New York	Zia Park	New Mexico
Mount Pleasant Meadows	Michigan		
Mountaineer Park	West Virginia		

Canada Pools:

Assiniboia Down., CAN

Charlottetown, CAN

Clinton Raceway, CAN

Connaught Park-Aylmer, CAN

Dresden, CAN
 Elmira Raceway, CAN
 Evergreen Park Grande Prairie, Can
 EX Park IVR, CAN
 Flamboro Downs, CAN
 Fort Erie Racetrack, CAN
 Fraser Downs, CAN
 Fredericton Raceway, CAN
 Georgian Downs, CAN
 Grand River, CAN
 Hanover Raceway, CAN
 Hastings Park, CAN
 Hiawatha, CAN
 Hippodrome De Aylmer, CAN
 Hippodrome de Montreal, CAN
 Hippodrome de Quebec, CAN
 Hippodrome De Trois-Rivieres, CAN
 Inverness Raceway, CAN

Kawartha Downs, CAN
 Marquis Downs, CAN
 Mohawk Racetrack, CAN
 Northlands Park, CAN
 Picov Downs, CAN
 Quinte Raceway, CAN
 Rideau Carleton Raceway, CAN
 Rocky Mountain Turf Club, CAN
 St. John's, CAN
 Stampede Park, CAN
 Sudbury Downs, CAN
 Summerside-PEI, CAN
 TBC Teletheatres, CAN
 Truro Raceway, CAN
 Western Fair Raceway, CAN
 Windsor Raceway, CAN
 Woodbine, CAN
 Woodstock-Ontario, CAN

Separate Pools

Stevenson & Associates, Inc.
 Caliente: Mexico, Central & South America,
 Presidente Remon, Panama

- F. For THOROUGHBRED racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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*Subject to Change-No signals will be full card for the most part with the exception of Canadian Imports which do not count against the 23-race/day-import average.

Track	Dates	Races
Aqueduct - AQU:	DEC-APRIL	Selected Feature and/or Stakes Races
Calder Race Course - CRC:	DEC-JAN	Selected Feature and/or Stakes Races
Fairground @ La. Downs:	DEC-APRIL	Selected Feature and/or Stakes Races
Fort Erie - Canada:	APRIL	Full Card
Gulfstream Park - GP:	JAN-APRIL	Selected Feature and/or Stakes Races
Hastings - HST:	APRIL	Full Card
Hawthorne - HAW:	FEB-APRIL	Selected Feature and/or Stakes Races
Keeneland - KEE:	APRIL	Selected Feature and/or Stakes Races
Laurel Park - LRL:	JAN-APRIL	Selected Feature and/or Stakes Races
Lone Star Park - LS:	APRIL	Selected Feature and/or Stakes Races
Louisiana Downs - LAD:	APRIL	Selected Feature and/or Stakes Races
Northlands Park - NP:	MARCH-APRIL	Full Card
Oaklawn Park - OP:	JAN-APRIL	Selected Feature and/or Stakes Races
Philadelphia Park - PHA:	JAN-APRIL	Selected Feature and/or Stakes Races
Pimlico - PIM:	APRIL	Selected Feature and/or Stakes Races
Portland Meadows -	DEC-APRIL	Selected Feature and/or Stakes Races
Remington Park - RP:	APRIL	Selected Feature and/or Stakes Races
River Downs - RD:	APRIL	Selected Feature and/or Stakes Races
Stampede Park - STP:	APRIL	Full Card
Tampa Bay Downs - TAM:	DEC-APRIL	Selected Feature and/or Stakes Races
Thistledown - TDN:	MARCH-APRIL	Selected Feature and/or Stakes Races
Turf Paradise - TUP:	DEC-APRIL	Selected Feature and/or Stakes Races
Turfway Park - TP:	JAN-APRIL	Selected Feature and/or Stakes Races
Woodbine - WO:	APRIL	Full Card

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track Race Dates Full Card or Selected Feature and/or Stakes Races

G. For **QUARTER HORSE** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": N/A

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track Race Dates Full Card or Selected Feature and/or Stakes Races

H. For **STANDARD BRED** racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": N/A

HARNESS SIMULCAST RACES TO BE IMPORTED

Name of Host Track Race Dates Full Card or Selected Feature and/or Stakes Races

I. For **ALL** racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported: N/A

OTHER BREED SIMULCAST RACES TO BE IMPORTED

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

J. For **ALL** racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Section 19596.2 and 19596.3, attach a copy showing the agreement by the appropriate racing association(s). N/A

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

NOTICE TO APPLICANT: All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of B&P Code Sections 19596, 19596.1, 19596.2, 19596.3, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

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

10. CHARITY RACING DAYS

- A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association:
 Board of Directors
 Los Angeles Turf Club, Incorporated
 285 W. Huntington Drive
 Arcadia, CA 91007
- B. Names and addresses of the trustees or directors of the distributing agent:
 Los Angeles Turf Club, Incorporated
 Frank De Marco, Assistant Secretary
 285 W. Huntington Drive
 Arcadia, CA 91007
- C. Dates the association will conduct races as charity racing days OR:
- D. Will the association pay the distributing agent an amount equal to the maximum required under B&P Code Section 19550(b)? Yes

NOTICE TO APPLICANT: Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of B&P Code Section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 20% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of B&P Code Section 19556(b).

11. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

- A. Racing officials nominated:
- | | |
|-----------------------------|---|
| Association Veterinarian(s) | Dr. Jill Bailey |
| Clerk of Scales | Kevin Colosi |
| Clerk of the Course | Melanie Stubblefield |
| Film Specialist | Ruben Hernandez |
| Horse Identifier | Jennifer Paige |
| Horseshoe Inspector | Victor Tovar |
| Paddock Judge | Ken Goldberg |
| Patrol Judges | Ruben Hernandez, Dawn Jackson, Ken Goldberg |
| Placing Judges | Bob Moreno, Lisa Jones |
| Starter | Jay Slender |
| Timer | Jeff Tufts |
- B. Management officials in the racing department:
- | | |
|-------------------------------------|-------------------|
| Director of Racing | Michael J. Harlow |
| Racing Secretary | Rick Hammerle |
| Assistant Racing Secretary | Richard Wheeler |
| Paymaster of Purses | Cece Connor |
| Others (identify by name and title) | |
| Assistant Clerk of Scales | Charles McCaul |
- C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards:
 Ms. Barbara Weinstein

9582 Hamilton Avenue, Suite 265
Huntington Beach CA 92646, 714/964-7102

- D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract:
Plusmic Corporation USA/Bill O'Brien Expires December 31, 2009.
- E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks. In-house Video System:

MAJOR VIDEO EQUIPMENT LISTING

Cameras

- All cameras, except ENG cameras, are BTS LDK 91 or BTS LDK 100 broadcast color cameras.
- All cameras are equipped with Fujinon lens and Vinten camera Support Equipment.
- All cameras (except the 2 wireless) are on triax camera control systems.
- ENG cameras are Sony DVW-700 digital betacams.
- Enclosed saddling stall cameras are high-8 lock-down cameras.

Camera Positions

- | | |
|---|--|
| 1) 3/8 tower on grass 55:1 lens | 12) walking ring 14:1 lens |
| 2) 3/8 tower on dirt 55:1 lens | 13) east saddling barn (remote) 7:1 lens |
| 3) hillside/square box on hill grass (remote) 18:1 lens | 14) west saddling barn (remote) 7:1 lens |
| 4) 1/4 tower on both grass and dirt 24:1 lens | 15) studio 18:1 lens |
| 5) tight pan camera on both grass and dirt 70:1 lens | 16) infield speaker pole (remote) 18:1 lens |
| 6) loose pan camera on both grass and dirt 36:1 lens | 17) ENG camera 20:1 lens |
| 7) 7/8 tower on grass 55:1 lens | 18) East saddling barn enclosed saddling stall (lock-down) |
| 8) 7/8 tower on dirt 55:1 lens | 19) West saddling barn enclosed saddling stall (lock-down) |
| 9) Winner's circle 24:1 lens | 20) 5/16 Camera outside of main track rail 14:1 lens |
| 10) wireless starting gate and saddling barn 18:1 lens | |
| 11) wireless lower finish line and interviews 14:1 lens | |

Public

- 250 - 13" Gateway Flat Screen Monitors
- 30 - 42" LG Plasma Monitors
- Over 600 - 9" Sony receivers
- Over 500 - 27" Sony receivers
- Over 350 - 32" Sony receivers
- Over 75 - 13" Sony receivers
- Over 150 - 10" Sony receivers
- 150 - 20" Sony receivers
- 8 - Barco Video Projectors
- 40'x53' Display Ad Large screen LED video board
- Barco LED Screens
- 32' x 18' Barco mobile LED video board

Control Room Equipment

- | | |
|---|---|
| ◦ 1 - Tektronix 4-channel digital profile file server | ◦ 2 - Hi 8 record/play VCR |
| ◦ 1 - Digital Betacam VTP | ◦ 6 - VHS record/play VCR |
| ◦ 2 - Composite Digital Video Tape recorders | ◦ 1 - BTS 128x128 video router with 64x64 stereo audio follow |
| ◦ 6 - Betacam record/play VCRs with slo-mo | ◦ 1 - GVG 3000 composite digital switcher w/dual MEs, PVW/PGM |
| ◦ 2 - Betacam record/play VCRs | ◦ 1 - Dual channel GVG DPM 700 digital effects system |
| ◦ 1 - 3/4" Umatic record/play VCR | ◦ GVG video DAs |
| ◦ 1 - 3/4" Umatic VCR | ◦ 1 - GVG GF-40 character generator/paint system |
| ◦ 5 - Digital Beta cam VCR's | |
| ◦ 1 - GVG IPS-110 Editor | |

- 1 - GVG DSS-4 stillstore
- 1 - Quanta character generator
- Sony video monitors
- 5 - Tektronix WFM and V-scopes
- 1 - GVG 100 video switchers
- 2 - Soundcraft Delta audio mixers
- 1 - GVG 251 Editor
- 30 - Jeroid TV Modulators
- 2 - Chyron MAX! Graphics Generators
- 2 - Chyron Maxine! Graphics Generators
- Abekes Dveous digital effects machine
- Sony DVD Recorder/Players

Number and location of cameras for dirt and turf tracks:

- 1 Tight Pan
- 1 Loose Pan
- 1 7/8th camera *dirt*
- 1 7/8th camera *turf*
- 1 RF Starting Gate camera
- 1 3/8th camera *dirt*
- 1 3/8th camera *turf*
- 1 3/16th camera *dirt*
- 1 3/16th camera *turf*
- 1 ¼ pole camera
- 1 hillside camera *turf*
- 1 5/16th camera *dirt/turf*

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

Electronic timing systems on both dirt and turf courses, maintained and operated by Santa Anita personnel. Systems backed by hand timing.

12. SECURITY CONTROLS

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

Richard Honaker, Director of Operations & Security

Lou Scalera, Chief of Security

Front Side Security Office (626) 574-6406

Stable Security Office (626) 574-6469

Organizational Chart: (Attached Exhibit 12-A)

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

1 Chief of Security

1 Stable Security Manager

7 Investigators

1 Dispatcher/Child Care

40 Security Guards

1 Risk & Office Manager

1 Fire Marshall

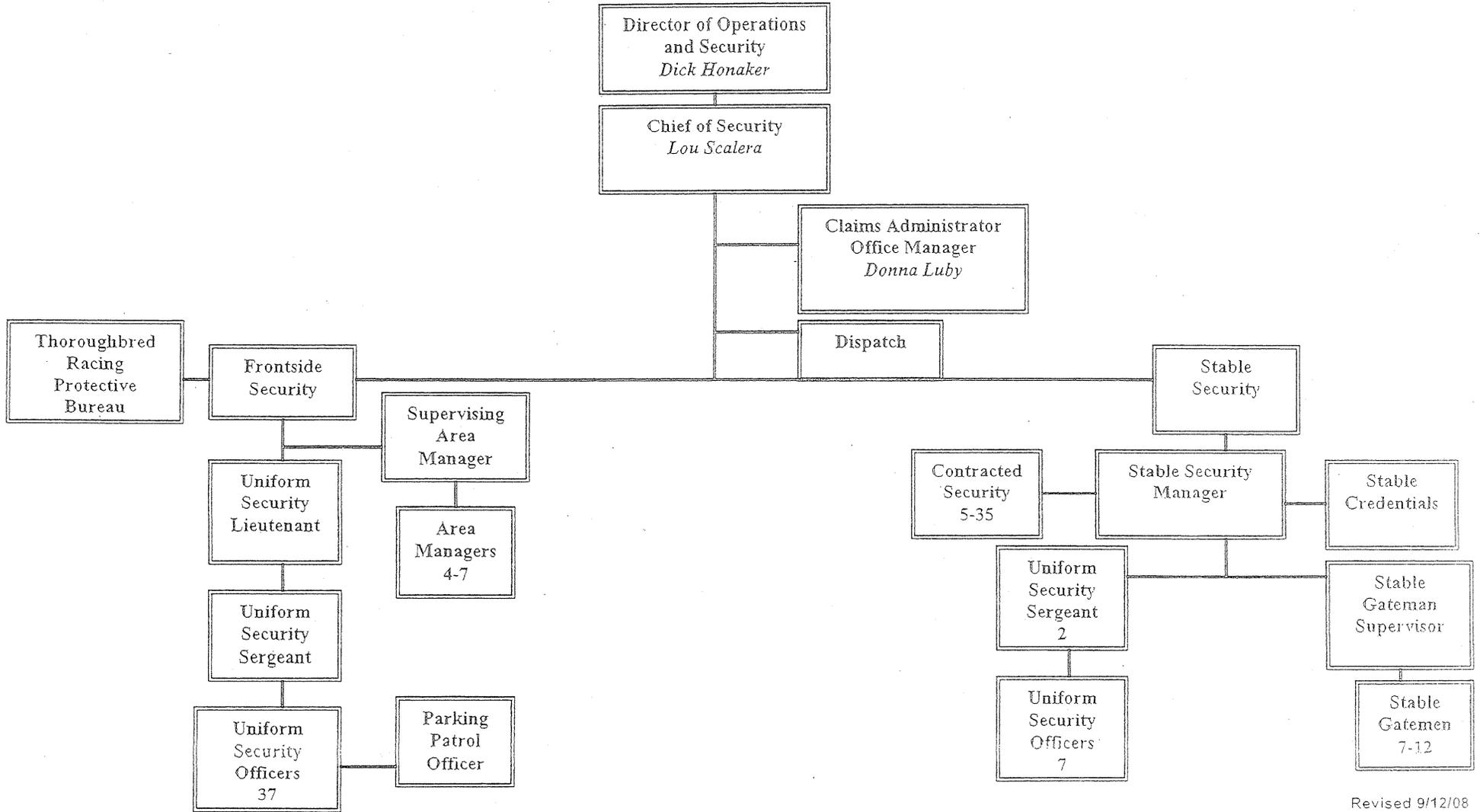
13 Gatemen

1 Stable Credentials Secretary

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

Each horse entered in a graded race is assigned a contracted security officer, licensed by the CHRB. Each of these officers will be trained by LATC Stable Security management, the CHRB and one or more track veterinarians. Each officer is issued a hand-held digital video camera and a log sheet to record [in writing and electronically] all activity including persons entering the stall with the horses

Organizational Chart



Revised 9/12/08

entered. Each security officer is briefed before starting surveillance a minimum of six (6) hours prior to the post time of the given race.

2. Detention Barns:

- a. Attach a plan for use of graded stakes or overnight races.

As defined in contractual agreements with TOC, CTT and CHRB directives. (See Exhibit 12B-3)

- b. Number of security guards in the detention barn area during a 24-hour period.

See 12-2a above.

- c. Describe number and location of surveillance cameras in detention barn area.

LATC operates a detention barn located at Barn 121, stalls 9, 10, 11, 12, 12A, 14, 20 and 21 with each having a camera installed offering a wide angle view of the entire stall. In addition, on the outside of stalls 4, 7, 12A and 14, cameras have been installed offering wide-angle views of the shed row from both directions. The stable gates are included with the cameras as mentioned above and all of these cameras are controlled by the same measures.

3. TCO2 Testing:

- A. Number of races to be tested, and number of horses entered in each race to be tested.
All horses will be tested.

- B. Plan for enhanced surveillance for trainers with high-test results.

Contractual obligations with TOC, CTT and CHRB directives will be followed. (Exhibit 12-B3)

- C. Plan for detention barns for repeat offenders.

(Exhibit 12B-3)

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

As needed.

C. Describe the electronic security system:

Electronic security system consists of video cameras with the ability to pan, tilt and zoom remotely. Camera monitors and control points are managed from secure locations. Video recordings are maintained on hard drives.

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

LATC operates a detention barn located at Barn 121, stalls 9, 10, 11, 12, 12A, 14, 20 and 21 with each having a camera installed offering a wide angle view of the entire stall. In addition, on the outside of stalls 4, 7, 12A and 14, cameras have been installed offering wide-angle views of the shed row from both directions. The stable gates are included with the cameras mentioned in question 2-C above, and all of these cameras are controlled by the same measures.

D. For night racing associations. Describe emergency lighting system: N/A



(from TOC agreement)

2008 Testing Policy & Procedures

The Trainer goes into the TCO₂ surveillance-quarantine-protection barn within 72 hours of the CHRB's notice to the public that there has been a complaint filed against a trainer for a TCO₂ violation.

1st Offense – For the first test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, subject to surveillance for a period of 45 days from the date set by the TCO₂ Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that Track deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 30 days from the date set by the TCO₂ Committee will be quarantined to a Protection Barn beginning at noon on the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant, for stall renovation per day being born by the trainer or owner of such horse.

2nd Offense – For the second test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, which occurs within 3 years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 75 days from the date set by the TCO₂ Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that Track deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 60 days from the date set by the TCO₂ Committee will be quarantined to a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to \$150.00 for security and \$25.00 for stall renovation per horse/entrant, for stall renovation per day being born by the trainer or owner of such horse.

3rd Offense – The third test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, which occurs within 3 years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 105 days from the date set by the TCO₂ Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that Track deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 90 days from the date set by the TCO₂ Committee will be quarantined to a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant, for stall renovation per day being born by the trainer or owner of such horse.

13. EMERGENCY SERVICES

- A. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races:
Huntington Ambulance Service, PO Box 145, Sunset Beach, CA 90742, (714) 325-0363
- B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites:
Hollywood Park: Huntington Ambulance Service (same as above)
Fairplex: Cole-Shaefer Ambulance, 324 N. Towne Ave., Pomona, CA 91767 (909) 622-1273
San Luis Rey Downs: Copy of SLRD emergency plan on file with CHRB.
- C. Describe the on-track first aid facility, including equipment and medical staffing:

Description of Santa Anita First Aid Office
(Live Racing)

SERVICES (Mission)

- Yearly Jockey Physicals;
- Preventive and curative medical services for jockeys;
- Urgent care facility for jockeys;
- Urgent care for patrons and Santa Anita employees.

STAFFING

- Contracted Track Physician;
- Contracted two EMTs;
- Licensed Emergency Ambulance

EQUIPMENT

- Basic First Aid Supplies (i.e. bandages and wound care);
- Oxygen equipment;
- Backboard, cervical collars, and splints;
- Blood pressure monitoring.

AVAILABILITY

- When gates open until after last race

- D. Name and emergency telephone number of the licensed physician on duty during the race meeting:
Dr. Andreas T. Subadya (626) 212-0492
- 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:
Arcadia Methodist Hospital, 300 W. Huntington Drive, Arcadia, CA 91007 (626) 445-4441
- 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:
Exhibits 13-F Attached.



EMERGENCY MEDICAL PROCEDURES
FOR ON-TRACK INJURY TO JOCKEYS

“FIRST RESPONSE”

- In the event of an accident, LATC Trackside Human Ambulance “Unit 41T “ which is manned by LATC-contracted EMTs and is following the horses and jockeys in the race will respond immediately to the site of the accident. The attending EMT’s shall arrive equipped with basic cardiac life support (BCLS), AED, and full C-spine equipment
- An “on-site evaluation” of injuries to the jockey(s) shall be made by Unit 41T.



“ON-SITE EVALUATION”

- Based on the EMT’s “on-site evaluation” of injuries , a decision shall be made to either treat the injured jockey(s) on-site or to transport to Methodist Hospital Emergency Room.
 - If on-site treatment is deemed sufficient, Unit 41T shall transport the injured jockey(s) directly to the First Aid Office where the Track Physician will be primary care provider or,
 - If off-site treatment is deemed necessary Unit 41 will have the Security Department (channel 1) contact the emergency room and advised them of the situation. Unit 41 will then transport jockey(s) to Methodist Hospital Emergency Room.



“INJURY TREATMENT”

- If the injured jockey(s) is treated at the First Aid Office 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 deemed necessary Unit 41T will transport the injured jockey(s) to Methodist Hospital.
 - If more than two jockeys need to be transported to the hospital, the City of Arcadia Fire Department will be requested for assistance in transportation.



Exhibit 13-F (Spanish)

PROCEDIMIENTO MEDICO de EMERGENCIAS
PARA HERIDAS A JINETES EN LA PISTA

“PRIMEROS AUXILIOS”

- En el evento de un accidente, la ambulancia humana de LATC “Unidad 41T” es manejada por las EMT’s contractados por la LATC, seguiran a los caballos y jinetes en la carrera para responder inmediatamente al sitio del accidente. El EMT arrivara con el equipo cardiaco basico (BCLS), AED, y equipo para la espina dorsal.
- Un evaluacion de las heridas al jinete seran hechas en sitio del accidente por la Unidad 41T.



“EVALUACION EN EL SITIO DEL ACCIDENTE”

- La decision de transporter al jinete a la sala de emergencias del Hispital Methodista o de ser tratado en la oficina de primeros auxilios del hipodromo sera basada en la evaluacion hecha por el EMT en el sitio del accidente sobre las heridas sufridas.
 - Si el tratamiento es suficiente en el sitio del accidente. La Unidad 41T transportara al jinete directamente a la oficina de primeros auxilios donde el doctor del hipodromo sera el proveedor medico primario.
 - Si se cree que es necesario la Unidad 41T se comunicara con el departamento de seguridad (Canal 1) para que ellos le informen a la sala de emergencias y avisen sobre la situacion. La Unidad 41T entonces transportara el jintete a la Sala de Emergencias del Hospital Methodista.



“TRATAMIENTO DE LAS HERIDAS”

- Si el jinete herido es tratado en la oficina de primeros auxilios, el doctor del hipodromo sera el proveedor medico primario al no ser que el doctor del hipodromo entregue custodia del paciente basado en su dictamen medico;
 - Si se cree necesario la Unidad 41T transportara al jinete al Hospital Methodista.
 - Si mas de dos jinetes necesitan transportacion al hospital, se le pedira a al Departamento de Bomberos de la Ciudad de Arcadia de sus asistencia en la transportacion.

- G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to B& P Code 19481.3(d):
George Haines, VP-General Manager
Mary Saenz, Safety Manager
- H. Attach a fire clearance from the fire authority having jurisdiction over the premises.
Attached
- I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details):
Aon Reed Stenhouse Inc. Policy #GLO9302183-06 Renewed each January.
- 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.

(Attached Exhibit 13-J) (Renewal will be forwarded in January, 2009)

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall pursuant to B&P Code 19481.3 maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to any quarter horse racing at the racetrack if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide emergency medical services to jockeys and riders. An ambulance licensed to operate on public highways provided by the track shall be available at all times during live racing and shall be staffed by two emergency medical technicians licensed in accordance with Division 2.5 (commencing with Section 1797) of the Health and Safety Code, one of whom may be an Emergency Medical Technician Paramedic, as defined in Section 1797.84 of the Health and Safety Code. (b) Each racing association and racing fair shall adopt and maintain an emergency medical plan detailing the procedures that shall be used in the event of an on-track injury. The plan shall be posted in each jockey room in English and Spanish. (c) Prior to every race meeting, the racing association or racing fair shall contact area hospitals to coordinate procedures for the rapid admittance and treatment of emergency injuries. (d) Each racing association or racing fair shall designate a health and safety manager and assistant manager, who shall be responsible for compliance with the provisions of this section and one of whom shall be on duty at all times when live racing is conducted. The health and safety manager may, at the discretion of the racing association, be the person designated to perform risk management duties on behalf of the association.



City of Arcadia

Fire Department

Tony L. Trabbie
Fire Chief

October 22, 2008

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

RE: Los Angeles Turf Club Fire Clearance (2008-2009 Main Meet)

To Whom It May Concern:

The Arcadia Fire Department, Bureau of Fire Prevention conducted a Fire and Life Safety Inspection of the facilities at Los Angeles Turf Club to be used for the 2008-2009 Main Meet.

It is requested that this letter be accepted as the report of that inspection. During this inspection no serious fire or life safety code violations were noted, and all permitted uses may continue.

In accordance with regulations as adopted by the California Horse Racing Board, this letter may be accepted as a fire clearance from this office for the 2008-2009 Main Meet at Los Angeles Turf Club, Arcadia, California.

Sincerely,

Mark Krikorian
Fire Marshal

cc: George Haines, General Manager, L.A.T.C.
Mary Saenz, Office Operations, L.A.T.C.
Jason Spetnagel, Director of Facilities & Grounds, L.A.T.C.
Doug Thorneberry, Asst. Facility Manager, L.A.T.C.
Jerry Gardner, Fire Safety Consultant, L.A.T.C.
Mike Miser, Fire Marshal, L.A.T.C.

Ref. No. 320005778675

CERTIFICATE OF INSURANCE

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

Re: Evidence of Insurance

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

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

Insured

Magna Entertainment Corp a/o Los Angeles Turf Club,
 Incorporated a/o MI Developments Inc.
 285 West Huntington Drive
 Arcadia, CA 91007
 USA

Coverage

Commercial General Liability	Insurer	Zurich American Insurance Company	
Policy #	GLO 9302183-06		
Effective	01-Apr-2008	Expiry	01-Apr-2009
Limits of Liability	Bodily Injury & Property Damage, Each Occurrence USD2,000,000 Policy may be subject to a general aggregate and other aggregates where applicable		
US Workers Comp/Employers Liability	Insurer	Liberty Mutual Insurance Company	
Policy #	WC1-B71-072827-038		
Effective	01-Jan-2008	Expiry	01-Jan-2009
Limits of Liability	Workers Compensation		

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 : 20-March-2008
 Issued By : Lima, Ashley Marie
 Tel : 416-868-5691

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

14. CONCESSIONAIRES AND SERVICE CONTRACTORS

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

HANDICAPPERS

Bob's Card Incorporated (CHRB-25A and CHRB-87 on file with CHRB.)
Tiffany Bohland
6288 Highland Meadows Drive
Medina, OH 44256

Winners Card Corp. (CHRB-25A and CHRB-87 on file with CHRB.)
% Don Harris
924 Knob Hill Avenue
Redondo Beach, CA 90277-4538

Baedeker's Incorporated (CHRB-25A and CHRB-87 on file with CHRB.)
Mr. Robert Baedeker
130 W. El Portal
San Clemente, CA 92672

Duke Racing Selections (CHRB-25A and CHRB-87 on file with CHRB.)
c/o Harry Acquarelli
6632 West 87th Street
Los Angeles, CA 90045

Today's Racing Digest, Inc. (Exempt from CHRB-25A and CHRB-87)
Jason Karches
2080 Las Palmas Drive
Carlsbad, CA 92009

15. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

A. Describe any promotional plans:

PROPOSED 2008-2009 SANTA ANITA PARK MARKETING SCHEDULE

BUDGET

Santa Anita Park is pleased to present the California Horse Racing Board with a preliminary marketing plan for the 2008-2009 race season.

Currently the Los Angeles Turf Club and MEC plans call for a gross 2009 marketing budget of **\$5,280,000**. This number includes anticipated sponsorship revenue of approximately \$725,000, which places the MEC budget contribution at \$4,555,000, a significant number by American racetrack standards today. It also includes salaries, benefits and ancillary expenses. The monies expected to be spent on marketing and advertising the Santa Anita meet during the course of the first four months of 2009 (and closing week of 2008) is well over \$4 million. At approximately \$1 million a month, this budget realistically reflects the high cost of doing business in the second largest media capital in the country.

This is, as you know, separate and apart from the budget provided by Santa Anita's tenant, the Oak Tree Racing Assn, in the fall.

NEW FOR 2008/2009 SEASON

For the 2008/2009 season, Santa Anita management continues to innovative and introduce fresh new ideas to the sport of thoroughbred racing in the metropolitan Los Angeles area.

On the wagering end, Santa Anita plans to a continue to promote the newest bet in racing, a bet created and made popular here at Santa Anita. It is based on the belief that racing fans around the country, but particularly in the metropolitan Los Angeles area, are looking for life changing wagering opportunities. We've studied, surveyed and scoured the world for interesting games and contests and bets and determined that the best prospect for a new wager is the SANTA ANITA HIGH FIVE. The High Five is basically a Superfecta plus one. In the final race every day, fans select the first five finishers in order in a field that will have no less than ten starters. It is sold as a \$1 wager that will automatically carryover following any day that it is not hit. Unlike the Pick Six, there is no consolation payoffs tied to the order of finish. All five numbers must be hit in exact order or the pool carries. Takeout is 20.68 %. We feel that the potential is strong for growth of this wager every afternoon.

Premium items are always popular at Santa Anita and this season we've got terrific new ones. They include a Sunshine Millions portable beach radio, a leather wallet with mystery voucher inside, a t-shirt, a beanie and, of course, the Santa Anita calendar.

We will have live performances in the infield including several radio promotions geared toward bringing new fans to the track.

ANALYSIS and RATIONALE

The undeniable truth about gambling is that there are only so many people on the planet who will ever gamble. Whether because of nature or nurture, gambling is an activity of varying interest to many consumers living in California, but not most.

When betting on live horseracing was the only legal gambling opportunity in the state, racetrack business thrived in Los Angeles and large daily crowds were the norm at Santa Anita and Hollywood Park. Horse racing was the

gateway to gambling and betting on thoroughbreds was most often the maiden voyage. That's no longer the case. Now, at least one generation of Californians, who might have had their first taste of gambling at a California horse track, has been intercepted at the gate by easily accessible casino action, a myriad of lottery games and gaming venues on the Internet.

We've also done a pretty good job of utilizing technology to compete with ourselves, but at least we're keeping (a good deal of) that wagering in the family.

Convenience is an overwhelming factor in the success of most businesses, certainly ours. Customers we have developed on track can also bet by phone, online or at a nearby satellite. That's not so great for the live business, but at least these fans are still in the game. We believe that convenience can work to the advantage of live racing, too and that is reflected in our 2008 marketing plans.

In addition to convenience, it is clear that visiting somewhere that appears to be "in" or "hot" definitely appeals to some Angelinos when they decide how to spend their free time and discretionary dollars. For 2009, we will continue our successful marketing and advertising efforts to create awareness of Santa Anita. Our goal is to place it high in the consciousness of locals as a cool place to go and a hot spot to be, for established fans and newcomers, for young and old, for individuals and families. Additionally, our plans include a focus for the first time on jockeys and the humans who make horse racing so fascinating and interesting.

PRINCIPLES AND PROCEDURES ~advertising and the convenience factor~

Much of Santa Anita's advertising program is designed around the purchase of media rings which support a theory that (outside of our biggest stakes and promotional days), those people most eligible, and, therefore most likely, to attend racing at Santa Anita reside within a 15 to 20 mile ring encircling the city of Arcadia. They would be prime candidates to benefit from the convenience factor.

Our advertising partners, Winner and Associates and Target Enterprises, are buying cable companies (not cable stations) within these rings that provide us heavy ad rotations on major broadcast channels in the neighborhoods from which we expect to get most of our midweek and weekend players. If you reside within these rings, you will be inundated with spots—usually on Wednesdays, Thursdays and Fridays-- on high profile programming pumping Santa Anita. These targeted buys allow us to be a prominent television presence every week of the meet all the way through April. As with our previous advertising programs, the long-range goal, including the incentives, is to bring back long-time fans, and establish a much larger, solid base of new racing fans for years to come.

When it comes to promoting our biggest days, our media buy grows exponentially to cover Los Angeles County and sometimes beyond. These major buys are planned for Opening Day, Sunshine Millions, Big 'Cap Day, Santa Anita Derby Day and to a lesser extent Strub Day, St. Patrick's Day, President's Day and Martin Luther King, Jr. Day. For the major days, the spots run for most of the preceding week.

In essence, there will be television advertising of Santa Anita Racetrack every week that live racing is held. This is an extraordinary effort to mainstream thoroughbred racing into much of the L.A. marketplace and make Santa Anita a cool place to go again and to showcase the young and interesting talent we have in our jockey community.

Additionally, print advertising will reflect that Santa Anita is both convenient and "a happening place." It will be purchased from the Los Angeles Newspaper Group, whose publications cover Arcadia and neighboring towns. Also, we will buy space in *La Opinion* and a number of Asian dailies and weeklies in our area (still to be determined) as well as the *L.A. Times*, the *Daily Racing Form* and several specialty publications. Radio partnerships, such as those with KROQ and KBIG are dedicated to promoting

special events such as microbrews, carnivals and chili cook offs.

~preaching to the choir or how to get your best customers back for more~

Santa Anita is the proud developer of THOROUGHBREDS, a membership club that provides real value and rewards for players who come to the track frequently. It is not based on handle; it is based only on their willingness to leave the convenience of their home to visit Santa Anita Park. This is the model that is used by the rest of the industry when attempting to communicate with fans...no matter how much they wager.

The popular *Day On Us* will return in 2009. This is the day each month where we provide a mailing that offers free clubhouse admission, free parking and a free program all on the same day with coupons provided through direct mail.

Over the course of the four month meet, SA will send out a myriad of offers and notices of events and upcoming races and promotions to fans whose names we have secured. These will include free passes, mystery mutuel vouchers, handicapping challenges and contest entries. Add to this a growing number of e-mail blasts featuring special offers and immediate pick six carryover notices. A major direct mail newsletter is sent to over 160,000 fans each month with exclusive offers specifically for them.

Dollar Days is a popular promotion, especially in difficult financial times. We have several scheduled with admission, beer, program, soft drinks, popcorn and hot dogs all just one dollar each.

Additionally, the revamped and improved Santa Anita website offers everything a serious player AND a new visitor to the game needs to know to get started.

We plan to continue a program that we continue to nurture. Use a big day to get your next big day off on the right foot. This is a Pass Program that thanks you for coming on a big day (such as Sunshine Millions) by providing you a free clubhouse admission pass or \$1 BuckPass for the next big day on our stakes calendar (such as the Strub Stakes Day).

Santa Anita stays closely in touch with all the major promotional companies that create and provide high quality premium giveaway items. Our research told us that our fans will come to the track more often on days when they can take something home.

~ what makes Santa Anita special~

To begin with, nature has provided Santa Anita with the most beautiful backdrop of any racetrack in the world. There's nothing like it in all of sports. More and more, we use the infield for special events to take advantage of our unique location.

Santa Anita is the home of Seabiscuit and every Saturday and Sunday two tram loads of tourists take the spectacular Seabiscuit guided tour through the backstretch, to his stall, into the jocks room and finally to a face-to-face meeting with Fighting Ferrari, the horse who played Seabiscuit in the film.

Santa Anita Park has an ongoing fun and informative Speakers Bureau featuring Hall of Fame jockeys Laffit Pincay, Jr., Eddie Delahoussaye, bugler Jay Cohen and a variety of others. They will be appearing at fraternal organizations, business meetings and fundraisers singing the praises of thoroughbred racing.

The Microbrew festivals offered at Santa Anita and partnered with KROQ-FM are the envy of the racing world. 8,000 and 11,000 prime young prospects come out to drink a brew, make a bet and have some fun in the sun. Two are planned this year during L.A.T. C.: Big 'Cap Day and Santa Anita Derby Day. This has developed into

one of the best media partnerships in all of sports. KROQ delivers for Santa Anita. We have also developed partnerships with KBIG-FM and KTLA CH.5 to be the broadcast promoters of Carnival Days, a very promising infield event seeking a more family oriented audience. Carnival Days is a scaled down version of the L.A. County Fair all inside the Santa Anita infield.

Our Group Events business is growing with leaps and bounds. The number of groups is up, the number of individuals in the groups is up and bookings for 2009 are ahead of last year's pace at this time.

The Handicapping Education Programs are prevalent all weekend long near the Santa Anita walking ring highlighted by veteran handicapper Jim Quinn's special sessions.

The popular Santa Anita website handicapping contest, SHOWVIVOR, will return with the start of the new meet. Its unique popularity brings racing fans from all over the country to the Santa Anita website including contest winners from Maryland and Pennsylvania.

Family Fun Days are an infield staple every Sunday and feature pony rides, face painters, a petting zoo and children's activities.

A hit with serious students of the game will return in 2009. It's the Battle of the Handicapping Stars, a buy in event that will bring in some of the nation's best handicappers and biggest players to town looking to win the tournament.

Santa Anita will continue the Ambassador Program begun during the Oak Tree meet. This permits a racing fan to host newcomers on behind the scenes backstretch tours of Santa Anita Park, then spends the day with them teaching the finer points of wagering.

On the drawing board, too, is the officially sanctioned SA Chili Cook Off, plus a salute to St. Patrick's Day with horseshoe pitches and celebrity players. In 2009, this day drew over 16,000 fans.

For those players who don't want to leave their box seat to get on line for food, we take orders and deliver food to box holders on weekends.

We hold our seniors in high regard and appreciate their loyalty. They receive free admission every Thursday. Thursday is Seniors Day.

B. Number of hosts and hostesses employed for meeting:

1. Patron Service Representatives (through Group Sales) 1-4 per day, depending on total groups' bookings by day, that offers handicapping assistance for newcomers.
2. Patron Service Representatives (through Operations) 4-12 per day, depending on needs.
3. Hosts & Hostesses, 15 weekdays, 18-20 weekends

C. Describe facilities set aside for new fans:

1. Newcomers' Seminar offers a daily handicapping seminar one hour before first post (locations vary).
2. Baldwin Terrace which over looks the Top O' the Stretch from the Mezzanine level hosts the Jim Quinn All-Day Seminar's.
3. Fans Forum located in the East Paddock Gardens hosts a handicapping seminar every Saturday and Sunday.

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

1. Fans: General maintenance and cleaning of the facility as needed.

16. SCHEDULE OF CHARGES

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

Admission (General)	\$ 5.00	
Admission (Club House)	\$ 8.50	
Admission (Turf Club)	\$ 20.00	
Reserved seating (Club House)	\$ 5.00	GS Reserved seating: Free
	\$ 7.50	Club House seating sold on premium days only: Box Seats, sold daily.
Parking (general)	\$ 4.00	
Parking (preferred)	\$ 6.00	
Parking (valet)	\$ 10.00	
Programs (on-track)	\$ 2.25	
(off-track)	\$ 2.25	

A. Describe any "Season Boxes" and "Turf Club Membership" fees:

Turf Club Season admission: One Card - \$ 750
Two Cards -\$1,175

Season Box Seat: \$ 380 per seat

D. Describe any "package" plans such as combined parking, admission and program: N/A

17. JOCKEYS/DRIVERS' QUARTERS

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

<input checked="" type="checkbox"/> Corners (lockers and cubicles)	How many	<input style="width: 50px;" type="text" value="40+"/>
<input checked="" type="checkbox"/> Showers	<input checked="" type="checkbox"/> Steam room, sauna or steam cabinets	<input checked="" type="checkbox"/> Lounge area
<input checked="" type="checkbox"/> Masseur	<input checked="" type="checkbox"/> Food/beverage service	<input checked="" type="checkbox"/> Certified platform scale

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

Same amenities as above, but in separate quarters.
They share food and beverage service area.

18. BACKSTRETCH EMPLOYEE HOUSING

A. Inspection of backstretch housing was completed by CHRB: Has been requested and will be completed before the beginning of the race meet

B. Number of rooms used for housing on the backstretch of the racetrack: 445

- C. Number of restrooms available on the backstretch of the racetrack:
29 Restrooms (116 toilets, 99 lavatories, 45 urinals, 64 showers)
- D. Estimated ratio of restroom facilities to the number of backstretch personnel: 47

19. TRACK SAFETY

- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line:

5,200

 feet.
- B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course.
- Inside rail of the main track has metal goosenecks with a 6 inch aluminum rail and covering. Main track outside rail is a 4 inch round rail on a metal gooseneck. Turf Course has metal gooseneck with a 4 inch round rail with safety netting. The outside turf rail is a 2 inch metal rail.
- C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474:
George Haines, Vice President-General Manager
- D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474.
- E. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing. N/A

20. DECLARATIONS

- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state): No exceptions.
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044. Pending TOC approval.
- 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). N/A
- D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state): No exceptions.
- E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state): No exceptions.

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

21. CERTIFICATION BY APPLICANT

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

George Haines
 Print Name


 Signature

Vice President-General Manager
 Print Title

September 25, 2008
 Date



Magna Entertainment Corp.

285 West Huntington Drive

Arcadia, California 91007

Phone: 626-574-6304

Fax: 626-821-1518

November 4, 2008

VIA FACSIMILE AND FEDERAL EXPRESS

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

Attention Kirk E. Breed

RE: Los Angeles Turf Club, Incorporated Application for License

Ladies and Gentlemen:

The undersigned, Magna Entertainment Corp., is the parent of Los Angeles Turf Club, Incorporated, a California corporation doing business as "Santa Anita Park." You have pending before you the application of Los Angeles Turf Club, Incorporated for a license to conduct a Thoroughbred horse racing meet at Santa Anita Park for the period December 26, 2008 through April 19, 2009.

Magna Entertainment Corp. is a publicly traded company as defined in CHRB Rule 1433. In support of said application Magna Entertainment Corp. has provided the Board with a copy of its audited Consolidated Annual Financial Statement for the period ended December 31, 2007 and its unaudited statement for the period ended June 30, 2008.

Magna Entertainment Corp., pursuant to the provisions of CHRB Rule 1433, amended as of July 21, 2005, hereby guarantees to the Board that it shall discharge all obligations of Los Angeles Turf Club, Incorporated to the State of California and racing related obligations to third persons growing out of Los Angeles Turf Club, Incorporated's operation of Santa Anita Park for the period covered by the aforesaid application.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Frank De Marco, Jr.", with a large, stylized initial "F" and "D".

Frank De Marco, Jr.

Vice President, Regulatory Affairs

STAFF ANALYSIS
November 18, 2008

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE PACIFIC RACING ASSOCIATION AT GOLDEN GATE FIELDS (PROPOSED) DECEMBER 26, 2008 THROUGH JUNE 28, 2009.

Pacific Racing Association [PRA] filed its application to conduct a thoroughbred horse racing meeting at Golden Gate Fields:

- The race dates are proposed dates. The Board has not allocated 2009 race dates.
- The race dates listed in the license application do not reflect the race dates PRA intends to propose to the Board. In a letter received November 9, 2008, staff was informed that PRA would be proposing to race December 26, 2008 through June 14, 2008, two weeks less than the original proposed dates submitted. Additionally, the association intends on racing only four days per week during the winter meet. An amended license application will be provided upon the approval of the Northern California race date calendar. This staff analysis reflects the information provided by PRA in the license application submitted October 14, 2008.
- PRA has proposed to conduct thoroughbred racing at Golden Gate Fields December 26, 2008 through June 28, 2009, or 134 days, 74 days more than the total race days in 2008. The association proposes to race a total of 1,130 races, or 8.43 races per day. In 2008 they raced 30 days from December 26, 2007 through February 3, 2008 and 30 days from May 14, 2008 through June 22, 2008. They raced 8.63 races per day with an average of 7.98 runners per race during the 2008 winter meet. During the 2008 spring meet they raced 8.63 races per day with an average of 8.02 runners per race. In the combined 2008 race meetings they raced 8.63 races per day with an average of 8.00 runners per race. The (actual) average daily purse for the combined 2008 meets was \$178,186.32. The (estimated) average daily purse for this meet is \$164,300.90.

December - 2008						
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			

January - 2009						
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 H	20	21	22	23	24
25	26	27	28	29	30	31

February - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12 H	13	14
15	16 H	17	18	19	20	21
22	23	24	25	26	27	28

March - 2009						
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				

April - 2009						
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		

May - 2009						
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 H	26	27	28	29	30

June - 2009						
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				

- Proposed race week of Wednesday through Sunday, whereas during the winter 2008 meet PRA raced Thursday through Monday to coordinate racing between the north and south. A traditional Wednesday through Sunday race week was used during the spring 2008 meet. The 2009 proposed race dates deletes Wednesdays January 21, 2009; February 18, 2009; May 27, 2009. Adding Mondays December 29, 2008; January 19, 2009; February 16, 2009; May 25, 2009.
- Racing 5 days per week, Wednesday through Sunday, with 8 races weekdays and 9 on weekends and holidays. If horse population permits may run additional races, not to exceed an 8.43 average per day for the race meeting. Administrative approval will be requested if plans develop to exceed this amount.
- 18 stakes races are proposed. (0 overnight / 18 non-overnight)
- No management changes since the last submission of a PRA application to conduct a horse racing meeting.
- A \$10,000 certified check payable to the Treasurer of the State of California to secure the payment of any license fees, pursuant to Business and Professions Code section 19490 is on file. The Board has required no additional bonds, letter of credit or other financial instruments to be filed in conjunction with a race meeting conducted by PRA.

Magna Entertainment Corporation reports its financial results on a consolidated basis and therefore separate financials of the applicant, Pacific Racing Association are not available. Magna's 2007 audited annual financial statements were provided and the unaudited six-month financial statement for the period ending June 30, 2008 of PRA's parent, Magna Entertainment Corporation were also submitted with the license application.

A more current version of the applicants Securities and Exchange Commission Form 10-Q document was retrieved from their website providing the Unaudited Nine-Month Financial Statement for the period ending September 30, 2008. The "Notes to the Consolidated Financial Statement" section of the 10-Q under Going Concern states the following:

"The Company has incurred a net loss of \$116.1 million for the nine months ended September 30, 2008, has incurred net losses of \$113.8 million, \$87.4 million and \$105.3 million for the years ended December 31, 2007, 2006 and 2005, respectively, and at September 30, 2008 has an accumulated deficit of \$626.1 million and a working capital deficiency of \$195.4 million."

In a recent press release the Daily Racing Form reported that Magna lost \$49 million in the third quarter. The article provided the following:

"Magna Entertainment Corp. lost \$49.1 million in the third quarter of 2008 and has hired a bankruptcy advisory firm in the wake of hundreds of millions of dollars of losses over the past three years and its struggles to pay off its debt."

Given Magna Entertainment Corporation's reported financial status, the Board may want to consider requesting an additional financial surety be submitted in conjunction with this application.

- Usable stalls available at the track: 1325
- Minimum number believed necessary for the meeting: 2000
- 650 off-site auxiliary stalls at Pleasanton will be maintained.
- Total available stall (track and auxiliary): 2005
- Vanning and Stabling contract on file with Board has expired. Current copy has been requested. To date has not been received.

- First post 12:45 p.m. daily.
 - Request the option to change post times to coordinate north/south signals.
- Schedule of charges for admission, seating, parking, program have not changed since the last submission of a PRA application to conduct a horse racing meeting.
- Request Patrick Kealy be appointed horse identifier pursuant to CHRB Rule 1525.
- Track safety inspection has been requested and will be completed before the beginning of the race meet.
- Inspection of backstretch worker housing has been requested and will be completed before the beginning of the race meet.
- Fire clearance from the City of Albany has been submitted. The fire clearance letter on

file for the City of Berkeley will expire January 24, 2009. The Berkeley Department of Fire and Emergency Services performs its fire safety inspection annually and is scheduled to inspect the facilities at Golden Gate Fields shortly after the new year. The new Berkeley fire clearance letter, upon receipt, will expire in 2010.

- Wagering program will use all CHRB rules.
 - Early wagering will not be offered.
- Proposed Advance Deposit Wagering (ADW) providers are Xpressbet, Youbet, TwinSpires and TVG. As noted on the application, negotiations with proposed ADW provider TVG for 2009 race year is pending. Current ADW contracts/agreements expire December 31, 2008.
- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.
- A copy of the 2007 Pacific Racing Association end of meet reports has been included for your review. The report was previously presented to the Board at the March 27, 2008 CHRB Board meeting.

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

1. Horsemen's agreement
2. CTT agreement
3. ADW contracts
4. Track safety inspection
5. Backstretch inspection
6. Updated vanning and stabling contract

Specific information, which will need **updating** during the proposed race dates:

1. Berkeley fire clearance (expires 01/24/09)
2. Updated Workers' Compensation Insurance Policy (expires 01/01/2009)
3. Audited financials (provided in the MEC annual report)
4. Plusmic Corp., USA contract renewal (exp 12/31/08)

RECOMMENDATION:

Staff recommends that the application for license not be heard until the Horsemen's agreement is received.

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

END-OF-MEET OUTLINE SUMMARY

Pacific Racing Association

December 26, 2006 - December 22, 2007

Race Days: 98

AVERAGE DAILY STATISTICS

	Percent Change	Total Value
Avg. Daily Handle	11.29%	441,789
Avg. On-Track Handle	3.49%	19,631
Avg. ITW Network Handle	-2.09%	(29,414)
Avg. ADW In Network Handle	18.47%	62,051
Avg. Out-Of-State Handle	24.22%	389,522
Avg. Daily Attendance	3.60%	216
Avg. Daily On-Track Attendance	12.04%	267
Avg. Daily ITW Attendance	-1.34%	(51)

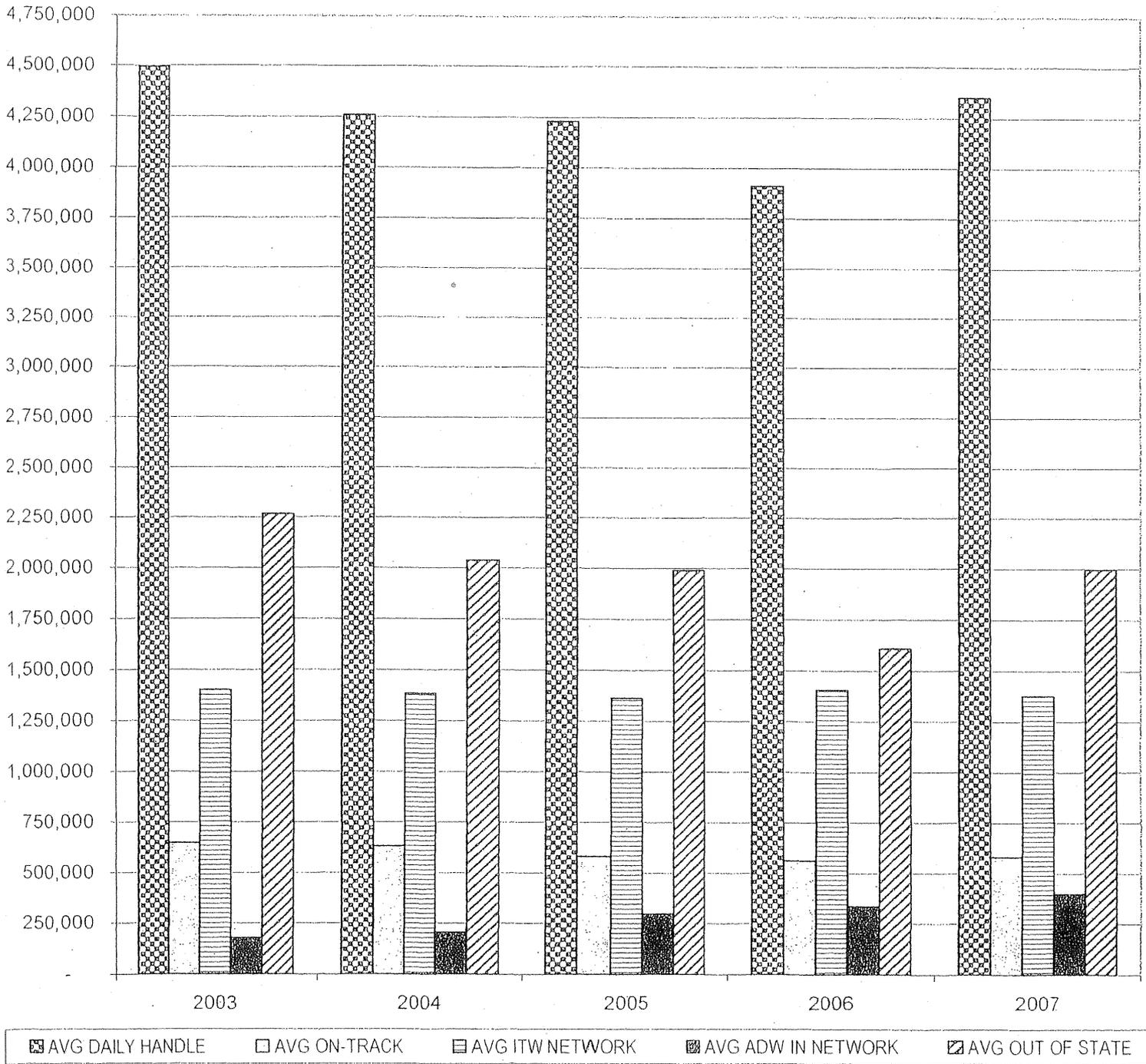
Pacific Racing Association

YTY CHANGE

	2003	2004	2005	2006	2007	2007 \$ CHANGE	2007 % CHANGE
TOTAL RACE DAYS	105	105	103	101	98	(3)	-2.97%
TOTAL HANDLE	471,901,779	447,320,522	435,843,312	395,115,632	426,674,872	31,559,240	7.99%
BY ORIGIN OF WAGER:							
ON-TRACK	68,070,821	66,372,434	59,817,436	56,743,646	56,981,990	238,343	0.42%
ITW NETWORK	147,222,103	145,324,304	140,436,504	142,046,643	134,944,857	(7,101,787)	-5.00%
ADW IN NETWORK	18,637,207	21,573,198	30,593,993	33,922,447	38,995,835	5,073,389	14.96%
OUT-OF-STATE	237,971,647	214,050,586	204,995,380	162,402,896	195,752,190	33,349,295	20.53%
	471,901,779	447,320,522	435,843,312	395,115,632	426,674,872	31,559,240	7.99%
BY ORIGIN OF RACE							
LIVE	319,777,153	290,312,645	277,030,667	222,622,346	258,343,976	35,721,631	16.05%
OUT- OF- ZONE	83,077,543	80,245,884	67,042,052	77,791,160	76,422,596	(1,368,564)	-1.76%
INTERSTATE-IMPORT	68,569,205	73,749,215	81,205,388	84,000,108	79,876,999	(4,123,109)	-4.91%
INTERNATIONAL-IMPORT	477,878	3,012,779	10,565,205	10,702,019	12,031,301	1,329,282	12.42%
	471,901,779	447,320,522	435,843,312	395,115,632	426,674,872	31,559,240	7.99%
<i>proof</i>							
AVG DAILY HANDLE	4,494,303	4,260,195	4,231,488	3,912,036	4,353,825	441,789	11.29%
AVG BY ORIGIN OF WAGER:							
AVG ON-TRACK	648,294	632,118	580,752	561,818	581,449	19,631	3.49%
AVG ITW NETWORK	1,402,115	1,384,041	1,363,461	1,406,402	1,376,988	(29,414)	-2.09%
AVG ADW IN NETWORK	177,497	205,459	297,029	335,866	397,917	62,051	18.47%
AVG OUT OF STATE	2,266,397	2,038,577	1,990,246	1,607,949	1,997,471	389,522	24.22%
AVG BY ORIGIN OF RACE							
AVG LIVE	3,045,497	2,764,882	2,689,618	2,204,182	2,636,163	431,981	19.60%
AVG OUT-OF-ZONE	791,215	764,247	650,894	770,210	779,822	9,613	1.25%
AVG INTERSTATE-IMPORT	653,040	702,373	788,402	831,684	815,071	(16,613)	-2.00%
AVG INTRNL-IMPORT	4,551	28,693	102,575	105,961	122,768	16,808	15.86%
TOTAL TAKEOUT	92,014,373	91,133,857	86,714,882	85,984,184	78,081,695	(7,902,489)	-9.19%
EFFECTIVE TAKEOUT %	19.50%	20.37%	19.90%	21.76%	18.30%	(0)	-15.91%
STATE LICENSE FEES	3,076,042	2,945,532	2,746,397	2,531,991	2,710,217	178,226	7.04%
STATE %	0.65%	0.66%	0.63%	0.64%	0.64%	(0)	-0.88%
TRACK COMMISSION	17,589,927	17,229,886	16,586,749	16,011,386	16,243,093	231,707	1.45%
TRACK %	3.73%	3.85%	3.81%	4.05%	3.81%	(0)	-6.06%
PURSE COMMISSION	17,143,872	16,780,856	16,118,362	15,567,045	15,746,311	179,265	1.15%
PURSE %	3.63%	3.75%	3.70%	3.94%	3.69%	(0)	-6.33%
CALIFORNIA NETWORK							
ATTENDANCE	690,221	670,820	634,636	606,103	609,290	3,187	0.53%
ON-TRACK	248,761	248,215	239,411	224,054	243,572	19,518	8.71%
ITW NETWORK	441,460	422,605	395,225	382,049	365,718	(16,331)	-4.27%
AVG DAILY ATTENDANCE	6,574	6,389	6,162	6,001	6,217	216	3.60%
AVG DAILY ON-TRACK	2,369	2,364	2,324	2,218	2,485	267	12.04%
AVG DAILY ITW NETWORK	4,204	4,025	3,837	3,783	3,732	(51)	-1.34%
TOTAL RACE EVENTS	882	890	886	866	855	(11)	-1.27%
STARTERS	6,863	6,524	6,280	6,361	5,725	(636)	-10.00%
AVG STARTERS PER EVENT	7.78	7.33	7.09	7.35	6.70	(1)	-8.84%
AVG HANDLE PER START	46,594	44,499	44,113	34,998	45,126	10,128	28.94%

Source: CHRIMS

Pacific Racing Association



November 7, 2008

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

Re: Northern California Race Date Calendar

Dear Kirk:

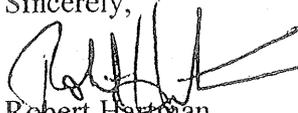
Based upon the 2009 race date calendar agreed upon by the Northern California stake holders today, our current CHRB license application before you does not correspond to the number of race days allotted for Pacific Racing Association.

The license application to be heard at the CHRB meeting on Tuesday, November 18, 2008, proposes we run within the period of December 26, 2008 – June 28, 2009. In actuality, the new proposed Northern California calendar proposes we run within the period of December 26, 2008 – June 14, 2009 with four day race weeks during the Winter meet.

Once the CHRB approves the Northern California race date calendar, we will provide an amended license application if necessary.

Thank you.

Sincerely,



Robert Hartman
General Manager

Cc: Jackie Wagner
Colleen Germek

Golden Gate Fields

October 30, 2008

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

Re: Status of TOC and CTT Horsemen Agreements

To Whom It May Concern:

The California Horse Racing Board has not allocated the 2009 race dates to Pacific Racing Association; therefore, the CTT and the TOC Horsemen agreements cannot be completed to accompany the PRA license application at this time.

Once dates are awarded, Pacific Racing Association will work diligently with the CTT and the TOC to finalize the agreements. We fully understand our obligation of providing the CHRB with signed TOC and CTT agreements before we begin racing on December 26, 2008.

Thank you.

Sincerely,



Robert Hartman
General Manager

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

1. APPLICANT ASSOCIATION

A. Name, mailing address, telephone and fax numbers of association:
Pacific Racing Association
1100 Eastshore Highway
Berkeley, California 94710
Phone (510) 559-7300 Administration Fax (510) 559-7464

B. Breed of horse: TB QH H

C. Racetrack name: **Golden Gate Fields**

D. Attach a certified check payable to the Treasurer of the State of California in the amount of \$10,000 as deposit for license fees pursuant to B&P Code Section 19490. **On file with the Board.**

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

2. DATES OF MEETING

A. Inclusive dates for the entire meeting: **December 26, 2008 through June 28, 2009**

B. Actual dates racing will be held: **December 26-28, 29, 31; January 1-4, 7-11, 14-18, 19, 22-25, 28-31; February 1, 4-8, 11-15, 16, 19-22, 25-28; March 1, 4-8, 11-15, 18-22, 25-29; April 1-5, 8-12, 15-19, 22-26, 29-30; May 1-3, 6-10, 13-17, 20-24, 25, 28-31; June 3-7, 10-14, 17-21, 24-28**

C. Total number of days or nights of racing: **134 days**

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

Exceptions:

Racing Mondays December 29, 2008, January 19, 2009, February 16, 2009, and May 25, 2009.
Dark Wednesdays January 21, 2009, February 18, 2009, and May 27, 2009.

E. Number of days or nights of racing per week: **5 days per week except as set forth in Item D above.**

3. RACING PROGRAM

A. Total number of races: **1,130**

CHRB CERTIFICATION

Application received:
Deposit received:
Reviewed:

Hearing date:
Approved date:
License number:

- B. Number of races for each day or night: **8.43** will be the average throughout the meet; we propose to conduct **8** races on weekdays and **9** races on weekends and holidays. If the horse population permits, we may run additional races as long as we do not exceed an average of **8.43** races per day for the meet. If we plan to exceed this amount, we will request administrative approval.
- C. Total number of stakes races: **18**
(**Overnight Stakes, 18 Non-Overnight Stakes**)
- 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. **Stakes schedule attached.**
- E. Will provisions be made for owners and trainers to use their own registered colors?
 Yes No If no, what racing colors are to be used:
- F. List all post times for the daily racing program:

<u>Post Time</u>	<u>Race Number</u>
12:45 p.m.	1
1:15 p.m.	2
1:45 p.m.	3
2:15 p.m.	4
2:45 p.m.	5
3:15 p.m.	6
3:45 p.m.	7
4:15 p.m.	8
4:45 p.m.	9
5:15 p.m.	10

Request the option to change post time schedules in order to coordinate North/South signals and to coordinate 10 card race days with daylight savings time.

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to B&P Code Section 19568(b).

4. RACING ASSOCIATION

- A. Association is a: Corporation (complete subsection C)
 LLC (complete subsection D)
 Other (specify, and complete subsection E)
- B. Complete the applicable subsection and attached Addendum, Background Information and Ownership. **On file with the Board.**
- C. CORPORATION
 1. Registered name of the corporation: **Pacific Racing Association**
 2. State where incorporated: **California**
 3. Registry or file number for the corporation: **Federal ID #94-1585367**
California ID #173-1919-5

Golden Gate Fields Winter/Spring 2008-2009						Page 1
Stakes Schedule						10/9/2008
December 26, 2008 - June 28, 2009					67 Days	
Stakes Race	Purse	Distance	Date	Closes	Nom	Entry
<i>Campanile</i> F&M 4 Yo's & Up	\$75,000 G	1 1/16	Thu, Jan 1	Sun, Dec 21	\$50	\$750
<i>California Derby</i> 3 Yo's	\$100,000 G	1 1/16	Sat, Jan 17	Sat, Jan 10	\$50	\$1,000
<i>California Oaks</i> Fillies, 3 Yo	\$100,000 G	1 1/16	Sat, Jan 24	Sat, Jan 17	\$50	\$1,000
<i>Silveyville (CA)</i> 4 Yo's & Up	\$75,000 G Inc \$25,000 CBRF	1 1/16	Sat, Feb 7	Sat, Jan 31	\$50	\$750
<i>El Camino Real Derby GIII</i> 3 Yo's	\$200,000 G	1 1/8	Sat, Feb 14	Sat, Feb 7	\$50	\$2,000
<i>Work The Crowd (CA)</i> F&M 4 Yo's & Up	\$75,000 G Inc \$25,000 CBRF	1 1/16	Sat, Feb 21	Sat, Feb 14	\$50	\$750
<i>Golden Gate Fields Sprint GIII</i> 4 Yo's & Up	\$100,000 G	6 Furlongs	Sat, Mar 7	Sat, Feb 28	\$50	\$1,000
<i>Silky Sullivan (CA)</i> 3 Yo's	\$75,000 G	1 1/16	Sat, Mar 14	Sat, Mar 7	\$50	\$750
<i>Tiburon</i> Fillies, 3 Yo	\$75,000 G	6 Furlongs	Sat, Mar 21	Sat, Mar 14	\$50	\$750
<i>Golden Bear</i> 3 Yo's	\$75,000 G	6 Furlongs	Sat, Apr 4	Sat, Mar 28	\$50	\$750

Stakes Race	Purse	Distance	Date	Closes	Nom	Entry
<i>Yerba Buena</i> F&M 4 Yo's & Up	\$75,000 G	1 13/8 (T)	Sat, Apr 11	Sat, Apr 4	\$50	\$750
<i>Golden Poppy</i> Fillies, 3 Yo	\$75,000 G	1 1/16 (T)	Sat, Apr 18	Sat, Apr 11	\$50	\$750
<i>San Francisco Mile GII</i> 4 Yo's & Up	\$300,000 G	1 M (T)	Sat, Apr, 25	Sat, Apr 18	\$50	\$750
<i>Variety Road</i> F&M 4 Yo's & Up	\$75,000 G	6 Furlongs	Sat, May 9	Sat, May 2	\$50	\$750
<i>Alcatraz</i> 3 Yo's	\$75,000 G	1 1/16 (T)	Sat, May 23	Sat, May 16	\$50	\$750
<i>Berkeley GIII</i> 4 Yo's & Up	\$150,000 G	1 1/16	Mon, May 25	Sat, May 16	\$50	\$1,500
<i>Golden Gate Fields Turf GIII</i> 4 Yo's & Up	\$100,000 G	1 13/8 (T)	Sat, May 30	Sat, May 23	\$50	\$1,000
<i>Lost In The Fog</i> 2 Yo's	\$75,000 G	5 Furlongs	Sat, Jun 13	Sat, Jun 6	\$50	\$750

4. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
Pacific Racing Association has only one shareholder, Magna Entertainment Corporation, a Delaware Corporation:
Frank Stronach, Chairman & Interim Chief Executive Officer
Ron Charles, Chief Operating Officer
Blake Tohana, Executive Vice-President and Chief Financial Officer
James Bromby, Senior Vice-President, Operations
Frank DeMarco, Jr., Vice-President Regulatory Affairs
Mary Lyn Seymour, Vice-President and Controller
William G. Ford, Secretary
Peter W. Tunney, Vice-President, Community Relations
Calvin Rainey, Vice-President and Assistant General Manager

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:
None

6. Number of outstanding shares in the corporation: **69,347 shares of no par value common stock.**

7. Are the shares listed for public trading? Yes No
 If yes, on what exchange and how is the stock listed:

8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: **Not applicable.**

9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity: **Magna Entertainment Corporation**

10. Attach the most recent audited annual financial statement for the licensee, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission. The licensee may submit the audited consolidated annual financial statements of its parent owner if the parent owner is a publicly traded company and guarantees the obligations of the licensee. **On file with CHRB.**

D. LLC

1. Registered name of the LLC: **Not applicable**
2. State where articles of organization are filed: **Not applicable**
3. Registry or file number for the LLC: **Not applicable**
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
Not applicable

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

6. Are the shares listed for public trading? Yes No
 If yes, on what exchange and how is the stock listed:

7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity: **Not applicable**

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

California Corporations Commission. **Not applicable**

E. OTHER

1. Name(s) of partners/sole proprietor: **Not applicable**
2. If a partnership, attach partnership agreement. **Not applicable**

F. Management and Staff

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 10B, who will be listed in the official program:

Ron Charles, President, MEC California Operations

Blake Tohana, Executive Vice-President and Chief Financial Officer

Frank DeMarco, Jr., Vice-President Regulatory Affairs

William Ford, Secretary

Peter W. Tunney, Vice-President, Community Relations

Calvin Rainey, Vice-President, Assistant General Manager

Robert Hartman, General Manager

Adam Njaa, Controller of Operations

Jerry Aldoroty, Director of Hospitality and Sales

Bryan Wayte, Manager of Mutuels

Tom Ferrall, Publicity Manager

Merry Scalzo, Director of Operations

Kristin Finkel, Marketing Manager

T.W. Johnson, Security Manager

Michael Wrona, Announcer

Juan Meza, Track Superintendent

Richard Somers, Price Maker

William Vassar, Track Photographer

Aaron Veracruzse, Simulcast Coordinator

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 address of such person(s) if other than the mailing address of the association:

Robert Hartman, General Manager

5. PURSE PROGRAM

- A. Purse distribution: *Prior meet actual represents 12/26/07-2/3/08 and 5/14/08-6/22/08 (60 Days)*

1. All races other than stakes:

Current meet estimate: **\$17,459,530.00**

Prior meet actual: **\$8,313,109.00**

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

Current meet estimate: **\$130,295.00**

Prior meet actual: **\$138,551.82**

- 2. Overnight stakes:
 - Current meet estimate: **\$0.00**
 - Prior meet actual: **\$191,800.00**

 - Average Daily Purse (5A2 ÷ number of days):
 - Current meet estimate: **\$0.00**
 - Prior meet actual: **\$3,196.67**

- 3. Non-overnight stakes:
 - Current meet estimate: **\$1,825,000.00**
 - Prior meet actual: **\$936,750.00**

 - Average Daily Purse (5A3 ÷ number of days):
 - Current meet estimate: **\$13,619.40**
 - Prior meet actual: **\$15,612.50**

B. Stakes races:

- 1. Purse distribution for all stakes races:
 - Current meet estimate: **\$1,825,000.00**
 - Prior meet actual: **\$1,128,550.00**

 - Average Daily Purse (5B1 ÷ number of days):
 - Current meet estimate: **\$13,619.40**
 - Prior meet actual: **\$18,809.17**

- 2. Percentage of the purse distribution for all stakes races that will be distributed for California-bred stakes races:
 - Current meet estimate: **10%**
 - Prior meet actual: **7.5%**

 - Average Daily Purse (5B2 ÷ number of days):
 - Current meet estimate: **.001%**
 - Prior meet actual: **.125%**

- C. Funds to be generated for all California-bred incentive awards:
 - Current meet estimate: **\$1,874,273.60**
 - Prior meet actual: **\$855,828.71**

- 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)	\$353,095.19	TOC (NTRA Contribution)	\$162,108.25
TOC	\$201,768.68	TOC	\$ 92,633.29
CTT (Administration)	\$100,884.34	CTT (Administration)	\$ 46,316.64
CTT (Pension)	<u>\$201,768.68</u>	CTT (Pension)	<u>\$ 92,633.29</u>

Total	\$857,516.89	Total	\$393,691.47
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- E. Amount from all sources to be distributed in the form of purses or other benefits to horsemen (5A+5C+5D):

Current meet estimate: \$22,016,320.49

Prior meet actual: \$10,691,179.18

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

Current meet estimate: \$164,300.90

Prior meet actual: \$178,186.32

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

Current meet estimate: \$15,328,412.54

Prior meet actual: \$6,889,355.87

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

Current meet estimate: \$114,391.14

Prior meet actual: \$114,822.60

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

Current meet estimate: \$4,623,277.19

Prior meet actual: \$2,292,662.62

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

Current meet estimate: \$34,502.07

Prior meet actual: \$38,211.04

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

Wells Fargo Bank - Account # On File

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

**Bowen & McBeth, 10722 Arrow Route, Suite 110, Rancho Cucamonga, California 91730,
(909) 944-6465**

NOTICE TO APPLICANT: All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, **shall not** be deemed as income to the association; **shall not** be transferred to a parent corporation outside the State of California; and **shall**, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the association is entitled to carry forward the deficit to its next succeeding meeting as provided by B&P Code Section 19615(c) or (d). In the event of **underpayment** of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

6. STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held: 1325
- B. Minimum number of stalls believed necessary for the meeting: 2000
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: 680
- D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site: Pleasanton – 680 Stalls
- E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses that cannot be provided stabling on-site. **On file.**

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

- F. Total number of usable stalls made available on-site for the 1986 meeting: 1405
- G. Estimated cost to provide off-site stalls for this meeting. Show cost per day per stall:
Stabling costs for this meet: \$1,379,000.00
Stabling costs per day per stall: \$10.30
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse:
Vanning fees for this meet: \$261,300.00 **Vanning fee per horse: \$130.00**

7. PARI-MUTUEL WAGERING PROGRAM

- A. Pursuant to B&P Code Section 19599, and with the approval of the CHRB, associations may elect to offer wagering programs using CHRB Pari-mutuel Rules, the Association of Racing Commissioners International (RCI) Uniform Rules of Racing, Chapter 9, Pari-mutuel Wagering, or a combination of both. Please complete the following schedule for the types of wagering other than WPS and the minimum wager amount for each:
 Use DD for daily double, E for exacta (special quinella), PK3 for pick three, PK4 for select four, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Example Race:	\$1 E; \$1 Double	CHRB #1959; RCI #VE
Race #1	\$2 DD*; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 PPN%; \$.10 SF# \$2 PAR^, \$1 PNP!	CHRB#1957; 1959; 1958; 1977; 1979; 1976.8; 1979.1; 1954.1; 1976.9
Race #2	\$2 DD*; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 PPN%; \$.10 SF# \$2 PAR^, \$1 PNP!	CHRB#1957; 1959; 1958; 1977; 1979; 1976.8; 1979.1; 1954.1; 1976.9
Race #3	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF#; \$1 PPN%; \$2 PAR^, \$1 PNP!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1954.1, 1976.9
Race #4	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$2 PAR^, \$1 PNP!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1954.1, 1976.9
Race #5	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF#	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8;

Golden Gate Fields

November 6, 2008

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

Re: Stable/Vanning Agreement

Dear Kirk:

The parties in Northern California cannot complete a Stabling/Vanning agreement until dates are allocated by the California Horse Racing Board. The whole agreement is predicated on what facilities are open during certain times of the year. Without confirmed 2009 race dates, facility costs cannot be determined nor can an agreement be reached.

Please do not hesitate to contact me if you have any questions regarding this matter.

Thank you.

Sincerely,



Robert Hartman
General Manager

Cc: Jackie Wagner
Colleen Germek

	\$1 PPN%, \$1 PNP!, \$2 PAR^	1976.9; 1954.1
Race #6	\$2 DD*, \$2 PNP@; \$1 E, \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%, \$1 PNP!, \$2 PAR^	CHRB#1957; 1976.9; 1959, 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1
Race #7	\$2 DD*, \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%, \$1 PNP!, \$2 PAR^	CHRB#1957; 1976.9; 1959, 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1
Race #8	\$2 DD*, \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%, \$1 PNP!, \$2 PAR^	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1
Race #9	\$2 DD*, \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%, \$1 PNP!, \$2 PAR^	CHRB#1957; 1976.9; 1959, 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1
Race #10	\$2 DD*, \$2 PNP @; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$1 PNP!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9

- * - \$2 Daily Double on all races
- @ - \$2 Pick 6 on last six races
- + - \$1 Pick 3 on every race
- ++ - \$1 Trifecta on every eligible race
- # - \$.10 cent Superfecta on all eligible races
- % - \$1 Place Pick All on all races carded
- ! - \$1 Pick 4 on first four and last four races
- ^ - \$2 Parlay on every eligible race

- B. Maximum carryover pool to be allowed to accumulate before its distribution OR the date(s) designated for distribution of the carryover pool: **June 28, 2009 for the period of December 26, 2008 through June 28, 2009.**
- C. List any options requested with regard to exotic wagering: **2 Tier – 70%/30% split (\$2 Pick (n) Pool (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)**
- D. Will "advance" or "early bird" wagering be offered? Yes No
If yes, when will such wagering begin:
- E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract: **Scientific Games Racing, LLC, Bill Huntley, Expires: September 2012**

8. ADVANCE DEPOSIT WAGERING (ADW)

- A. Identify the ADW provider(s) to be used by the association for this race meeting:
Xpressbet
YouBet
TwinSpires
TVG (pending necessary approvals)

9. SIMULCAST WAGERING PROGRAM

- A. Simulcast organization engaged by the association to conduct simulcast wagering:
Northern California Off-Track Wagering, Inc.
- B. Attach the agreement between the association and simulcast organization permitting the organization to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools. **On file.**

C. California simulcast facilities the association proposes to offer its live audiovisual signal:

Northern California

- Alameda County Fair, Pleasanton
- Big Fresno Fair, Fresno
- California State Fair & Exposition, Sacramento
- Club One, Fresno
- Kern County Fair, Bakersfield
- Monterey County Fair, Monterey
- Redwood Acres Fair, Eureka
- San Joaquin County Fair, Stockton
- San Mateo Event Center, San Mateo
- Santa Clara County Fair, San Jose
- Shasta District Fair, Anderson
- Solano County Fair, Vallejo
- Sonoma County Fair, Santa Rosa
- Stanislaus County Fair, Turlock
- Tulare County Fair, Tulare

Southern California

- Antelope Valley Fair, Lancaster
- Barona Casino, Lakeside
- California Mid-State Fair, Paso Robles
- Del Mar Thoroughbred Club, Del Mar
- Derby Club at Seaside Park, Ventura
- Earl Warren Showgrounds, Santa Barbara
- Fairplex Park, Pomona
- Hollywood Park, Inglewood
- Indian Fantasy Springs Casino, Indio
- Los Alamitos Racecourse, Los Alamitos
- National Orange Show, San Bernardino
- Santa Anita Park, Arcadia
- Santa Barbara County Fair, Santa Maria
- Shalimar Sports Center, Indio
- Sports Pavilion, Lake Perris
- Sports Pavilion, Victorville
- Sycuan Casino, El Cajon
- Viejas Casino, Alpine

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

Pacific Racing Association/Golden Gate Fields

December 26, 2008 through June 28, 2009

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

OUT-OF-STATE TRACK
AQUEDUCT
ARLINGTON
BELMONT
CALDER RACECOURSE
CHURCHILL DOWNS
FAIRGROUNDS
GULFSTREAM PARK
HAWTHORNE RACECOURSE
KEENELAND
LAUREL
LONE STAR PARK
PIMLICO
OAKLAWN
PORTLAND MEADOWS
SUNLAND PARK
TAMPA BAY DOWNS
TURF PARADISE
TURFWAY PARK
INTERNATIONAL TRACK
WOODBINE
HASTINGS
SAN ISIDRO
MARONAS

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

American Tab, OH	Hinsdale Greyhound Park, NH	Rosecroft Raceway, MD
Arapahoe Park, CO	Hoosier Park, IN	Royal Beach Casino
Arima Race Club	Horsemen's Park, NE	Royal River Racing
Arlington International Race Course, IL	Indiana Downs, IN	Ruidoso Downs, NM
Atlantic City Casino Assn., NJ	International Racing Group	Sam Houston, TX
Atlantic City Race Course, NJ	Jackson Harness Raceway, MI	Saratoga Raceway, NY
Atokad Downs, NE	John Martin's Manor Restaurant	Scarborough Downs, ME
Balmoral Park, IL	Keeneland Association, KY	Scioto Downs, OH
Beulah Park, OH	Kentucky OTB	Seabrook Greyhound
Birmingham Race Course, AL	Lebanon Raceway, OH	Shoreline Star Greyhound Park
Blue Ribbon Downs, OK	Les Bois/Idaho	Skydancer Casino
Bluffs Run Greyhound	Lewiston Raceway Inc., ME	Southland, AR
Buffalo Raceway, NY	Lien Games, Inc., ND	Sports Center
Calder Race Course, FL	Lein Games, LLC	Sports Creek Raceway, MI
Canadian Associations	Lincoln Greyhound	Stables
Canterbury Park, MN	Lodge Belmont Greyhound Park	State Fair Park, NE
Capital District OTB	Lone Star., TX	Suffolk District OTB
Capital Sports Ply, Ltd, Australia	Louisiana Downs, LA	Suffolk Downs, MA
Casino Association	Manor Downs	Sunland Park, NM
Catskills OTB	Maryland Jockey Club, MD	Sunray Park, NM
Charlestown Race Course, VA	Maywood	Tampa Bay Downs, FL
Chester Downs & Marina LLC	Meadowlands	Tauton Dog Track, Inc.
Choctaw Racing Services, LLC, OK	Meadowlands The	Thistledown Racing, OH
Churchill Downs, KY	Meskwaki Casino	Timeout Lounge
Coeur d'Alene Greyhound, ID	Millers OTB	Tioga Downs
Coeur d'Alene Casino, ID	Mohegun Sun	Tri-State Racetrack & Gaming Center, WV
Colonial Downs, VA	Monmouth Park, NJ	Turfway Park, KY
Columbus Races, NE	Montana OTB, MT	TVG
Comanche Nation	Monticello Raceway, NY	Turf Paradise, AZ
Connecticut OTB, CT	Mount Pleasant Meadows, MI	Valley Greyhound Park
Corpus Christi Greyhound Track, TX	Mountaineer Park, WV	Vernon Downs, NY
Crystal Palace	Nevada Indian Casinos	Western Fair Raceway
Dairyland Greyhound Park, WI	Nevada Pari-Mutuel Association, NV	Western Regional OTB
Darwin All Sports	New Mexico	Wheeling Downs, WV
Delaware Park, DE	New York City Off-Track Betting, NY	Wichita Greyhound Park, KS
Delta Downs	New York Racing Association, NY	Will Rogers Downs, OK
Downs at Albuquerque, NM	Newport Jai Alai, FL	Wonderland Greyhound Park, MA
Elite Turf Club	North Dakota Horse Park, ND	Woodlands, KS
Ellis Park, KY	Northfield Park, OH	Wyoming OTB, WY
Emerald Downs, WA	Northville Racing Corp., MI	XpressBet, Inc., CA
Equus St. Thomas Racing, Inc.	Oaklawn Park, AR	Yonkers Raceway, NY
European Simulco, Austria	Ocean Downs, MD	YouBet
Evangeline Downs, LA	Oneida Bingo and Casino	Zia Park, NM
Evansville OTB	Penn National Race Course, PA	
Fair Meadows	Philadelphia Park, PA	Separate Pools:
Fairgrounds Race Course, LA	Plainfield Greyhound Park, NJ	Caymanas
Finger Lakes Race Track, NY	Plainridge Racecourse, MA	Hipodromo Presidente Remon, Panama
Fonner Park, NE	Poconos	LVDC (NV)
Foxwoods	Pojoaque	MIR/Caliente
Freehold Raceway, NJ	Portland Meadows, OR	
Geneva Lakes	Prairie Meadows, IA	
Gillespie County Downs	Raceway Park, OH	
Great Lakes Downs, MI	Racing & Gaming Services, British WI	
Greentrack	Red River Casino	
Gulf Greyhound, TX	Remington Park, OK	
Gulfstream Park, FL	Retama Park, TX	
Harrington Raceway	Riders Up OTB	
Hawthorne	River Downs, OH	
Hazel Park, MI	Rockingham Park, NH	

F. For **THOROUGHBRED** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state

“selected feature and/or stakes races”:

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

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
See 9D above.	TBD	

- G. For QUARTER HORSE racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state “selected feature and/or stakes races”:

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Los Alamitos	Per CHRB calendar	Full Card

- H. For STANDARD BRED racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state “selected feature and/or stakes races”:

HARNESS SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Cal Expo Harness	Per CHRB calendar	Full Card

- I. For ALL racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported:

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be Imported
None			

- J. For ALL racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Sections 19596.2 and 19596.3, attach a copy showing the agreement by the appropriate racing association(s). **Not applicable.**

NOTICE TO APPLICANT: All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of B&P Code Sections 19596, 19596.1, 19596.2, 19596.3, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

Every association shall pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and

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

10. CHARITY RACING DAYS

- A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association: **Pacific Racing Association is agent for distribution.**
- B. Names and addresses of the trustees or directors of the distributing agent: **Pacific Racing Association 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 B&P Code Section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 20% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of B&P Code Section 19556(b).

11. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

- A. Racing officials nominated:

Association Veterinarian(s)	Heather Kerr, D.V.M (Track Veterinarian)
	Joan Hurley, D.V.M. (CHRB Veterinarian)
	Diane Isbell, D.V.M. (Examining Veterinarian)
Clerk of Scales	Ken Sjoldal
Clerk of the Course	Tina Walker
Film Specialist	Ross Allardyce
Horse Identifier	Patrick Kealy
Horseshoe Inspector	Jack Hammonds
Paddock Judge	Linda Anderson
Patrol Judges	Paul Nicolo & Tammy McDuffie-Morris
Placing Judges	Ella Robinson & Myra Truitt
Starter	Gary Stensgar
Timer	Richard Somers
- B. Management officials in the racing department:

Director of Racing	Sean Greely
Racing Secretary	Sean Greely
Assistant Racing Secretary	C. Gregory Brent, Jr.
Associate Racing Secretary	David Jerkens
Paymaster of Purses	Patricia Prospero
Others (identify by name and title)	

Main Track Superintendent	Juan Meza
Turf Track Superintendent	Calvin Rainey
Price Maker	Richard Somers
Stable Superintendent	Carrie Fawcett

- C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards: **Christine Niccoli**
Niccoli Reporting Service, 619 Pilgrim Drive, Foster City, CA 94404-1707, (650) 573-9339
- D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract:
Plusmic Corp., USA, Bill O'Brien, Expires: December 31, 2008
New Contract will be forwarded to CHRB upon receipt.
- E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks.
Pegasus Communications, Inc, Jim Porep, Jr., System maintained in house, Equipment contract expires: March 5, 2013
- F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract:
Electronic timer is installed and maintained by on-site staff.

12. SECURITY CONTROLS

- A. Name and title of the person responsible for security controls on the premises. Include an organizational chart of the security department and a list of the names of security personnel and contact telephone numbers.
T.W. Johnson, Security Manager is responsible for security on site.
Security Department organizational chart is attached.
Security Department phone number (510) 559-7370
Stable Security phone number (510) 559-7533
T.W. Johnson cell phone number (510) 418-3161
- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis: **29**
1. Attach a written plan for enhanced security for graded/stakes races, and races of \$100,000 or more, to include the number of security guards in the restricted areas during a 24-hour period and a plan for detention barns. **Attached**
 2. Detention Barns:
 - A. Attach a plan for use of graded stakes or overnight races.
6 hour surveillance prior to race in Graded Stakes with purses of \$100,000 or over
24 hour surveillance in detention barn for Trainers with high-test results and repeat offenders
 - B. Number of security guards in the detention barn area during a 24-hour period.

Four Security Guards

C. Describe number and location of surveillance cameras in detention barn area.

Attached

3. TCO2 Testing:

A. Number of races to be tested, and number of horses entered in each race to be tested.
Every horse in every race has been tested since early January 2005

B. Plan for enhanced surveillance for trainers with high-test results.

24 Hour detention and video surveillance prior to the race

C. Plan for detention barns for repeat offenders.

Assigned to detention barns with 24 hour surveillance

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

As needed per the direction of CHRB staff

C. Describe the electronic security system:

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

Attached

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

13. EMERGENCY SERVICES

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

**Brad Winding Turf Rescue, LLC, 19615 Barclay Road, Castro Valley, CA 94546,
(510) 581-8470**

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

Pleasanton – American Medical Response, 640-143rd Ave., San Leandro, CA 94577, 510-895-7600

C. Describe the on-track first aid facility, including equipment and medical staffing: **Attached**

D. Name and emergency telephone number of the licensed physician on duty during the race meeting:
(If quarter horse racing association see D(1):

Dr. David Seftel

Office Number: 510-559-7375, Cell Number: 650-520-6204

1. Name address and emergency telephone number of hospital located within 1.5 miles of the racetrack, which whom an agreement is in place to provide emergency medical services:

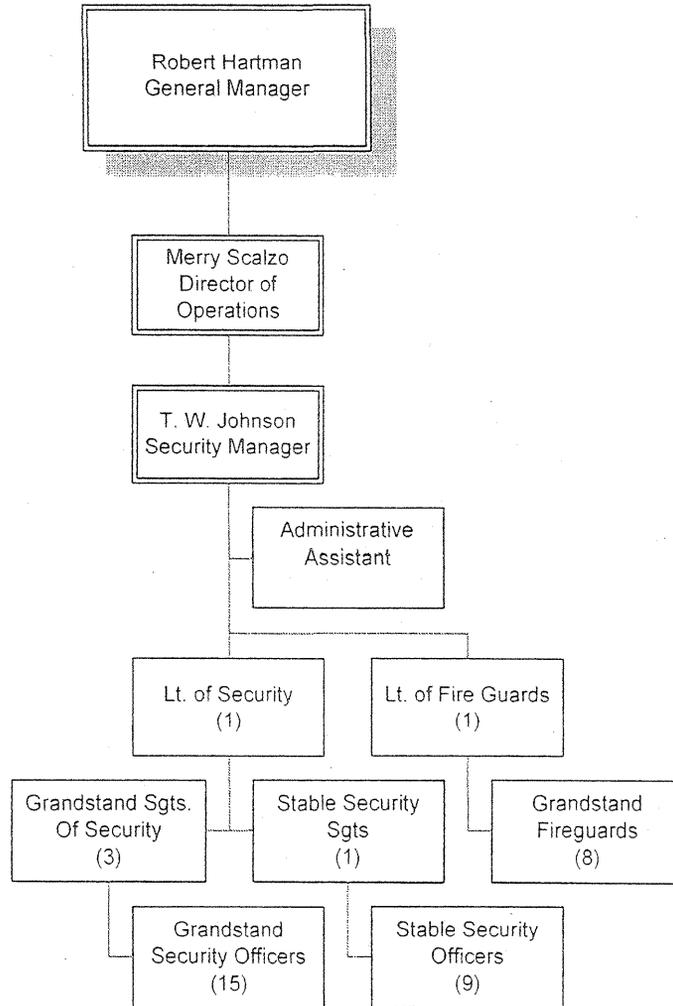
N/A

E. Name, address and emergency telephone number of the hospital to be used for admittance and treatment of emergency injuries in the event of an on-track injury to a jockey:

Alta Bates Summit Medical Center, 2450 Ashby, Berkeley, CA 94705 (510) 204-4444

F. Attach, in English and Spanish, the emergency medical plan procedures that will be posted in each jockey's room to be used in the event of an on-track injury to a jockey: **Attached**

GOLDEN GATE FIELDS 2008
SECURITY DEPARTMENT ORGANIZATIONAL CHART
ATTACHMENT 12A



Attachment to Golden Gate Fields License Application
12B (1) and 12B (2):

SECURITY CONTROLS

Graded Stakes and Races of \$100,000 or more

The following procedures have been put in place at 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 Golden Gate Fields License Application
12B (2) and 12C (1):**

Detention Barn Surveillance:

Barn #44 contains 27 stalls and is utilized as our Transit and Detention Barn. The surveillance system in place contains cameras strategically placed to monitor entrances and exits along with a camera monitoring each stall.

The camera equipment is connected to a digital recording system which is kept in a secured area with a power back-up in place.

Stable Gate Surveillance:

Cameras are strategically placed to monitor all activities at the Main Stable Gate and the Horsemen Walk-In Gate.

GOLDEN GATE FIELDS
ATTACHMENT 12B (3)

EXHIBIT A

Track is entitled to perform physiological tests consisting of the taking of blood samples from owners' horses entered in races to be conducted at the 2008/2009 race meets. It is the understanding of the parties that such samples will be tested for bicarbonate levels. Trainers of horses showing a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, and owners' horses within their control, will be subject to the following:

- 1st Incidence** - For the first test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, subject to surveillance for a period of 45 days from the date set by the TCO₂ Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 30 days from the date set by the TCO₂ Committee, will be quarantined to a Protection Barn beginning at noon on the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant for stall renovation, per day, being born by the trainer or owner of such horse.
- B. 2nd Incidence** - For the second test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, which occurs within three years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 75 days from the date set by the TCO₂ Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 60 days from the date set by the TCO₂ Committee, will be quarantined to a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant for stall renovation, per day, being born by the trainer or owner of such horse.

- C. **3rd Incidence** - For the third test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, which occurs within three years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 105 days from the date set by the TCO₂ Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 90 days from the date set by the TCO₂ Committee, will be quarantined to a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant for stall renovation, per day, being born by the trainer or owner of such horse.

Track further agrees that it shall enforce these penalties when imposed as a result of similar contract provisions with other racing associations in California. By way of example only, Track agrees that should any horse running at its meet be subject to detention barn confinement as the result of a positive at another association, Track will continue to require detention barn confinement for the remainder of said 30 day period. Also by way of example, should a trainer have a TCO₂ positive or positives at a race meet other than its own and a subsequent positive at Track's race meet or at another associations meet, Track will enforce paragraph B, and may, at its discretion, enforce paragraph C above as though the original positive(s) had taken place at its meet.



Description of GGF Medical Clinic (Live Racing)

Services (Mission)

- Pre-race examinations on jockeys;
- Preventive & curative medical services for jockeys;
- Urgent care facility for jockeys;
- Assist CHRB in assessment of any impaired individuals;
- Urgent care for patrons & GGF employees.

Staffing

- Physician Medical Director ("Track Physician");
- Full-time Medical Assistant;
- Part-time Medical Assistant "Intern".

Equipment

- Advanced cardiac life support (ACLS) equipment;
- 12-Lead EKG;
- Lung function testing equipment;
- Ultrasound (for internal organ injury assessment);
- Blood work & hematology supplies & equipment;
- Basic surgical care supplies & equipment.

Availability

- One-hour before first posted race until one-to-two hours following last posted race;
- Extended hours for necessary follow-up care and/or upon request from track management or CHRB.

EMERGENCY MEDICAL PROCEDURES FOR ON-TRACK INJURY TO JOCKEYS

"FIRST RESPONSE"

- In the event of an accident, the Stewards and/or Outriders shall immediately contact the Track Physician ("Jockey Down") using Radio Channel #7 (*or the accident may very well be witnessed directly by the Track Physician*);
- The on-track GGF Human Ambulance (manned by GGF-contracted EMTs) and the Track Physician (transported via the GGF "chase" or "Vet" truck) shall respond immediately to the site of the accident;
- The attending medical professionals shall arrive equipped with advanced cardiac life support (ACLS) and other necessary acute medical treatment equipment & supplies;
- An "on-site evaluation" of injuries to the jockey(s) shall be made by the Track Physician.



"ON-SITE EVALUATION"

- Based on the Track Physician's "on-site evaluation" of injuries, a decision shall be made to either treat the injured jockey(s) on-site or to request emergency medical transport for off-site treatment at a hospital trauma center;
 - If on-site treatment is deemed sufficient, the GGF Human Ambulance shall transport the injured jockey(s) directly to the GGF Medical Clinic; or,
 - If off-site treatment is deemed necessary, "911" shall be used to summon a City of Albany Fire Dept. ambulance (*a Fire Dept. truck shall also respond*).



"INJURY TREATMENT"

- If the injured jockey(s) is treated at the GGF Medical Clinic, the Track Physician shall be the primary care provider unless (or until) the Track Physician surrenders custody of the patient based on his/her medical judgment;
- If the City of Albany Fire Dept. ambulance is summoned to respond, the injured jockey(s) shall be transferred to this ambulance (*accompanied by the Track Physician*) at either of the two following locations for transport to a local hospital;
 - If the injuries are deemed less severe, the jockey will be transported by the GGF Human Ambulance to an off-track location for pick-up by the City of Albany Fire Dept. ambulance; or,
 - If the injuries are deemed severe and the jockey(s) cannot be moved, the City of Albany Fire Dept. ambulance will be escorted by GGF security personnel directly onto the track for patient pickup.

In consultation with the Track Physician, an "Accident/Injury Investigation Report" must be completed by track management following completion of the above-noted procedures.

(REV 1.0, JUNE 2007)

PROCEDIMIENTOS MÉDICOS EN EMERGENCIAS PARA LESIONES DE JOCKEYS EN LA PISTA

"PRIMERA RESPUESTA"

- En caso de accidente, los comisarios y/o escoltas deberán contactar inmediatamente al Médico de Pista ("Jockey Abajo") usando el canal de radio nº7 (*salvo que el Médico de Pista sea testigo directo del accidente*);
- La Ambulancia para Humanos de GGF (con personal de emergencias médicas contratado por GGF) y el Médico de Pista (transportado a través del camión de "chase" o "Vet" de GGF) deberá acudir en forma inmediata al lugar del accidente;
- Los médicos que asistan deberán estar equipados con soporte vital cardíaco avanzado (ACLS) y otros equipos y elementos necesarios para el tratamiento médico;
- El Médico de Pista hará una "evaluación en el lugar" de las lesiones del jockey.



"EVALUACIÓN EN EL LUGAR"

- En base a la "evaluación en el lugar" de lesiones por parte del Médico de Pista, se tomará una decisión acerca de si tratar al jockey lesionado en el lugar o pedir transporte de emergencia médica para un tratamiento en un hospital o centro de salud;
 - Si se considera suficiente el tratamiento en el lugar, la Ambulancia para Humanos de GGF trasladará al jockey lesionado directamente a la Clínica Médica de GGF; o,
 - Si se considera necesario un tratamiento fuera del lugar, se usará el "911" para pedir una ambulancia del Departamento de Bomberos de la Ciudad de Albany (*un camión del Departamento de Bomberos también acudirá*).



"TRATAMIENTO DE LA LESIÓN"

- Si el jockey lesionado recibe tratamiento en la Clínica Médica de GGF, el Médico de Pista será el que proporcione atención primaria a menos que (o hasta que) el Médico de Pista dé de alta al paciente en base a su juicio médico;
- Si se requiere que acuda la ambulancia del Departamento de Bomberos de la Ciudad de Albany, el jockey lesionado será transferido a esta ambulancia (*acompañado por el Médico de Pista*) en cualquiera de los siguientes lugares para luego ser trasladado a un hospital local;
 - Si se considera que las lesiones son menos severas, el jockey será trasladado por la Ambulancia Humana de GGF a una ubicación fuera de la pista para ser recogido por la ambulancia del Departamento de Bomberos de la Ciudad de Albany; o,
 - Si se considera que las lesiones son severas y no puede moverse al jockey, la ambulancia del Departamento de Bomberos Ciudad de Albany será conducida por el personal de seguridad de GGF directamente sobre la pista para recoger al paciente.

- G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to B& P Code 19481.3(d):
Roy Roenbeck, Director of Safety and Compliance
Calvin Rainey, Assistant General Manager, serves as Assistant Safety Manager.
- H. Attach a fire clearance from the fire authority having jurisdiction over the premises.
Berkeley fire clearance on file.
Albany fire clearance on file.
- I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): **Liberty International - #WC1-B71-072827-036**
- 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.
Attached.

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall pursuant to B&P Code 19481.3 maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to any quarter horse racing at the racetrack if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide emergency medical services to jockeys and riders. An ambulance licensed to operate on public highways provided by the track shall be available at all times during live racing and shall be staffed by two emergency medical technicians licensed in accordance with Division 2.5 (commencing with Section 1797) of the Health and Safety Code, one of whom may be an Emergency Medical Technician Paramedic, as defined in Section 1797.84 of the Health and Safety Code. (b) Each racing association and racing fair shall adopt and maintain an emergency medical plan detailing the procedures that shall be used in the event of an on-track injury. The plan shall be posted in each jockey room in English and Spanish. (c) Prior to every race meeting, the racing association or racing fair shall contact area hospitals to coordinate procedures for the rapid admittance and treatment of emergency injuries. (d) Each racing association or racing fair shall designate a health and safety manager and assistant manager, who shall be responsible for compliance with the provisions of this section and one of whom shall be on duty at all times when live racing is conducted. The health and safety manager may, at the discretion of the racing association, be the person designated to perform risk management duties on behalf of the association.

14. CONCESSIONAIRES AND SERVICE CONTRACTORS

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

Tip Sheets **Jack's Blue Card, 127 Sun Avenue, Hayward, CA 94544**

Armored Car Services **Loomis Armored Car, P.O. Box 44196, San Francisco, CA 94144**

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

Official Program **Del Mar Graphics, 1100 Eastshore Highway, Albany, CA 94706**

Jockey's Laundry **F. Lorene Dutton, Bailey's Mobile Laundry, 3263 Vineyard Ave., Pleasanton, CA 94566**

Starting Gate **Mike Costello, United Puett Starting Gate Co., P.O. Box 18, S. Salem, NY 10590**

Track Photographer **Bill Vassar, Vassar Photography, 1167 Sapphire Drive, Livermore, CA 94550**



FIRE DEPARTMENT
FIRE PREVENTION BUREAU

October 21, 2008

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

Dear Mr. Rainey

On October 10, 2008, this office under the Fire Prevention Code, NFPA 1, conducted a Fire and Life Safety inspection and the Fundamental Requirements listed in the *Life Safety Code*, NFPA 101, Chapter 2, the 2007 California Fire Code and California Code of Regulations. Listed below are the results of the inspection and code references. Specific areas of Golden Gate Fields Race Track, within the jurisdiction of the Albany Fire Department have been inspected. Areas that have been inspected include the Administration Offices, kitchens, public areas and non-public areas of the Club House & Turf Club and snack shops on those levels. Public areas and non-public areas of A & B Decks, Equine Hospital and the Corp Yard have not been completed.

GENERAL

This building is in good condition. Housekeeping in the public areas are maintained, fire extinguishers and existing exit/panic hardware and egress doors are in serviceable condition. Some of the Exit signs and emergency illumination need replacement of their back-up batteries and/or bulbs, the rest are in good working order. The fire alarm system had an annual test on December 20th, 2007 with no deficiencies or problems noted at that time. However, recent problems with the Fire Alarm System is indicating that the FACP (Fire Alarm Control Panel) is getting old and a new upgraded FACP may be in the near future. If the fire alarm system fails, notification to the fire department and fire watch of the all facilities at GGF shall commence immediately. All other Fire & Life Safety requirements appear to be in order.

Letter of Correction Notices for GGF Main Building – Administration Offices, Turf Club, Club House, and Public & Non Public Areas shall follow under separate cover. Public & Non Public Areas of A & B Decks, Equine Hospital, GGF, Corporation Yard will be scheduled for inspection at a later date.

Conditional Fire Clearance

Conditional fire clearance is granted for the December 26, 2008 through June 28, 2009 Racing Season. All old Fire & Life Safety items have been completed. Before the September/December 2008 racing season ends, all areas of GGF shall be inspected. During the course of the September/December 2008 Racing Season and the December/June 2008/2009 Racing Season, the Albany Fire Prevention Bureau will conduct periodic Fire & Life Safety Inspections. In the event of a flagrant Fire or Life Safety violations, their 2008 clearance will be revoked, to include the 08/09 racing season.

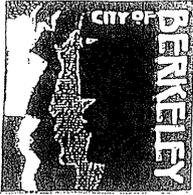
If you have any questions, please do not hesitate to contact me at (510) 528-5775.

Sincerely,



Brian J. Crudo
Battalion Chief/Fire Marshal

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



Department of Fire and Emergency Services
Division of Fire Prevention

January 24, 2008

Golden Gate Fields
Attn: Mary Scalzo
Director of Operations
Berkeley, CA 94710

Re: Fire Life Safety Inspection. (Conducted 1/24/2008 valid thru 1/24/2009)

Ms. Scalzo,

First of all it was pleasure to meet with you and your staff at the site. We were very impress with your layout, upkeep and maintenance procedures for the fire detection / notification devices.

We did not discover any outstanding fire life and safety violations; although we would like to suggest recommendations should you want to entertain them.

- Install emergency lighting in temporary lodging dormitories, in case of a power outage.
- Place no smoking signs throughout the property (Stalls, sleeping areas, etc.) – as a preventive measure due to the construction type and dry feed.

We do very much appreciate the interest you have taken to ensure that Golden Gate Fields- horse stables and adjoining buildings are compliant. As mentioned, we would be more than happy to assist your primary insurance carrier (Factory Mutual) with their next compliance inspection. Should you have any questions regarding the inspection process, contact my office at 510.981-5582. Once again, thank you for the opportunity to be of service.

Sincerely,

Stan Fernandez, Fire Inspector

Ref. No. 320005753045

CERTIFICATE OF INSURANCE

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

Re: Evidence of Insurance

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

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

Insured

Magna Entertainment Corp.;a/o Pacific Racing
Association;a/o Golden Gate Fields;a/o MI Developments
Inc.
1100 Eastshore Highway
Albany, CA 94706
USA

Coverage

Commercial General Liability	Insurer	Zurich American Insurance Company	
Policy #	GLO 9302183-05		
Effective	01-Jan-2007	Expiry	01-Apr-2008
Limits of Liability	Bodily Injury & Property Damage, Each Occurrence USD2,000,000 Subject to Aggregate Where Applicable Policy may be subject to a general aggregate and other aggregates where applicable		
US Workers Comp/Employers Liability	Insurer	Liberty Mutual Insurance Company	
Policy #	WC1-B71-072827-038		
Effective	01-Jan-2008	Expiry	01-Jan-2009
Limits of Liability	Workers Compensation		

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 : 07-January-2008
Issued By : Lima,Ashley Marie
Tel : 416-868-5691

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



15. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

A. Describe any promotional plans:

The tentative 2008-2009 promotional/giveaway schedule is listed below (subject to change).

December 26, 2008 - Opening Day

- Day on Us - Fans on GGF Mailing List will receive 2 Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

December 27, 2008

- Calendar Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

December 28, 2008

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

January 1, 2009

- Day on Us - Fans on GGF Mailing List will receive 2 Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.
- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

January 2, 2009

- Day on Us - Fans on GGF Mailing List will receive two Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

January 3, 2009

- Day on Us - Fans on GGF Mailing List will receive two Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

January 4, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

January 8, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

January 10, 2009

- Snow Day - 40 tons of snow along with sleds will be brought to the race track so children can build snowmen, make snow angels, and sled down slopes.

January 11, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

January 14, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

January 15, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

January 16, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

January 17, 2009 – Cal Derby Day

- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.

January 18, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

January 19, 2009 – Martin Luther King, Jr. Holiday

- GGF will host a 5k run onsite in coordination with the MLK, Jr. holiday

January 22, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

January 24, 2009

- Sunshine Millions Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

January 25, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

January 28, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

January 29, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

January 30, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

February 1, 2009 - Super Bowl Sunday

- TV Giveaway- Drawing contest to win a 42" flat screen television after each race.
- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

February 5, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

February 7, 2009

- Fleece Pullover Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

February 8, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1

Hot Dog, \$1 Soda, and \$1 Beer.

February 12, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

February 14, 2009 – El Camino Real Derby

- Day on Us - Fans on GGF Mailing List will receive two Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

February 15, 2009

- Day on Us - Fans on GGF Mailing List will receive two Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.
- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

February 16, 2009 – Presidents' Day

- Day on Us - Fans on GGF Mailing List will receive two Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

February 19, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

February 21, 2009

- Bounce Back admission coupons from Fleece Blanket giveaway.

February 22, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

February 25, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

February 26, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

February 27, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

February 28, 2009

- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.

March 1, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

March 5, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

March 7, 2009

- Tote Bag Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

March 8, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

March 11, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

March 12, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

March 13, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

March 14, 2009

- St. Patrick's Day horseshoe pitch contest.

March 15, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

March 19, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

March 22, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

March 26, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

March 28, 2009

- THOROUGHBREDS members only will receive one free giveaway item.

March 29, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

April 1, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

April 2, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

April 3, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

April 4, 2009 – Santa Anita Derby

- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.

April 5, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

April 9, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

April 12, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.
- Easter Brunch in the Turf Club.

April 16, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

April 18, 2009

- Day on Us - Fans on GGF Mailing List will receive 2 Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

April 19, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

April 23, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

April 25, 2009 – San Francisco Mile

- T-Shirt Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

April 26, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.

April 29, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

April 30, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

May 1, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

May 2, 2009 – Kentucky Derby

- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.
- Hat Contest where the fan with the best Kentucky Derby hat will win a prize.

May 3, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout

the race day.

May 7, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

May 10, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

May 14, 2007

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

May 16, 2009 – Preakness Stakes

- Microbrew Festival

May 17, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

May 21, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

May 23, 2009

- Day on Us - Fans on GGF Mailing List will receive 2 Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

May 24, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

May 25, 2009 – Memorial Day

- Picnic Blanket Giveaway where all fans will receive one giveaway item with paid admission while supplies last.
- Family Day – Pony Rides, Petting Zoo, Face Painters, and Bounce Jumps

May 28, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

May 31, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

June 3, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

June 4, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

June 5, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

June 6, 2009 – Belmont Stakes

- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.
- Wine Festival – A variety of wineries from Napa, Sonoma and the Central Coast will be onsite for sampling California wine and new varietals from their vineyards. Fans participating in the event will receive a complimentary wine glass with admission into the festival.

June 7, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

June 11, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

June 14, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.
- Father's Day Brunch in Turf Club.

June 18, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

June 20, 2009

- West Coast Handicapping Contest – Fans from selected racetracks will compete in a handicapping contest.

June 21, 2009

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

June 25, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

June 27, 2009

- Grab Bag Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

June 28, 2009 – Closing Day

- \$1 Day – Fans will receive \$1 General Admission, \$1 General Parking, \$1 Program, \$1 Hot Dog, \$1 Soda, and \$1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

B. Number of hosts and hostesses employed for meeting:

- 4 Customer Service Representatives
- 5 Group Sales Representatives

C. Describe facilities set aside for new fans:

Project Rover – Initiated a customer service outreach program called “Project Rover” that brings customer service representatives directly to the 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.

Manager on Duty Program – This program was designed to ensure interaction between managers, employees and the fans. There are 16 managers in rotation who are assigned specific days in which they interact with the fans to help with any questions while doing a site inspection for safety and cleanliness.

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.

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

1. Horsemen

- Raised the Paddock roof 4 feet to ensure safety to horses.
- Constructed a new Owner/Trainer Lounge that includes a business center and morning workout viewing area in close proximity to the Paddock.

2. Fans

- Replaced carpet in the entire Turf Club with customized color scheme, logo, and GGF Crest.
- Added a new NFL football viewing area for fans to view all the Sunday football games provided on the NFL Ticket.

3. Facilities in the restricted areas

- Added an awning on the outside of the Equine Hospital to protect the generator.

16. SCHEDULE OF CHARGES

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

Admission (general)	\$4.00
Admission (club house)	\$6.00
Admission (turf club)	\$10.00 Weekdays
Admission (turf club)	\$15.00 Weekends & Holidays
Reserved seating (general)	N/A
Reserved seating (clubhouse)	\$3.00 (No charge with Thoroughbreds card)
Parking (general)	\$4.00
Parking (preferred)	\$8.00
Parking (valet)	\$8.00
Programs (on-track)	\$2.25
(off-track)	\$2.25

Thoroughbred Club Members

General Admission:		Club House Admission:	
1-3 Visits	\$3.00	1-3 Visits	\$4.00
4-8 Visits	\$2.50	4-8 Visits	\$3.50
9-15 Visits	\$2.00	9-15 Visits	\$3.00
16-20 Visits	\$1.50	16-20 Visits	\$2.50
Over 20 Visits	\$1.00	Over 20 Visits	\$2.00
		Reserved seating	Free

Thoroughbred Club Prepaid Admissions

Valid during live and ITW

TB Club Members can purchase a minimum of 30 Prepaid G/A admissions @ \$1.75 each
 TB Club Members can purchase a minimum of 15 Prepaid C/H admissions @ 3.50 each

B. Describe any "Season Boxes" and "Turf Club Membership" fees:

Turf Club – Full Season Single Membership	\$ 1,000.00
Turf Club – Full Season Dual Membership	\$ 2,000.00
Top of the Stretch – Full Season Membership	\$ 500.00
Club House Box (4 seats, no admission)	\$ 450.00
Club House Season Pass (Admission only)	\$ 400.00
Grandstand Season Pass (Admission only)	\$ 200.00

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

17. JOCKEYS/DRIVERS' QUARTERS

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

<input checked="" type="checkbox"/> Corners (lockers and cubicles)	How many	<input type="text" value="23"/>
<input checked="" type="checkbox"/> Showers	<input checked="" type="checkbox"/> Steam room, sauna or steam cabinets	<input checked="" type="checkbox"/> Lounge area
<input checked="" type="checkbox"/> Masseur	<input checked="" type="checkbox"/> Food/beverage service	<input checked="" type="checkbox"/> Certified platform scale

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

Fifteen by twenty foot room accessed from a community hallway. The room has a television and bed with an attached shower room, sink and toilet.

18. BACKSTRETCH EMPLOYEE HOUSING

- A. Inspection of backstretch housing was completed by (name) Ann Glasscock on (date) TBD.
CHRB to schedule inspection with Carrie Fawcett, Stable Superintendent.
- B. Number of rooms used for housing on the backstretch of the racetrack: 128
- C. Number of restrooms available on the backstretch of the racetrack:
18 with showers, 7 in office areas.
- D. Estimated ratio of restroom facilities to the number of backstretch personnel:
1 restroom for every 12 people.

19. TRACK SAFETY

- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line:

5,280

 feet.
- B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course.
Inner and outer railings are metal gooseneck. Coverings are Rider Protection Rail by Horsemen's Track & Equipment, Inc. Approximate height of the top of the inner railing is 42 inches.
- C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474:
Juan Meza
- D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. **Attached**
- E. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing. **Not applicable.**

20. DECLARATIONS

- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state): **No exceptions.**

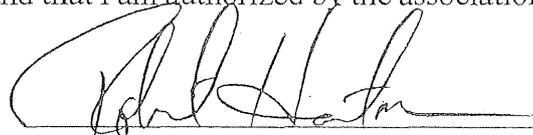
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044.
CTT Agreement in negotiation – will be submitted to Board upon receipt.
TOC Agreement in negotiation – will be submitted to Board upon receipt.
- C. Attach a lease agreement permitting the association to occupy the racing facility during 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). **Not applicable.**
- D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state):
No exceptions.
- E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state): **No exceptions.**

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

21. CERTIFICATION BY APPLICANT

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

Robert Hartman
 Print Name


 Signature

General Manager
 Print Title

10/13/08
 Date

STAFF ANALYSIS
November 18, 2008

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE CALIFORNIA EXPOSITION AND STATE FAIR (PROPOSED) DECEMBER 26, 2008 THROUGH AUGUST 1, 2009 AND SEPTEMBER 25, 2009 THROUGH DECEMBER 19, 2009.

The California Exposition and State Fair (Cal Expo) filed its application to conduct a harness horse racing meeting at Cal Expo:

- The race dates are proposed dates. The Board has not allocated 2009 race dates.
- The association has proposed to conduct harness racing at Cal Expo December 26, 2008 through August 1, 2009 and September 25, 2009 through December 19, 2009, or 148 nights. In 2008 Sacramento Harness Association was allocated 145 days of harness racing at Cal Expo; however, it ceased operating March 2, 2008. The California Exposition and State Fair took over harness racing at Cal Expo on March 6, 2008. When the association applied for license at the February 28, 2008 Board meeting, it proposed to delete Sunday racing, bringing the total number of race nights down to 109. Throughout the year, the association has submitted requests to amend its race dates, changing the actual number of racing nights in 2008 to 102.
- In 2009, the association proposes to race a total of approximately 1,775 races, or 11.99 races per night. In 2008 they raced 63 nights from March 6, 2008 through August 2, 2008 and are currently racing the remainder 39 nights, which began September 18, 2008 and continues through December 20, 2008. The (estimated) average daily purse for the 2008 meet is \$55,475. The (estimated) average daily purse for this meet is \$53,990.

December - 2008						
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 H	26	27
28	29	30	31			

January - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1 H	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19 H	20	21	22	23	24
25	26	27	28	29	30	31

February - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16 H	17	18	19	20	21
22	23	24	25	26	27	28

March - 2009						
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				

April - 2009						
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		

May - 2009						
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 H	26	27	28	29	30
31						

June - 2009						
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				

July - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4 H
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	

August - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7 H	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October - 2009						
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

November - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11 H	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26 H	27	28
29	30					

December - 2009						
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 H	26
27	28	29	30	31		

- Proposed race week of Wednesday through Saturday in January through April; Thursday through Saturday in May through December. In 2008 the association raced Thursday through Saturday the entire meet. The 2009 proposed race dates deletes Wednesday January 21, 2009, Saturday July 4, 2009, and Thursday November 26, 2009; adds Wednesday July 1, 2009 and Wednesday November 25, 2009.
- The California Exposition and State Fair requests the authorization to request administrative approval from the CHRB for additional racing dates (not to exceed 4 nights per week) or a reduction of racing dates dependent upon the number of available racehorses.
- Racing 4 nights per week, January through April and 3 nights per week May through December, with approximately 10 to 15 races each night.
- 48 California Sires Stakes are proposed. A spring 2009 stakes schedule has been provided which includes 16 stakes races. The fall 2009 schedule will be provided when the California Sires Stakes Committee decides the fall schedule. The purse program for stakes races will range from approximately \$15,000 - \$25,000.

- One management change since the last submission of a California Exposition and State Fair application to conduct a horse racing meeting: Joe Nefsky replaces Chris Schick as Simulcast Coordinator.
- A \$10,000 certified check payable to the Treasurer of the State of California to secure the payment of any license fees, pursuant to Business and Professions Code section 19490 is on file. The Board has required no additional bonds, letter of credit or other financial instruments to be filed in conjunction with a harness race meeting conducted by the California Exposition and State Fair.
- Usable stalls available at the track: 1,024
- Minimum number believed necessary for the meeting: 600
- No off-site auxiliary facilities used
- First post 5:45 p.m. daily.
 - The association requests the approval to request a change in daily post times through the administrative process as needed.
- Schedule of charges for admission, seating, parking, program have not changed since the last submission of a California Exposition and State Fair application to conduct a harness horse racing meeting.
- Wagering program will use all CHRB rules.
 - Early wagering will be 11:00 a.m. to 5:00 p.m. each day.
 - The association requests \$.10 minimum wager on all superfecta wagers
 - Harness Simulcast Races to be imported are TBD as the association is waiting for the United States Trotting Association to post its racing dates.
- Proposed Advance Deposit Wagering (ADW) providers are Xpressbet, Youbet, TwinSpires and TVG.
- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.
- Request Carl Sobey be appointed horse identifier pursuant to CHRB Rule 1525.
- The electronic timing device used for the timing of all races is owned by the association and maintained and serviced by Pegasus Communications. The timing company concessionaire license held with the CHRB for Pegasus Communications expires November 30, 2008. A renewal notice has been sent to Pegasus Communications; however, to date the renewal has not been received.

- California harness racing associations are exempt from providing a licensed physician on duty during the race meet pursuant to AB 813, Statutes of 2008, which amended Business and Professions Code section 19481.3
- Track safety inspection has been requested and will be completed before the beginning of the meet.
- Inspection of backstretch worker housing has been requested and will be completed before the beginning of the race meet.
 - On October 25, 2008 an extensive inspection of the bathroom and shower facilities of Cal Expo was conducted. Prior to this inspection, the facilities were inspected on numerous occasions prior to approval of the association's application to conduct a race meet. On these prior track safety and backstretch housing inspections it was noted in the reports submitted, and management was informed there were repairs that needed to be completed prior to the opening of each race meet. After the additional inspection on October 25, 2008, it is apparent that repairs have not been completed.
- Fire clearance will expire February 6, 2009.
- The Horsemen's agreement has been requested; to date, it has not been received.

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

1. Horsemen's agreement
2. Track safety inspection
3. Backstretch inspection
4. Completion of noted repairs in the October 25, 2008 inspection of bathroom and shower facilities.
5. Fall stakes schedule

Specific information, which will need **updating** during the proposed race dates:

1. Fire clearance (expires 02/06/09)
2. Updated Workers' Compensation Insurance Policy (expires 07/01/2009)

RECOMMENDATION:

Staff recommends that the application for license not be heard until the Horsemen's agreement is received.

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

1. APPLICANT ASSOCIATION

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

California Exposition & State Fair
1600 Exposition Blvd.
Sacramento, CA 95825
916-263-3000
Admin Fax- 916-263-3304
Racing Dept. Fax- 916-263-3230

B. Breed of horse: TB QH H

C. Racetrack name: **California Exposition & State Fair**

D. Attach a certified check payable to the Treasurer of the State of California in the amount of \$10,000 as deposit for license fees pursuant to B&P Code Section 19490. **On File**

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

2. DATES OF MEETING

A. Inclusive dates for the entire meeting: December 26, 2008 - August 1, 2009
September 25, 2009 - December 19, 2009

B. Actual dates racing will be held:

2008- 2 days

December 26, 27

2009- Jan through August- 108 Days / September through December - 38 Days

January 1, 2, 3, 7, 8, 9, 10, 14, 15, 16, 17, 22, 23, 24, 28, 29, 30, 31

February 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 21, 25, 26, 27, 28

March 4, 5, 6, 7, 11, 12, 13, 14, 18, 19, 20, 21, 25, 26, 27, 28,

April 1, 2, 3, 4, 8, 9, 10, 11, 15, 16, 17, 18, 22, 23, 24, 25, 29, 30

May 1, 2, 7, 8, 9, 14, 15, 16, 21, 22, 23, 28, 29, 30

June 4, 5, 6, 11, 12, 13, 18, 19, 20, 25, 26, 27,

July 1, 2, 3, 9, 10, 11, 16, 17, 18, 23, 24, 25, 30, 31,

August 1

September 25, 26

October 1, 2, 3, 8, 9, 10, 15, 16, 17, 22, 23, 24, 29, 30, 31

November 5, 6, 7, 12, 13, 14, 19, 20, 21, 25, 27, 28

December 3, 4, 5, 10, 11, 12, 17, 18, 19

CHRB CERTIFICATION

Application received: 11/5/08
Deposit received: on file
Reviewed: *chy*

Hearing date: 11/18/08
Approved date:
License number:

C. Total number of days or nights of racing: 148 Days

D. Days or nights of the week races will be held:

Wed - Sun Tues - Sat Other

Other- January, February, March, April- Wednesday through Saturday

Excepting Jan 21, Feb 18

May, through December – Thursday through Saturday

Excepting – July 1, July 4, November 25, November 26,

E. Number of days or nights of racing per week: **4 per week January through April**
3 per week May through December

Exceptions in item 2D.

We respectfully request the authorization to request administrative approval from the CHRB for additional racing dates (not to exceed 4 nights per week) or a reduction of racing dates dependent upon the number of available racehorses.

3. RACING PROGRAM

A. Total number of races: **Approximately 1,775**

B. Number of races for each day or night: **Approximately 10 to 15**

C. Total number of stakes races: **48- California Sires Stakes**

D. **Spring California Sires Stakes schedule attached. Fall California Sires Stakes schedule to be determined.**

All stake races will be contested by California Bred horses eligible for the California Sire Stakes program. The actual dates and guaranteed purses for these races will be determined at a later date after discussions have taken place with the California Sires Stakes Committee and concurrence with the California Harness Horsemen's Association. We will provide a schedule of the Fall Sires Stakes races to the CHRB with all requested information. The Spring 2009 California Sires Stakes races schedule is attached.

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

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

Drivers Colors

F. List all post times for the daily racing program: **Wednesday through Saturday - 5:45 PM**
Respectfully request the approval to request a change in daily post times through the administrative process as needed.

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to B&P Code Section 19568(b).

www.chhaonline.com

October 24, 2008



Dave Elliott
AGM, Director of Racing
Cal Expo
1600 Exposition Blvd.
Sacramento CA 95815

Dear Dave,

In response to your request:

In reference to the California Standardbred Sires Stakes schedule in 2009, the CSSSC is fully committed to offering series races for 2 YO and 3 YO trotting and pacing fillies and colts.

Specifically, the 2009 spring schedule will replicate the 2008 spring schedule. The CSSSC offered a total of sixteen races (four races in four rounds) in a seven-week period of time. Filly pace and trot races occur on Friday and colt pace and trot races are held on Saturday. The final Championship round features both filly and colt races in both gaits on the concluding Saturday night.

3 YO spring series schedule in 2008:

1 st round	April 11 & 12
2 nd round	April 25 & 26
3 rd round	May 9 & 10
Championship	May 24

Following this schedule, the 2009 spring series dates would be:

1 st round	April 10 & 11
2 nd round	April 24 & 25
3 rd round	May 8 & 9
Championship	May 23

You may recall that CSSSC immediately responded to the shift in operators and impacts of SHA's fiscal condition by implementing significant changes, as follows:

The 3 YO spring series start was delayed by two weeks (original start date was March 28 & 29), and purses were reduced, per race, from \$22,500 to \$15,000 for the 1st, 2nd, and 3rd rounds and from \$32,500 to \$25,000 for the Championship round.

Although the CSSSC has not formally approved either the 2009 spring schedule or proposed purse structure, I trust the information provided herein will assist you in moving forward on the CHRB license application. I will promptly relay any new information to you as it becomes available.

Sincerely,

Susan Travers
CSSSC Administrator
cc: A.Kirschenbaum, V.Desomer, K.Willey, B.Kenney

CHAIR
Alan Kirschenbaum
CORP. SECRETARY
Vickie Desomer
TREASURER
Keith Willey
MEMBERS
Rocky Stidham
David Neumeister
Ben Kenney, Alternate
Jim Perez, CHHA Rep.
ADMINISTRATOR
Susan Travers
ACCOUNTANT
Lewis Ridgeway



CAL EXPO

2009 Spring California Sires Stakes Schedule All races to be contested at Cal Expo

3 Year Old Filly Pacers and Trotters –

Round 1- April 10, Purse \$15,000 est.

Round 2- April 24, Purse \$15,000 est.

Round 3- May 8, Purse \$15,000 est.

Final - May 23, Purse \$25,000 est.

3 Year Old Colt Pacers and Trotters –

Round 1- April 11, Purse \$15,000 est.

Round 2- April 25, Purse \$15,000 est.

Round 3- May 9, Purse \$15,000 est.

Final - May 23, Purse \$25,000 est.

CALIFORNIA EXPOSITION & STATE FAIR

P.O. Box 15649 • Sacramento, CA 95852-1649

State of California • Arnold Schwarzenegger, Governor

4. RACING ASSOCIATION

- A. Association is a: Corporation (complete subsection C)
 LLC (complete subsection D)
 Other (specify, and complete subsection E)

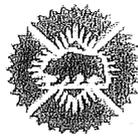
B. Complete the applicable subsection and attached Addendum, Background Information and Ownership.

C. CORPORATION

1. Registered name of the corporation:
2. State 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:
10. Attach the most recent audited annual financial statement for the licensee, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission. The licensee may submit the audited consolidated annual financial statements of its parent owner if the parent owner is a publicly traded company and guarantees the obligations of the licensee.

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. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent audited annual financial statement for the licensee, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the



CAL EXPO

California Exposition & State Fair Board of Directors

Director Amparo Pérez-Cook, Chair

Director Gilbert Albiani, Vice Chair

Director Stephen T. Beneto

Director Richard Cuneo

Director Cornelius L. Gallagher

Director Marilyn Hendrickson

Director Rex S. Hime

Director Bert Johnson, M. D.

Director Marko Mlikotin

Director Kathy K. Nakase

Director Paul F. Stacey

EX-OFFICIO MEMBERS

Senator Darrell Steinberg

Assembly Member Dave Jones

Racing Committee

Director Stephen Beneto- Chair

Director Gil Albiani

Director Bert Johnson, M.D

California Corporations Commission.

E. OTHER- FAIR - CALIFORNIA EXPOSITION & STATE FAIR

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.
Board of Directors and Racing Committee members attached

F. Management and Staff

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 11B, who will be listed in the official program:

Norb Bartosik – General Manager
 David Elliott- Director of Racing
 Kate Snider- Racing Supervisor
 Joe Nefsky- Simulcast Coordinator Import
 Donna Newman- Paymaster of Purses
 Glen Harris- Mutuel Manager
 Scott Ehrlich- Announcer and Export Simulcast Coordinator
 J.R. Williams- Track Superintendent

2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing address of such person(s) if other than the mailing address of the association:

Norbert Bartosik, General Manager/CEO
 David Elliott, Director of Racing

5. PURSE PROGRAM

A. Purse distribution: Comparisons to 2008 Cal Expo operated harness meet from 3/6-12/20/2008

1. All races other than stakes:
 Current meet estimate: \$6,660,000 (\$45,000 x 148 days)
 Prior meet actual: \$4,624,925 (\$45,342 x 102 Days est.)

Average Daily Purse (5A1 ÷ number of days):
 Current meet estimate: \$45,000
 Prior meet actual: \$45,342

2. Overnight stakes:
 Current meet estimate: 0
 Prior meet actual: 0

Average Daily Purse (5A2 ÷ number of days):
 Current meet estimate: 0
 Prior meet actual: 0

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

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

Current meet estimate:

Prior meet actual:

B. Stakes races:

1. Purse distribution for all stakes races:

Current meet estimate: Approximately \$720,000

Prior meet actual: \$612,500

Average Daily Purse (5B1 ÷ number of days):

Current meet estimate: \$4,865

Prior meet actual: \$6,005

2. Percentage of the purse distribution for all stakes races that will be distributed for California-bred stakes races: 100%

Current meet estimate: 100%

Prior meet actual: 100%

Average Daily Purse (5B2 ÷ number of days): N/A

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

Current meet estimate: \$226,144 (148 days x 1,528 per day)

Prior meet actual: \$155,885 (102 days x 1,528 per day)

D. Payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):

Recognized Horsemen's Organization- California Harness Horsemen's Association

Current meet estimate: Average \$2,600 per racing day
 Prior meet actual: Average \$2,600 per racing day

Total: \$384,400

Total: \$265,200

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

Current meet estimate: \$7,990,544

Prior meet actual: \$5,658,510

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

Current meet estimate: \$53,990

Prior meet actual: \$55,475

F. Purse funds to be generated from on-track handle and intrastate off-track handle: AND CA ADW

Current meet estimate: \$5,913,000

Prior meet actual: \$4,187,297

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

Current meet estimate: \$39,953

Prior meet actual: \$41,052

G. Purse funds to be generated from interstate handle:

Current meet estimate: \$2,077,541

Prior meet actual: \$1,471,212

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

Current meet estimate: \$14,037

Prior meet actual: \$14,424

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

Account # On File

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

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 association; **shall not** be transferred to a parent corporation outside the State of California; and **shall**, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the association is entitled to carry forward the deficit to its next succeeding meeting as provided by B&P Code Section 19615(c) or (d). In the event of **underpayment** of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

6. STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held: **1,024**
- B. Minimum number of stalls believed necessary for the meeting: **600**
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: **N/A**
- 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 association 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 association will request reimbursement for off-site stabling as provided by B&P Code Sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, skip to Section 7.

- F. Total number of usable stalls made available on-site for the **1986** meeting:
- G. Estimated cost to provide off-site stalls for this meeting. Show cost per day per stall:
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse:

7. PARI-MUTUEL WAGERING PROGRAM

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

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

- B. Maximum carryover pool to be allowed to accumulate before its distribution **OR** the date(s) designated for distribution of the carryover pool: August 1, 2009 and December 19, 2009
- C. List any options requested with regard to exotic wagering: Respectfully request \$.10 cent minimum wager on all superfecta wagers.
- D. Will "advance" or "early bird" wagering be offered? Yes No
If yes, when will such wagering begin: **11:00 AM to 5:00 PM daily**
- E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract: Scientific Games, Inc., Terry McWilliams, equipment on file with CHRB, contract through 12/09.

8. ADVANCE DEPOSIT WAGERING (ADW)

- A. Identify the ADW provider(s) to be used by the association for this race meeting:
TVG, YouBet, XpressBet, Twin Spires

9. SIMULCAST WAGERING PROGRAM

- A. Simulcast organization engaged by the association to conduct simulcast wagering:
SCOTWINC
- 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

Item 7A
Pari Mutuel Wagering Program-

Proposed Wagering Format

The following CHRB wagering rules will be in affect during the 2009 Cal Expo Harness meeting.

Type		Rule Number
Exacta	(E)	1959
Trifecta	(TRI)	1979
Daily Double	(DD)	1957
Superfecta	(SF)	1979.1
PK 3		1977
PK 4	(PNP)	1976.9
PK 6	(PNP)	1976.9

- Race 1: 1DD, 1 SF, 1E, 1 TRI
 Race 2: 1E, 1 TRI, 1SF, 1PK4
 Race 3: 1E, 1 TRI, 1SF,
 Race 4: 1E, 1 TRI, 1SF, 1 PK3, 1 PK6
 Race 5: 1E, 1 TRI, 1SF, 1 PK3,
 Race 6: 1E, 1 TRI, 1SF, 1 PK3
 Race 7: 1E, 1 TRI, 1SF, 1 PK3
 Race 8: 1E, 1 TRI, 1SF, 1 PK3
 Race 9: 1E, 1 TRI, 1SF, 1 PK4 on 12 race card
 Race 10: 1E, 1 TRI, 1SF, 1 PK4 on 13 race card
 Race 11: 1E, 1 TRI, 1SF, 1 PK4 on 14 race card
 Race 12: 1E, 1 TRI, 1SF, 1 PK4 on 15 race card
 Race 13: 1E, 1 TRI, 1SF,
 Race 14: 1E, 1 TRI, 1SF
 Race 15: 1E, 1 TRI, 1SF

- C. California simulcast facilities the association proposes to offer its live audiovisual signal:
All licensed California simulcast facilities, including racing associations, fairs, and Indian gaming establishments
- D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:
Attached (Schedule V)
- E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association:
Attached
- F. For **THOROUGHBRED** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

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

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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- G. For **QUARTER HORSE** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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- H. For **STANDARD BRED** racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

HARNESS SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Balmoral Park	TBD	Selected Feature
Dover Downs	TBD	Selected Feature
Monticello Raceway	TBD	Selected Feature
The Meadowlands	TBD	Selected Feature
	TBD	Full Card- Meadowlands Pace
	TBD	Full Card- Hambletonian Day
	TBD	Full Card- Breeders Crown
Mohawk Raceway	TBD	Selected Feature
	TBD	North American Cup
Northfield Park	TBD	Selected Feature
Pompano Park	TBD	Selected Feature
Maywood Park	TBD	Selected Feature
The Meadows	TBD	Selected Feature
Yonkers Raceway	TBD	Selected Feature
Pocono Downs	TBD	Selected Feature

Schedule V

OUT OF STATE SIMULCAST WAGERING LOCATIONS

American Tab, Oregon	New Jersey Casinos, New Jersey
Atlantic City, New Jersey	New York City OTB, New York
Balmoral Park, Illinois	Northfield Park, Ohio
Capitol District OTB, New York	Northlands Park, BC, CAN
Catskill Region OTB, New York	Northville Downs, Michigan
Connecticut OTB, Connecticut	Ocean Downs, Maryland
Diaryland Greyhound, Wisconsin	Penn National Gaming, Pennsylvania
Downs at Albuquerque, New Mexico	Philadelphia Park, Pennsylvania
ExpressBet, California	Plainridge Racecourse, Massachusetts
Euro Off Track, NA	Pompano Park, Florida
European Wagering Services, LTD. Oregon	Racing Channel, Oregon
Fire Lake Casino, Oklahoma	Raceway Park, Ohio
Foxwoods Casino, Connecticut	Racing & Gaming Services, St. Kitts
Fraser Downs, BC, CAN	Rosecroft Raceway, Maryland
Freehold Raceway, New Jersey	Sam Houston Park, Texas
Harrington Raceway, Delaware	Saratoga Harness, New York
Hastings Park, BC, CAN	Scioto Downs, Ohio
Hawthorne Racecourse, Illinois	Southland Greyhound, Arkansas
Hazel Park, Indiana	Sports Creek Raceway, Michigan
Hippodrome de Montreal, QUE, CAN	Suffolk Downs, MA
Hoosier Park, Indiana	Suffolk Regional OTB, New York
Illinois OTB, Illinois	Sunland Park, New Mexico
Indianapolis Downs, Indiana	Television Games Network (TVG)
International Racing Group, Curacao	Thistledown, Ohio
Ladbrokes at Meadows, Pennsylvania	The Downs at Albuquerque, New Mexico
Las Vegas Dissemination, Nevada	The Red Mile, Kentucky
Les Bois Park, Idaho	Tri-State Greyhound, WV
Lone Star Park, Texas	Western Fair, ONT, CAN
Maywood Park, Illinois	Western Region OTB, New York
Meadowlands Race Track, New Jersey	Windsor Raceway, ONT, CAN
Mesquaki Casino, Iowa	Woodbine Entertainment. Group, ONT, CAN
Mohawk Racetrack, ONT, CAN	Yonkers Raceway, New York
Nassau Region OTB, New York	YouBet.com, Inc., California
Nevada Pari-mutuel Association, Nevada	YouBet, Oregon

ITEM 9E

OUT OF STATE SIMULCAST WAGERING LOCATIONS THAT WILL COMBINE THEIR
POOLS WITH CAL EXPO.

American Tab, Oregon	New Jersey Casinos, New Jersey
Atlantic City, New Jersey	New York City OTB, New York
Balmoral Park, Illinois	Northfield Park, Ohio
Capitol District OTB, New York	Northlands Park, BC, CAN
Catskill Region OTB, New York	Northville Downs, Michigan
Connecticut OTB, Connecticut	Ocean Downs, Maryland
Diaryland Greyhound, Wisconsin	Penn National Gaming, Pennsylvania
Downs at Albuquerque, New Mexico	Philadelphia Park, Pennsylvania
ExpressBet, California	Plainridge Racecourse, Massachusetts
Euro Off Track, NA	Pompano Park, Florida
European Wagering Services, LTD: Oregon	Racing Channel, Oregon
Fire Lake Casino, Oklahoma	Raceway Park, Ohio
Foxwoods Casino, Connecticut	Racing & Gaming Services, St. Kitts
Fraser Downs, BC, CAN	Rosecroft Raceway, Maryland
Freehold Raceway, New Jersey	Sam Houston Park, Texas
Harrington Raceway, Delaware	Saratoga Harness, New York
Hastings Park, BC, CAN	Scioto Downs, Ohio
Hawthorne Racecourse, Illinois	Southland Greyhound, Arkansas
Hazel Park, Indiana	Sports Creek Raceway, Michigan
Hippodrome de Montreal, QUE, CAN	Suffolk Downs, MA
Hoosier Park, Indiana	Suffolk Regional OTB, New York
Illinois OTB, Illinois	Sunland Park, New Mexico
Indianapolis Downs, Indiana	Television Games Network (TVG)
International Racing Group, Curacao	Thistledown, Ohio
Ladbrokes at Meadows, Pennsylvania	The Downs at Albuquerque, New Mexico
Las Vegas Dissemination, Nevada	The Red Mile, Kentucky
Les Bois Park, Idaho	Tri-State Greyhound, WV
Lone Star Park, Texas	Western Fair, ONT, CAN
Maywood Park, Illinois	Western Region OTB, New York
Meadowlands Race Track, New Jersey	Windsor Raceway, ONT, CAN
Mesquaki Casino, Iowa	Woodbine Entertainment Group, ONT, CAN
Mohawk Racetrack, ONT, CAN	Yonkers Raceway, New York
Nassau Region OTB, New York	YouBet.com, Inc., California
Nevada Pari-mutuel Association, Nevada	YouBet, Oregon

Hoosier Park	TBD	Selected Feature
Harrington Raceway	TBD	Selected Feature
Hawthorne Race Course	TBD	Selected Feature
Woodbine Racecourse	TBD	Selected Feature

- I. For ALL racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported:

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be Imported
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- J. For ALL racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Sections 19596.2 and 19596.3, attach a copy showing the agreement by the appropriate racing association(s).

NOTICE TO APPLICANT: All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of B&P Code Sections 19596, 19596.1, 19596.2, 19596.3, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

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

10 .CHARITY RACING DAYS

- A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association: **Friends of the California State Fair**
- B. Names and addresses of the trustees or directors of the distributing agent:
Attached
- C. Dates the association will conduct races as charity racing days OR:
- D. Will the association pay the distributing agent an amount equal to the maximum required under B&P Code Section 19550(b)? Yes

NOTICE TO APPLICANT: Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of B&P Code Section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 20% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of B&P Code Section 19556(b).



Item 10-

Friends of the California State Fair
P.O. Box 15649
Sacramento, CA 95852

President	Joe Cruz
Vice President	Anne Jones
Treasurer	Mark Kramer
Secretary	Romaine Bubnes
Trustee	Joyce Evans
Trustee	Michael Evans
Trustee	Cindy Frazier
Trustee	Pamela Howard
Trustee	Marty Hull
Trustee	Carla Knee
Past President/Trustee	Harry Moos

11. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

- A. Racing officials nominated:
- Association Veterinarian(s)- Dr. Joshua Brownfield
Dr. Sara Bartholomew
 - Clerk of Scales- N/A
 - Clerk of the Course- Patricia Petersen
 - Film Specialist- Kathy Poor
 - Horse Identifier- Carl Sobey
 - Horseshoe Inspector- John Walker
 - Paddock Judge- Walter Petersen
 - Patrol Judges- Bill Vallandingham
 - Placing Judges- Kathy Poor
 - Starter- Bill Vallandingham
 - Timer- Kathy Poor
- B. Management officials in the racing department:
- Director of Racing- David Elliott
 - Racing Supervisor- Kate Snider
 - Racing Secretary- Fred Kuebler
 - Assistant Racing Secretary- Joe Nefsky, Brent Bridges
 - Paymaster of Purses- Donna Newman
 - Others (identify by name and title)
- C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards: Wendy V. Frazier Reporting, 13136 Ivey Rd., Herald, CA 95638 916-956-3914
- 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-CDV-210 System- Bill O'Brien- contract through 12/09
- E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks.- Pegasus Communications- Jim Porep, President. Contract through 12/09.
Cameras (7)- Upper Pan, Lower Pan, 1/8 Pole Tower Head On, 5/8 Pole Tower Head On, Infield Warm Up, Paddock, Winners Circle/Finish Line Ground level.
- 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: In house owned electronic timing device maintained and serviced by Pegasus Communications.

12. SECURITY CONTROLS

- A. Name and title of the person responsible for security controls on the premises. Include an organizational chart of the security department and a list of the names of security personnel and contact telephone numbers. Chief Robert Craft, Contact: 916-263-3000/3120

- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis: 18
1. Attach a written plan for enhanced security for graded stakes races, and races of \$100,000 or more, to include the number of security guards in the restricted areas during a 24-hour period and a plan for detention barns. N/A
 2. Detention Barns: **Plan attached**
 - A. Attach a plan for use of graded stakes or overnight races. N/A
 - B. Number of security guards in the detention barn area during a 24-hour period.
 - C. Describe number and location of surveillance cameras in detention barn area.
 3. TCO2 Testing:
 - A. Number of races to be tested, and number of horses entered in each race to be tested.
Each winner of each race and a minimum of 7 random horses for each program.
 - B. Plan for enhanced surveillance for trainers with high-test results.
Trainers with high TCO2 test results shall have each horse in their care that has tested high for TCO2 serve in the detention barn on race days when the specific horse is in to go from Noon until the time for the horse is scheduled to go immediately to the paddock.
 - C. Plan for detention barns for repeat offenders.
If a trainer receives multiple, more than one, high TCO2 test results, all horses in to go that are listed under the care of that trainer shall all serve time in the detention barn for 30 days from Noon to the time the horse is scheduled to go to the paddock.
 - D. Number of security personnel assigned to the TCO2 program.
There are 10 gateman positions that can be assigned to the TCO2 program with no more than 2 gatemen serving at one time in the detention barn.
 - C. Describe the electronic security system:
 1. Location and number of video surveillance cameras for the detention barn and stable gate.
We will have one surveillance camera and monitor installed at the detention barn and there is a security camera and 24 hour security officers stationed at Gate 12
 - D. For night racing associations. Describe emergency lighting system: Generator lights placed in strategic locations around racetrack and starting gate car lights will be used for the safe exit of all racing participants should a power outage occur.

13. EMERGENCY SERVICES

- A. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races: American Medical Response, 1779 Tribute Rd., Sacramento, CA 95815 916-563-0600



General Manager
Norb Bartosik

Deputy General Manager
Brian May

Robert L. Craft
Chief of Police

Cathy Purcell
Staff Services Analyst

East Area Commander
Lieutenant
J. Schlenker

West Area Commander
Lieutenant
A. Glidewater

Gang Suppression Unit
Sergeant
J. Hafferty Garcia

Gang Suppression Unit
Sergeant
J. Hafferty Garcia

Day Shift
C. Lushbaugh

Officers Patrol
H. Barker
J. Gaggero
A. Hagadorn
B. Mustard
A. Perez
M. Pigeon
J. Powell-Vlamis
S. Schumacher
R. Sutherland
B. Tully
R. Whittington
L. Woolard

Sergeant Beat #2
Sgt. R. Ferry

Officers Patrols
J. Cargulia
J. Jackson
E. Newman
S. Patterson
P. Spadini
J. Tatarakis

Sergeant Bicycle Patrol
Sgt. R. Calvin (d)
Sgt. D. Hunt (s)

Officers
J. Bestpitch (d)
K. Bloss (s)
R. Botello (s)
R. Cameron (s)
S. Cockrum (d)
J. Collettine (s)
L. Craft (s)
D. Emerson (s)
S. Eng (s)
D. Jones (s)
B. MacDonald
T. Morris
E. Piotrowski
G. Powell
M. Silva
J. Wagstaff

Sergeant Beat #3
Sgt. S. Smith
Sgt. C. Vlamis

Officers Patrol
D. Brown
D. Calmes IV
A. Chapman
A. Doree
A. Ford
M. Hershey
R. Maxfield
J. Robillard
J. Sherry
C. Smith
J. Werblun
R. Wiest

Flex Team #2

Officers Flex Team #2
B. Elmore
E. Arit
T. Cooley
B. MacDonald
T. Morris
E. Piotrowski
G. Powell
M. Silva
J. Wagstaff

Sergeant Beat #5
Sgt. S. Bird
Sgt. V. Sanchez

Officers Patrol
J. Baugh
M. Baxter
M. Butler
S. Carozzo
S. Cimino
R. Cully
D. Deanda
G. Galvin
J. Sherry
M. Mason
D. Mustard
D. Sanchez
E. Stewart
K. Ulaga

Flex Team #1

Officers Flex Team #1
R. Johnson
B. Hertoghe
D. Johnstone
R. Joiner
S. Martinez
R. Rodriguez
D. Ward
J. Wyant

Grave/Operations
Sgt. P. Hauptman

Officers Patrol
J. Fowler
B. Gayton
C. Ghilarducci
E. Wenneker

Sergeant Beat #6
Sgt. J. Downie
Sgt. E. Lovelace
Sgt. J. Menard

Officers Patrol
K. Barnett
T. Bowler
N. Concolino
R. Dunlop
T. Kelly
R. Repar

Motorcycle Detail
Sgt. J. Smith
Sgt. C. Walton

S. Benetti (s)
P. Carmona (d)
J. Dahlstrom (d)
B. Fader (s)
D. Hollingsworth (s)
M. Konstantinidis (s)
D. Matthews (s)
M. Rogers (d)

Day Sergeant Traffic
M. Soble
E. Johnson

Dispatchers
T. Leddy
S. Paulson
Coggan-Tom, W.
D. Neuman
D. Lumley
H. Martinez
T. Walker

Sergeant Beat #7
Sgt. O. Cater

Officers Patrol
D. Calmes IV
A. Cater
J. Chaussee
T. Coffman
D. Keys
G. Orr
R. Villanueva
J. Whitehead

Cash Operations
Sergeant
R. Bozworth

Revenue Control
B. Burger
J. Hamrick
J. Garcia
A. Lopez
J. Puccio
J. Harder
C. Garrison
D. Manning

Carnival Ops
M. Grima
M. Lewis
W. Moser
J. Pennel
J. Gonzales
P. Harder
J. Robillard

Administrative Sergeant
Sgt. R. Parricomp
Sgt. H. McGill

Administrative Staff
C. Bridges (d)
L. Tanforan

Mounted Unit
Sgt. C. DeCoco
Sgt. M. Kelly
Sgt. H. Pardo

Mounted Officers
C. Berg
K. Bordon
S. Carlson
L. Douglas
B. Madarang
M. Maubach
J. McCants
R. Wizner

Cash Operations
Sergeant
R. Bozworth

Revenue Control
B. Burger
J. Hamrick
J. Garcia
A. Lopez
J. Puccio
J. Harder
C. Garrison
D. Manning

Carnival Ops
M. Grima
M. Lewis
W. Moser
J. Pennel
J. Gonzales
P. Harder
J. Robillard

Administrative Sergeant
Sgt. R. Parricomp
Sgt. H. McGill

Administrative Staff
C. Bridges (d)
L. Tanforan

Gang Sergeant
Sergeant
J. Hafferty Garcia

Gang Team 1 Officers
C. Bradley
K. Davila
T. Gibbs
T. Gonzales
R. Jaime
M. Spino
T. Winfrey
A. Zahner

Gang Sergeant
Sergeant
J. Hafferty Garcia

Gang Team 2 Officers
R. Blankenship
A. Brown
J.M. Bush
B. Casteel
D. Jakabosky
F. Spino
S. Wilson

Grandstands
Sergeant
W. Garry

Grandstand Officers
V. Heston
C. Kling
S. Cader
R. Sachit

Community Volunteer Walk-Along Program

Explorers/Cadets

Law Enforcement Chaplaincy

IA Investigations

Background Inv.

Security Guards
T. Tom
J. Elbanah

Lead Security Search
See Security Org. Chart

Investigation Officers
T. Bowler
C. O'Connor
M. Pirotto

2009



California
Exposition & State Fair
Police Department

Item 12 (2)- Detention Barns-

The Cal Expo detention barn is located adjacent to the Test Barn at the south end of the Cal Expo Barn area.

The detention barn will be used in the following events:

1. The stewards request that any trainers horses in to go be held in the detention barn
2. The association upon receiving findings of TCO₂ levels of 37 millimoles per liter of plasma or more, shall require all horses in to go trained by the offending trainer to be housed in the detention barn for a period of not less than 8 hours prior to post time of each horse.
3. All California Sires Stakes horses shall be housed in the detention barn for a period of not less than 6 hours prior to their California Sires Stakes race.

The detention barn will have one security officer assigned whenever the detention barn is being utilized. The security officer will be on duty before any horse arrives to serve detention and will not be relieved from duty until all horses have left the detention barn.

There will be two surveillance cameras installed at the entrance/exit of the detention barn. The monitor will be placed in the guard shack adjacent to the entrance of the detention barn.

- B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites: **N/A**
- C. Describe the on-track first aid facility, including equipment and medical staffing: **Mobile on track first aid facility staffed by two Emergency Medical Technicians.**
- D. Name and emergency telephone number of the licensed physician on duty during the race meeting: **(If quarter horse racing association see D(1): N/A**
 - 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:
- 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: **Attached**
- F. Attach, in English and Spanish, the emergency medical plan procedures that will be posted in each jockey's room to be used in the event of an on-track injury to a jockey: **Attached**
- G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to B& P Code 19481.3(d): **David Elliott and Kate Snider**
- H. Attach a fire clearance from the fire authority having jurisdiction over the premises.
Attached
- I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): **Self Insured through California Fairs 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 association for payment of workers' compensation.
Attached

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall pursuant to B&P Code 19481.3 maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to any quarter horse racing at the racetrack if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide emergency medical services to jockeys and riders. An ambulance licensed to operate on public highways provided by the track shall be available at all times during live racing and shall be staffed by two emergency medical technicians licensed in accordance with Division 2.5 (commencing with Section 1797) of the Health and Safety Code, one of whom may be an Emergency Medical Technician Paramedic, as defined in Section 1797.84 of the Health and Safety Code. (b) Each racing association and racing fair shall adopt and maintain an emergency medical plan detailing the procedures that shall be used in the event of an on-track injury. The plan shall be posted in each jockey room in English and Spanish. (c) Prior to every race meeting, the racing association or racing fair shall contact area hospitals to coordinate procedures for the rapid admittance and treatment of emergency injuries. (d) Each racing association or racing fair shall designate a health and safety manager and assistant manager, who shall be responsible for compliance with the provisions of this section and one of whom shall be on duty at all times when live racing is conducted. The health and safety manager may, at the discretion of the racing association, be the person designated to perform risk management duties on behalf of the association.

14. CONCESSIONAIRES AND SERVICE CONTRACTORS

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

Item 13E-

Emergency Services-

American Medical Response is the ambulance service contracted by Cal Expo for its racing meeting.

The protocol for determining which hospital would be best suited to transport an injured participant is patient request if the request is appropriate as determined by the attending EMT on duty and secondarily, the EMT on duty will determine which medical facility is best suited to attend to the participant based upon a medical evaluation by the EMT.

There are 4 major hospitals within a 3 mile radius of Cal Expo.

Those hospitals and their specialties are:

UC Davis Medical Trauma Center-
2730 Stockton Blvd., Sacramento
Specializing as a Level 1 Trauma Center
916-734-2011
3 Miles

Sutter Memorial Hospital-
5151 F Street, Sacramento
Specializing in cardiac treatment
916-733-1000
1 ½ miles

Kaiser Permanente Hospital-
2025 Morse Ave., Sacramento
Specializing in orthopedic and cardiac treatment
916-973-6600
2 Miles

Mercy General Hospital-
4001 J. Street, Sacramento
Specializing in cardiac treatment
916-453-4428
1 ½ Miles



CAL EXPO

EMERGENCY MEDICAL PROCEDURES FOR ON TRACK INJURY TO DRIVERS

“FIRST RESPONSE”

- In the event of an accident, the Starter; Outrider, and/or Ambulance shall respond immediately
- The American Medical Response Ambulance will stop on the track and assess the driver's(s) need.
- The attending medical professionals shall be equipped with advanced cardiac life support (ACLS) and other necessary acute medical treatment equipment and supplies.
- An “on site evaluation” of injuries to the driver(s) shall be made.

“ON SITE EVALUATION”

- Based on the Emergency Medical Response (EMT) team on the American Medical Response Ambulance an on site evaluation of injuries, a decision shall be made to either treat the injured driver(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 American Medical Response shall treat the injured drivers(s); or,
- If off site treatment is deemed necessary, a back up ambulance from American Medical Response will be summoned to take over the duties at the track and the original ambulance will transport the injured driver(s).

“INJURY TREATMENT”

- If the injured driver(s) is treated by the EMT on the American Medical Response Ambulance, they will be the primary care provider.
- If a back up ambulance is requested, the injured driver(s) shall be transported to the local hospital.



CAL EXPO

PRECUDIOS DE EMERGENCIA PARA MANEJADORES

“PRIMERA RESPUESTA”

- En caso de un accidente, respondera la ambulancia, el poniador, o, el carrode comensar.
- La Ambulancia respondera par aver lo necesario.
- La Ambulancia tiene el equipo necesario para accidentes.
- Se hara una evaluacion de acuerdo al accidente.

“EVALUACIO AL INSTANTE”

- Basandose al (EMT) Emergencia Medica Responsable. Que es la ambulancia. Ellos Aran Una evaluacion al instante. Para ver si se puede tartar al momento o ser transportado, al hospital.

“ATENCION AL ACSIDENTADO”

- El accidentado sera tratado de inmediato por (EMT).
- Sies demaciado grabe el accidente sera transportado por ambulancia al hospital.

En caso de algun corredor accidentado se hara un reporte complete por los encargados del tracke.

Office of State Fire Marshal



REINSPECTION REPORT

File No.: 04-34-04

0001-024-1-1-1

Name of Facility: CAL EXPO

Name of Building: BARRS A THROUGH Z

Address: 1400 EXPOSITION BLVD. SACRAMENTO, CA 95815

Contact Person: DAVE EDDY Telephone No.: (916) 263-3124

Discussed with: DAVE EDDY Title: FLEET SERVICES MGR.

Accompanied by: SAME AND WAYNE SHOOT Title: SAME BARR MGR

Fire Safety Deficiencies Numbered 1-b, c; 2-a; 2-b; 2-c; 3-a; AND 5 noted on the letter

Fire Safety Correction Notice (EN-11) dated 02/04/07 have been corrected.

Uncorrected Deficiencies Numbered none were re-issued as shown on the Fire Safety Correction Notice dated 02/04/07 which is attached to and made a part of this Report.

In addition, no new deficiencies were identified at the time of this re-inspection, and are shown as Items on the attached Fire Safety Correction Notice.

Fire Clearance Instructions: All deficiencies have been corrected. Fire clearance granted from 1 year from today's date of 02/06/08.

FIRE CLEARANCE GRANTED		RE-INSPECTION DATE	NEXT REINSPECTION DATE
<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO	02/06/08	
DEPUTY STATE FIRE MARSHAL		PRINT NAME	TELEPHONE NO.
C. D. JORDAN, D.S.F.M.		C. D. JORDAN	(530) 478-1644

FanFare, LP (CHRB-25A and CHRB -87 on file with CHRB)

15. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

A. Describe any promotional plans:

Local reach out to new on track customers through specific media buys. We will offer up cash giveaways on specific nights each week. We have food and drink specials each racing night with \$1000 on Saturday nights. We will reach out to all California satellite facilities and offer up cash prizes and giveaways to support handicapping contests.

B. Number of hosts and hostesses employed for meeting: 3

C. Describe facilities set aside for new fans: Guest information and racing education center

D. Describe any improvements to the physical facility in advance of the meeting that directly benefit:
None

16. SCHEDULE OF CHARGES

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

- Admission (general)- \$4.00
- Admission (clubhouse)- Free
- Reserved seating (general)- N/A
- Reserved seating (clubhouse) – N/A
- Parking (general)- Free
- Parking (preferred)- Free
- Parking (valet)- N/A
- Programs (on-track) - \$3.50
- (off-track)- \$4.00

B. Describe any "Season Boxes" and "Turf Club Membership" fees: None

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

17. JOCKEYS/DRIVERS' QUARTERS

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

- | | | | |
|-------------------------------------|--------------------------------|-------------------------------------|-------------------------------------|
| <input checked="" type="checkbox"/> | Corners (lockers and cubicles) | How many | <input type="text" value="46"/> |
| <input checked="" type="checkbox"/> | Showers | <input checked="" type="checkbox"/> | Steam room, sauna or steam cabinets |
| <input type="checkbox"/> | Masseur | <input checked="" type="checkbox"/> | Food/beverage service |
| | | <input checked="" type="checkbox"/> | Lounge area |
| | | <input type="checkbox"/> | Certified platform scale |

B. Describe the quarters to be used for female jockeys/drivers: Same Type/Separated quarters

18. BACKSTRETCH EMPLOYEE HOUSING

A. Inspection of backstretch housing was completed by: CHRB investigator.

- B. Number of rooms used for housing on the backstretch of the racetrack: 104
- C. Number of restrooms available on the backstretch of the racetrack: 8
- D. Estimated ratio of restroom facilities to the number of backstretch personnel: 1/50

19. TRACK SAFETY

- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line: 5,280 feet.
- B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course. Inner rail is replaced by pylons; outer rail is a Steriline Aluminum Racing Safety Rail in full compliance with CHRB regulations
- C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: **David Elliott**
- D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. **Attached**
- E. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing.

Finish line pole-padded within twenty feet of racetrack.

20. DECLARATIONS

- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state):
No Exceptions
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044.
- 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). N/A
- D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state):
No Exceptions

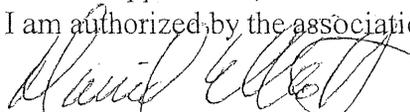
E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state): No Exceptions

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

21. CERTIFICATION BY APPLICANT

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

DAVID ELLIOTT



Print Name

Signature

ASSISTANT GM, RACING EVENTS

11/5/08

Print Title

Date

STAFF ANALYSIS
PUBLIC HEARING AND ACTION BY THE BOARD ON THE
PROPOSAL TO ADD
RULE 2066. APPLICATION FOR LICENSE TO
OPERATE A MINISATELLITE WAGERING FACILITY
TO ALLOW FOR THE APPROVAL OF AN ADDITIONAL
15 MINISATELLITE WAGERING FACILITIES PER ZONE
IN EACH
CALIFORNIA RACING ZONE

Regular Board Meeting
November 19, 2008

BACKGROUND

Assembly Bill (AB) 241 (Price), Chapter 594, Statutes of 2007, added sections 19410.7, 19605.25 and 19605.54 to the Business and Professions Code to provide that the Board may authorize up to 15 minisatellite wagering sites in each of the three zones (total 45) under certain conditions:

- No such minisatellite wagering site may be located within 20 miles of existing racetracks, satellite facilities or tribal casinos, without the permission of the existing facility.
- An agreement between the parties must be executed and approved by the Board.
- The Board must approve the minisatellite wagering facility site.
- Wagers may be accepted only in areas not accessible to persons less than 21 years of age.
- The Board must approve the accommodation, and technology used in wagering and in transmitting odds.
- Pari-mutuel clerks must be available to service the tote machines and cash wagering vouchers on a regularly scheduled basis.

To develop initial regulations to implement AB 241 staff worked with the industry and researched other racing jurisdictions with similar off-track wagering.

At its August 19, 2008, Regular Meeting the Board discussed the proposed addition of Rule 2066, Application for License to Operate a Minisatellite Wagering Facility. After hearing from the industry regarding the proposed regulation, the Board directed staff to initiate a 45-day public comment period.

ANALYSIS

The proposed addition of Rule 2066 provides that an applicant will submit the form Application for License to Operate a Minisatellite Wagering Facility CHRB-88 (New 7/08),

which is incorporated by reference in Rule 2066, at least 90 days prior to the scheduled start date of the minisatellite operation. The Board must approve or deny the application within 90 calendar days of the date the application is received at its headquarters office, unless the applicant is granted more time to supply missing information. The proposed regulation also describes the timelines under which an applicant may appeal a denial of application, and under which the Board must respond. These deadlines are a requirement of the Administrative Procedures Act, and they allow the applicant to respond in a timely manner during the application process. The proposed regulation states the Board may conduct investigations, inspections or request additional information from the applicant, as it deems appropriate, and that the Board shall be given access for review and audit of all records. This is in keeping with Business and Professions Code section 19433, which allows the Board to conduct investigations and place expert accountants and other persons as it may deem necessary in the office or other place of business of a licensee to ensure its rules and regulations are strictly complied with. Other provisions of the proposed regulation include:

- The term of license for a minisatellite wagering facility is two years as provided by Business and Professions Code section 19605.25(h). The fee for a minisatellite license is \$75.00.
- All advertisement for a minisatellite wagering facility shall contain a statement that no person under the age of 21 is allowed access, as provided by Business and Professions Code section 19605.25(a)(4). All advertisement must also provide information about a recognized problem-gambling support organization.

The Application for License to Operate a Minisatellite Wagering Facility CHRB-88 (new 7/08) is a three part application that must be completed by the entity seeking to operate a minisatellite wagering facility; the racing associations that have reached an agreement with the applicant; and the simulcast organization that has reached an agreement to provide services necessary for the conduct of minisatellite wagering pursuant to Business and Professions Code sections 19605.25 and 19605.3. Part I is the applicant's portion of the application, and it provides information regarding the applicant; the applicant's business structure; management and staff; and the associations with whom the applicant has reached an agreement. In addition, Part I of the application contains instructions for the Full Disclosure Statement, which must be completed by the applicant. The Full Disclosure Statement also requires the completion of a Personal History Record form CHRB-25A by anyone who owns five percent or more of a applicant business, or who is an officer or director of an applicant corporation.

Each racing association with which the applicant has reached an agreement must complete Part II of the application (one Part II per racing association). The simulcast organization shall complete Part III of the application in conjunction with the applicant. Part III provides information about the operation of the minisatellite wagering facility, including supervision, security and fire prevention. Part III also describes the minisatellite wagering facility/site. Information regarding renewal of the minisatellite wagering facility license and declarations regarding labor agreements, service contractors and the requirements for full disclosure statements are included in Part III.

During the 45-day public comment period staff received a written comment from Rod Blonien, on behalf of card room interests. Mr. Blonien stated the proposed regulation would require that anyone who owned five percent or more of an applicant entity, or who is an officer or director of the entity, must supply lengthy and detailed personal information. However, entities that were licensed as card rooms had already undergone extensive investigations conducted by the Office of the Attorney General for the California Gambling Control Commission, which determines the suitability for issuance of gambling licenses to owners, related parties and key employees. Mr. Blonien suggested that language be added to Rule 2066 to give the Board the authority to waive the requirement for extensive personal information if the individual had already been investigated pursuant to the licensing process for a state gambling license. Staff has included a modified the text of the proposed regulation, which includes a new subparagraph 2066(b)(1) that will allow for such an exemption (See text B.)

Staff has been in contact with the California Gambling Control Commission and the California Department of Alcoholic Beverage Control (ABC) regarding the progress of the minisatellite wagering facility regulation. The ABC maintains the issuance of a minisatellite license would not impact current ABC licenses, but it wishes to be kept informed of any ABC licensees who do receive such a license. The Gambling Control Commission indicated it might have future comments regarding Rule 2066.

RECOMMENDATION

This item is presented for Board discussion and action. The Board may adopt Text A, which is the version of Rule 2066 that was noticed for a 45-day public comment period.

If the Board wishes to provide for an exemption for persons who have undergone a background investigation in conjunction with an application for a state gambling license, as requested by Mr. Blonien (Text B), an additional public comment period will be required.

Text A

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 25.5. MINISATELLITE WAGERING
PROPOSED ADDITION OF
RULE 2066. APPLICATION FOR LICENSE TO
OPERATE A MINISATELLITE WAGERING FACILITY

Regular Board Meeting
November 19, 2008

2066. Application for License to Operate a Minisatellite Wagering Facility.

(a) An applicant for license to operate a minisatellite wagering facility shall complete an Application for License to Operate a Minisatellite Wagering Facility CHRB-88 (New 9/08), hereby incorporated by reference, which is available at the Board's headquarters office. Note: CHRB-88 incorporates by reference the Personal History Record form CHRB-25A (Rev. 9/08). The application must be filed not later than 90 days in advance of the scheduled start date of operation. The application must include a certified check in the amount of \$75.00 payable to the Treasurer of the State of California for the minisatellite license fee. The term of the license shall be two years from the date the license is issued.

(b) The Board may conduct investigations, inspections or request additional information from the applicant, as it deems appropriate in determining whether to approve the license.

(c) The Board, or its designee, shall be given access for review and audit of all records. The applicant shall, at its location during hours of operation, make such information available. The Board may require the applicant to annually submit audited financial statements.

(d) All advertisements shall contain a statement that persons under 21 are not allowed access to the minisatellite wagering site. All advertisements shall contain contact information for a recognized problem-gambling support organization.

Text A

Text A

(e) The Board shall notify the applicant in writing within 30 calendar days from the date the application is received by the Board's administrative office if the application is complete or deficient. If the application is deficient, the notice shall include:

(1) Instructions as to what is required of the applicant to complete the application.

(2) Instructions for requesting additional time to satisfy the requirements listed in the notification, if needed.

(f) The Board shall approve or deny an application within 90 calendar days from the date it is received by the Board unless the applicant requests and is granted additional time to supply information.

(g) If the Board denies an application, the applicant has 30 calendar days from the date of 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 date of receipt of the request. If reconsideration is denied, the applicant may file for judicial review in accordance with Business and Professions Code section 19463.

(h) After a license to operate a minisatellite wagering facility is issued under this article, changes or amendments to information or operating procedures contained in the application for the license will be permitted by order of the Board or by Board approval of a request submitted in writing by the applicant.

Authority: Sections 19420, 19440, 19590 and 19605.25, Business and Professions Code.

Reference: Sections 19410.7, 19460 and 19605.25 Business and Professions Code.

Text B

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 25.5. MINISATELLITE WAGERING
PROPOSED ADDITION OF
RULE 2066. APPLICATION FOR LICENSE TO
OPERATE A MINISATELLITE WAGERING FACILITY

Bolded double underlined text represents changes made to the text of the proposed regulation subsequent to the 45-day public comment period of 10/03/08 to 11/17/08.

Regular Board Meeting
November 19, 2008

2066. Application for License to Operate a Minisatellite Wagering Facility.

(a) An applicant for license to operate a minisatellite wagering facility shall complete an Application for License to Operate a Minisatellite Wagering Facility CHRB-88 (New 9/08), hereby incorporated by reference, which is available at the Board's headquarters office. Note: CHRB-88 incorporates by reference the Personal History Record form CHRB-25A (Rev. 9/08). The application must be filed not later than 90 days in advance of the scheduled start date of operation. The application must include a certified check in the amount of \$75.00 payable to the Treasurer of the State of California for the minisatellite license fee. The term of the license shall be two years from the date the license is issued.

(b) The Board may conduct investigations, inspections or request additional information from the applicant, as it deems appropriate in determining whether to approve the license.

(1) Upon the written request of the applicant the Board may waive the requirement for submission of a Full Disclosure Statement and CHRB-25A for persons who have undergone a completed background investigation conducted by the California Office of the Attorney General Bureau of Gambling Control for the California Gambling Control Commission pursuant to the application process for a state gambling license.

Text B

(c) The Board, or its designee, shall be given access for review and audit of all records. The applicant shall, at its location during hours of operation, make such information available. The Board may require the applicant to annually submit audited financial statements.

(d) All advertisements shall contain a statement that persons under 21 are not allowed access to the minisatellite wagering site. All advertisements shall contain contact information for a recognized problem-gambling support organization.

(e) The Board shall notify the applicant in writing within 30 calendar days from the date the application is received by the Board's administrative office if the application is complete or deficient. If the application is deficient, the notice shall include:

(1) Instructions as to what is required of the applicant to complete the application.

(2) Instructions for requesting additional time to satisfy the requirements listed in the notification, if needed.

(f) The Board shall approve or deny an application within 90 calendar days from the date it is received by the Board unless the applicant requests and is granted additional time to supply information.

(g) If the Board denies an application, the applicant has 30 calendar days from the date of 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 date of receipt of the request. If reconsideration is denied, the applicant may file for judicial review in accordance with Business and Professions Code section 19463.

Text B

(h) After a license to operate a minisatellite wagering facility is issued under this article, changes or amendments to information or operating procedures contained in the application for the license will be permitted by order of the Board or by Board approval of a request submitted in writing by the applicant.

Authority: Sections 19420, 19440, 19590 and 19605.25,
Business and Professions Code.

Reference: Sections 19410.7, 19460 and 19605.25
Business and Professions Code.

GENERAL INFORMATION

1. The applicant agrees that any license which may hereafter be granted to said individual or business organization is predicated upon the statements and answers herein contained and that for any false or misleading statements or lack of total disclosure, said license may be suspended or revoked. Applicant's background may be investigated and verified by the Board or its designee.
2. The applicant must supply complete responses. The information is to be provided as of the date of this application unless otherwise specified. Each applicant must respond separately to each request and identify each response by Exhibit Number corresponding to the number of the request.
3. Where a response to a particular question or exhibit is provided fully in a response to another question elsewhere in this application, or in the most recently filed application, the applicant may refer to the previous response. The applicant may refer to a partial response stated elsewhere in the application and complete the requested information.
4. If a question is inappropriate or not applicable indicate "N.A." on the application.
5. Part I of the application, which includes the Full Disclosure Statement, shall be completed by the individual or entity seeking to operate a minisatellite wagering facility. The racing associations that have reached an agreement with the applicant to conduct minisatellite wagering shall complete Part II of the application. Part III of the application shall be completed by the simulcast organization.
6. The following terms are defined for your assistance in preparing this application:
 - a. "Minisatellite wagering site" means a location where satellite wagering may be conducted, with approval of the Board, provided that the wagering occurs in an area that is restricted to those who are 21 years of age or older. (Business and Professions Code section 19410.7)
 - b. "Minisatellite wagering facility" means the building in which the minisatellite wagering site is located.
 - c. "Facility-Owner" means the individual or business entity that owns or leases the Facility in which the Minisatellite Wagering Site is located.
 - d. "Simulcast-Organization" means the organization created under simulcast organization pursuant to Business and Professions Code section 19608.2, and will operate the Minisatellite Wagering Site.

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

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

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

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

PART I
MINISATELLITE WAGERING APPLICANT INFORMATION

APPLICANT INFORMATION

Name of applicant:

The applicant is:

Racing Association

Fair

Tribal Gaming Agency

Card Room/Gambling Establishment

Restaurant/Bar

Other Business Entity

Facility street address:

Mailing address (if different from above):

E-mail address:

City:

State:

Zip Code:

Phone:

Fax:

Website:

County:

Zone Location:

North South Central

(To be completed by CHRB staff)

CONTACT PERSON

(Authorized Representative)

Name and title of the contact person:

Business street address:

Mailing address (if different from above):

City:

State:

Zip Code:

County:

Phone:

E-mail:

Fax:

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

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

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

If yes, provide the following:

Facility name and address:

City: State: Zip Code:

County:

Timeframe operated:

Zone Location:

Begin Date:

North South Central

End Date:

(To be completed by CHRB staff)

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

If yes, provide the following if different from above:

Facility name and address:

City: State: Zip Code:

Racing Jurisdiction:

BUSINESS STRUCTURE

Corporation

Public

Private

Sub-S

Sub-C

Limited Partnership

Limited Liability Company

Partnership & Joint Venture

Sole Proprietorship

Other

If you have listed your company as other please identify your company structure:

Registered Business Name:

Fictitious Business Name:

Address:

E-mail Address:

City: State: Zip Code:

Phone:

Fax:

State where registered or
Articles of Organization are filed:

Registry or File number:

Attach a certified check payable to the Treasurer of the State of California in the amount of \$75 for the minisatellite contractor's license fee.

CHRB CERTIFICATION

Application filed on:

30-day Notice Letter:

Fee received by:

Approved on:

Reviewed by:

License number issued:

CERTIFICATION BY APPLICANT

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

Name

Signature of Applicant Representative

Title

Date:

INSTRUCTION SHEET FOR FULL DISCLOSURE STATEMENT

Background Information and Ownership

By authority of Chapter 4, Division 8, sections 19420 and 19440 of the California Business and Professions Code; and to allow an evaluation of the competence, integrity, and character of potential licensees, all applicants for license as contractors, sub-contractors and all concessionaires applying for Board approval, including any person, corporation, trust, association, partnership or joint venture which submits an application for license or approval shall comply with the provisions set forth below. Please use a separate sheet of paper to supply the requested information.

I. BACKGROUND INFORMATION

(A) PERSONAL INFORMATION - Application documents must include for each individual who is a director, officer, or partner in the application, or an owner of an interest in the applicant of 5 percent or more:

- (1) The individual's full name and any previous names or aliases;
- (2) the individual's date of birth;
- (3) a physical description of the individual;
- (4) the individual's business addresses and telephone numbers and
- (5) a disclosure of employment, educational and military history for the past 20 years or since the age of 18 years.

(A1) PERSONAL HISTORY - Application documents must include a completed Personal History Record, CHRB-25A, for each individual named in subsection (A) who is a director, officer, or partner in the application or an owner of an interest in the applicant of 5 percent or more.

(B) RELATIONSHIP - The application documents must state, for each individual providing information under subsection (A) of this section, whether the individual is related to a member of the California Horse Racing Board or an employee of the Board. A half-relationship or step-relationship is considered to be a familial relationship for purposes of this section.

(C) CORPORATIONS - If the applicant is a corporation, the application documents must state:

- (1) The state in which the applicant is incorporated and
- (2) the name and address of the applicant's agent for service of process in California.

(D) INDICTMENTS OR CONVICTIONS

If the applicant is a corporation, the application documents must include a statement disclosing whether the corporation is presently or has ever been indicted or convicted of a criminal offense, e.g., felony or misdemeanor.

II. OWNERSHIP

(A) IDENTIFICATION AND LOCATION - The application documents must include:

- (1) A list of all names used by the applicant; and
- (2) the name of the agent and the address and telephone number of the office of the applicant for service of process in California.

- (B) BUSINESS STRUCTURE - The application documents must describe the applicant's business structure and include an organizational chart.
- (C) ORGANIZERS - If the applicant is not an individual and was organized less than five years before the date on which the application documents are submitted to the Board, the application documents must state:
- (1) The name of each individual who was an organizer or promoter of the applicant;
 - (2) the nature and amount of assets, services, or other consideration contributed to the applicant by an organizer or promoter of the applicant; and
 - (3) the nature and amount of anything of value given by the applicant to an organizer or promoter of the applicant.
- (D) ORGANIZATIONAL DOCUMENTS
- (1) If the applicant is a corporation, the application documents must include:
 - (a) A statement of when and in what state the corporation was organized;
 - (b) a certified copy of the articles of incorporation and by-laws of the applicant;
 - (c) a statement and documentation of whether the corporation has been reorganized or reincorporated during the five year period preceding the date on which the application documents are submitted to the Board; and
 - (d) a statement and documentation of whether the corporation has filed restated articles of incorporation.
 - (2) If the applicant is an unincorporated business association, the application documents must include:
 - (a) A certified copy of each organizational document for the applicant, including any partnership agreement; and
 - (b) a description of any oral agreements involving the organization of the partnership.
- (E) CAPITAL STOCK
- (1) If the applicant is authorized to issue capital stock, the application documents must include the information required by this section.
 - (2) The applicant must state the classes of stock authorized and the total shares of each class authorized. The applicant must state, for each class of stock:
 - (a) The par value, if any;
 - (b) the voting rights;
 - (c) the current rate of dividend; and
 - (d) the number of shares outstanding and the market value of each share.
 - (3) The application documents must list the name and address of each person who owns, of record or beneficially, at least 5 percent of stock. For each person listed under this subsection, the application documents must describe the nature of the person's ownership interest and the person's percentage of the total ownership interest.
 - (4) The application documents must include a certified copy of each voting trust or voting agreement in which at least 5 percent of the capital stock is held and must state:
 - (a) The name and address of each stockholder participating in the trust or agreement;

- (b) the class of stock involved; and
- (c) the total number of shares held by the trust or agreement.

(F) DIRECTORS, OFFICERS, AND PARTNERS

- (1) If the applicant is not an individual, the application documents must include a list of the individuals who are serving or who are designated to serve, during the first year after the date the application documents are submitted to the Board, as a director, officer, or partner of the applicant.
- (2) The list must state, for each individual listed under subsection (1) of this section:
 - (a) The individual's name and business address;
 - (b) each position or office of the applicant held by the individual;
 - (c) the individual's principal occupation during the five-year period preceding the date on which the application documents are submitted to the Board; and
 - (d) the nature and extent of any ownership interest that the individual has in the applicant.
- (3) Application documents must include a completed Personal History Record, CHRB-25A, for each individual named under subsection (1) of this section.

(G) CONTROLLING ENTITY

- (1) The application documents must state whether another entity exercises or is in a position to exercise control in the management or financial affairs of the applicant. The documents must describe the nature of the relationship between the entity and the applicant and the extent of control exercised by the entity.
- (2) If a non-individual entity owns an interest of 5 percent or more in the applicant, the application documents must include the information required by subsection (1) of this section as it relates to the non-individual entity.
- (3) The application documents must include information required by subsection (2) of this section for each non-individual entity identified in the application documents to the extent necessary to determine the identity of each individual who is an indirect holder of an ownership interest in the applicant.

(H) OUTSIDE INTERESTS AND LICENSE HISTORY

- (1) The application must state whether the applicant or a director, officer, or partner of the applicant:
 - (a) Has ever held an ownership interest in a licensee of the Board; or
 - (b) is currently engaged in the business of racing in another state.

PART II

CONTRACTED ASSOCIATION INFORMATION

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

Name and mailing address of association:

Telephone:

Fax number:

Racetrack name:

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

Name

Signature of association representative

Title

Date:

PART III
SIMULCAST ORGANIZATION INFORMATION

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

I. OPERATION OF THE MINISATELLITE WAGERING FACILITY

Simulcast organization engaged by the association to conduct simulcast wagering:

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

Submit a copy of each horsemen's written approvals.

Hours for operation of the facility:

Hours for operation of the minisatellite wagering site:

Time periods during the calendar year the facility will not be utilized as a minisatellite wagering facility (explain why):

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

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

Estimated number of pari-mutuel terminals machines available:

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

II. SUPERVISION, SECURITY AND FIRE PREVENTION

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

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

Name and Title

CHRB License No. and Expiration Date

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

Attach a fire clearance from the fire authority having jurisdiction.

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

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

If yes, describe.

III. MINISTELLITE WAGERING SITE

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

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

IV. FACILITY DESCRIPTION

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

The seating capacity in the minisatellite wagering facility is:

The number of tables in the minisatellite wagering area is:

Overall square footage in the minisatellite wagering area is:

Attach a photograph of the minisatellite wagering area.

Describe occupancy restrictions, if any, imposed by the fire authority having jurisdiction:

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

Describe any other activities to be scheduled on or near the facility premises that may have a negative impact on available parking:

V. EQUIPMENT PROVIDED BY THE MINISATILLITE WAGERING FACILITY

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

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

VI. ADVERTISING AND PATRON DEVELOPMENT

Describe any advertising or promotional plans:

Describe any improvements to the facility that will directly benefit minisatellite wagering:

NOTICE TO APPLICANT: Pursuant to Board Rule 2066 all advertisement shall contain a statement that persons under 21 are not allowed to participate in minisatellite wagering. All advertisement shall contain contact information for a recognized problem-gambling support organization.

VII. ADMISSIONS, CHARGES AND SERVICE FEES

Complete if applicable and note N/A if not

Admissions charges, if any, are:

Parking charges, if any, are:

Program charges, if any, are:

Seating charges, if any, are:

VIII. RENEWAL

Complete this section only if renewing your license.

Is this a renewal application: Yes No

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

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

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

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

AGREEMENTS

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

NOTICES TO APPLICANT

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

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

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

DECLARATIONS

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

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

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

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

CERTIFICATION BY APPLICANT

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

Print name of minisatellite facility applicant representative:

Date:

Signature of minisatellite facility representative:

Date:

Print name of association representative:

Date:

Signature of association representative:

Date:

Print name of simulcast organization representative:

Date:

Signature of simulcast organization representative:

Date:

GENERAL INSTRUCTIONS

This form is to be completed in conjunction with California Horse Racing Board (CHRB) forms, Application for License to Operate a Minisatellite Wagering Facility CHRB-88, Application For License to Conduct a Horse Racing Meeting, (CHRB-17), Application for Authorization to Operate a Simulcast Wagering Facility, (CHRB-25), and Application for License/Contractor or Sub-contractor; Application for Approval/Concessionaire, (CHRB-87). If a CHRB-25A has been filed previously, submit only that information which has changed.

Print or type an answer to every question. If a question does not apply to you, so state with N/A. If more space is required, continue on page 5 or use a separate sheet and precede the answer with appropriate title. Do not misstate or omit any material fact(s) as each statement made herein is subject to verification. Applicant must initial each page, as provided in the lower right hand corner. By placing his/her initials on each page, the applicant is attesting to the accuracy and completeness of the information contained on that page.

All applicants are advised that this personal history record is an official document and misrepresentation or failure to reveal information requested may be deemed to be sufficient cause for the refusal or revocation of a license or Board approval. **Further information may be required upon written request by the Board.**

All applicants are further advised that forms CHRB-17, CHRB-25, CHRB-87, CHRB-88, and CHRB-25A may not be withdrawn without the permission of the CHRB.

1. PERSONAL INFORMATION:

The information contained in this section may be disclosed pursuant to the Public Records Act.

<u>Last Name</u>			<u>First Name</u>			<u>Middle Name</u>		
<u>Alias, Nicknames, Maiden Name, Other Name Changes Legal or Otherwise</u>								
<u>Business Address-Street or RFD</u>			<u>City</u>		<u>State/Zip</u>		<u>Since</u>	
<u>Date of Birth</u>			<u>Place of Birth (City, County, State)</u>					
<u>Business Phone ()</u>								

A. Are you a citizen of the United States? Yes () No ()

If no, what is your current immigration status?

Explain

Registration/Document Number

Applicant Initials

2. MARITAL INFORMATION: (Circle One)

Single Married Separated Divorced Widowed Domestic Partner

A. Current Marriage

Spouse's (Maiden)/Domestic Partner's full name _____

Date of Birth _____ Place of Birth _____ (City and State)

Telephone: Business () _____

Spouse's/Domestic Partner's employer _____ Occupation _____

Address of employer _____

3. EMPLOYMENT:

Beginning with your current employment, list your work history, all businesses with which you have been involved, and/or all periods of unemployment for the past twenty years, or since your eighteenth birthday, whichever is less. Use page 5 if more space is required.

<u>Month and Year (From-To)</u>	<u>Name/Mailing Address of Employer/Business</u>	<u>Reason for Leaving</u>
<u>Title</u>	<u>Description of Duties</u>	<u>Was Racing or Gaming Present?</u> Yes () No ()
<u>Month and Year (From-To)</u>	<u>Name/Mailing Address of Employer/Business</u>	<u>Reason for Leaving</u>
<u>Title</u>	<u>Description of Duties</u>	<u>Was Racing or Gaming Present?</u> Yes () No ()
<u>Month and Year (From-To)</u>	<u>Name/Mailing Address of Employer/Business</u>	<u>Reason for Leaving</u>
<u>Title</u>	<u>Description of Duties</u>	<u>Was Racing or Gaming Present?</u> Yes () No ()

Applicant Initials _____

4. CONVICTIONS OR PENDING CHARGES:

A. Have you ever been convicted of any criminal offense, or are there now any criminal charges pending against you. (Exclude MINOR traffic offenses.) Yes No (Circle One)

If yes, give details in space provided below. List all cases without exception.

<u>Date of Conviction or Filing of Charges</u>	<u>Charge</u>	<u>Location/City & State</u>	<u>Arresting or Filing Agency</u>	<u>Location of Court</u>

5. LICENSING/AUTHORIZATION TO OPERATE:

A. Have you ever held or been approved to hold a privileged or professional license in any state including but not limited to the following:

- | | | | |
|---------------------------|--------------------------------|---------------------------------|-------------------------------------|
| <u>Real Estate Broker</u> | <u>Real Estate Salesperson</u> | <u>Racetrack Owner/Operator</u> | <u>Horse Trainer</u> |
| <u>Boxing Promoter</u> | <u>Jockey</u> | <u>Securities Dealer</u> | <u>Harness Driver</u> |
| <u>Liquor</u> | <u>Doctor</u> | <u>Lawyer</u> | <u>Gaming-Ownership/Work permit</u> |

Yes No (Circle One) If yes, state where, years held, and the nature of any disciplinary actions taken against you.

B. Have you ever held a financial interest in a gambling venture, including a horse race track, dog track, racehorse or dog, lottery, bingo, casino, sports book operation, card room, or pari-mutuel operation, OUTSIDE the State of California?

Yes No (Circle One)

C. Have you ever been refused or withdrawn an application for a racing or gaming license or an Authorization to Operate a Simulcast Wagering Facility for any reason or been a participant in any group which has had a racing or gaming license or an Authorization to Operate a Simulcast Wagering Facility denied, revoked, or suspended for any reason?

Yes No (Circle One) If yes to the above, state type of license, where, when, and for what reason.

D. Have you ever been granted a racing or gaming license or an Authorization to Operate a Simulcast Wagering Facility or a participant in any group, which has been issued a racing or gaming license or Authorization to Operate a Simulcast Wagering Facility by the State of California? Yes No (Circle One)

If yes, state type of license or Authorization to Operate a Simulcast Wagering Facility, name of establishment, location, and period held.

Applicant Initials

E. Do you, to the best of your knowledge, have any relatives associated with or employed in the racing or gaming industry? (Include blood relatives of yourself or your spouse/domestic partner, to the first cousin family extension.)

Yes No (Circle One) If yes, state the name, relation, and association or employment.

F. If currently or previously employed or engaged in California racing or Simulcasting give years of issuance and types of licenses.

6. FINANCIAL

A. Have you made or do you intend to make any monetary investment into this business: Yes No (Circle one)

State the percentage of ownership: _____ %.

B. Are you to receive any form of consideration, i.e. monetary, for the services you or your company are to provide?

Yes No (Circle One)

If yes, explain fully on page 5.

C. Are you to receive or do you expect to receive a percentage of ownership of this operation or business for the services you or your company are providing? Yes No (Circle One)

If yes, explain fully on page 5.

D. List those person(s) who share a financial interest with you in the operation of this facility, live race meet contract or concession:

1. _____ 2. _____ 3. _____
4. _____ 5. _____ 6. _____

E. Has your interest in this facility or operation been assigned, pledged, or hypothecated to any person, firm, or corporation, or has any agreement been entered into whereby your interest is to be assigned, pledged, or sold either in part or in whole?

Yes No (Circle One) If yes, please explain on Page 5.

F. Have you ever filed bankruptcy? Yes No (Circle One)

If yes, please explain below. If more space is needed, use page 5.

Applicants Initials _____

7. CONFIDENTIAL INFORMATION

The following information is considered **confidential** in accordance with the California Public Records Act, and will be used only by the Board or its authorized agents in evaluating suitability for license.

*Applicants are advised that furnishing their Social Security Number is mandatory. The Social Security Number will be used to identify personal records which may be required during the background investigation. (Authority: Business and Professions Code Section 19440, Public Law 93-579, Section 7).

<u>Last Name</u>	<u>First Name</u>	<u>Middle Name</u>
<u>Present Residence Address-Street or RFD</u>	<u>City</u>	<u>State/Zip</u>
<u>Residence Telephone ()</u>		<u>Since</u>
<u>Social Security Number</u>	<u>Driver's License No. & State</u>	
<u>Spouse's/Domestic Partner's Social Security Number</u>	<u>Driver's License No. & State</u>	
<u>Spouse's/Domestic Partner's Residential Address if different than above</u>		
<u>Residence Telephone if different than above ()</u>		

Applicant Initials

AFFIDAVIT OF APPLICANT

I, _____, certify under penalty of perjury that the above statements are true and correct
Print Name

to the best of my knowledge and belief, and that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for denial of the application applied for, and that later discovery of an omission or misrepresentation made in the above statements may be grounds for denial or revocation of a license or Board approval; further, that I am voluntarily submitting this application under oath with full knowledge that the California Business and Professions Code, Section 19439, provides that any person who willfully makes and subscribes any certification made under penalty of perjury which is materially false in any particular, is guilty of a felony and shall be punished in the manner prescribed by the Penal Code for the punishment of perjury; and further, that I understand and agree that I must accept any risk of adverse public notice, embarrassment, criticism or other action arising from the application processes, or financial loss which may result from action with respect to my application, and I expressly waive any claim for damages as a result of such risk and action, provided that any disclosure occurs in the normal course of business by Board staff acting in a reasonable manner when using due care to protect my privacy.

APPLICANT: _____

Signature

DATE: _____

Applicant Initials _____

APPLICANT'S REQUEST TO RELEASE INFORMATION

TO: _____

FROM: _____

Applicant's Full Name (Please Print)

1. This authorization is not valid for bank, investment or tax records.
2. I hereby authorize and request all persons to whom this request is presented having information relating to or concerning _____ to furnish such information to a duly appointed representative of the California Horse Racing Board.
3. I hereby authorize and request all persons to whom this request is presented having documents relating to or concerning me to permit a duly appointed representative of the California Horse Racing Board to review and copy any such documents.
4. I have filed with the California Horse Racing Board an "application" as that term is defined in Section 19480 of the California Business and Professions Code. I understand that I am seeking the granting of a privilege and acknowledge that the burden of proving my qualifications for a favorable determination is at all times on me.
5. I do, for myself, my heirs, executors, administrators, successors and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his representatives and employees from all and all manner of actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which I ever had, now have, may have, or claim to have against the person to whom this request is presented or his representative or employees arising out of or by reason of complying with this request.
6. I agree to indemnify and hold harmless the person to whom this request is presented and his representatives and employees from and against all claims, damages, losses, and expenses, including reasonable attorneys' fees arising out of or by reason of complying with this request, provided that Board staff act in a reasonable manner using due care to protect the privacy of this material.
7. A reproduction of this request by the Xerox or similar process shall be for all intents and purposes as valid as the original.

In witness whereof, I have executed this request at _____, City

_____ on the _____ day of _____ State, 19 _____

Applicant's Signature

Notary Public in and for the County of _____, (If not signed in the presence of a CHRB Representative)

State of _____

Signature of California Horse Racing Board Representative witnessing the applicant's signature.

Representative (Please Print)

Signature _____ Date _____ Applicant Initials _____

November 5, 2008

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

RE: Regulations - Mini Satellites

Dear Executive Director Breed:

I would like to offer the following comment regarding the proposed regulations for implementation of the mini satellite wagering facilities. The proposed regulations would require that anyone who owns five percent or more of a business which is host to a mini satellite, or who is an officer or director of a corporation which is a host to a mini satellite, must supply very lengthy and detailed personal information. A number of very successful card clubs which are licensed by the Gambling Control Commission are very interested in becoming a mini satellite wagering facility. These businesses and their owners have already been through a very exhaustive background investigation conducted by the Attorney General and the Gambling Control Commission. Currently, these investigations take almost a full year to complete. I believe that it is unnecessary to repeat the investigation which has already been conducted by the Attorney General and the Gambling Control Commission. Therefore, I would suggest that language be added to give the Board the authority to waive the requirement for the extensive personal information if the individual has already been investigated, pursuant to the licensing process for ownership of a card club.

You should know that the Attorney General, as part of their investigation, requires that applicants for a card club license must submit three years of bank statements, tax filings, and other financial records; and they may require up to ten years of personal information.

Should you so desire, I would be happy to discuss this further with you.

Sincerely,

Rodney J. Blonien

CALIFORNIA HORSE RACING BOARD

NOVEMBER 18, 2008
REGULAR BOARD MEETING

There is no board package material for Item 7

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FOR
APPROVAL FROM SOUTHERN CALIFORNIA OFF-TRACK WAGERING, INC.
TO CHANGE THE CURRENT 1.06 PERCENT OFF-SITE STABLING AND VANNING
FUND TAKEOUT UP TO THE MAXIMUM 1.25 PERCENT PURSUANT TO
BUSINESS AND PROFESSIONS CODE SECTION 19607.1(F)

Regular Board Meeting
November 18, 2008

BACKGROUND

Business and Professions Code section 19607, states that when satellite wagering is conducted on thoroughbred racing associations or fairs for the central or southern zones a maximum of 1.25 percent of the total amount handled be deducted to provide reimbursement for offsite stabling and vanning of starters from those additional stalls on race days for thoroughbred horses. Further, Business and Professions Code section 19607.1(f), provides for adjustments to the stabling and vanning fund rate at the discretion of the Board, however, the adjusted amount may not exceed 1.25 percent. The organization that administers the central or southern zones stabling and vanning fund is the Southern California Off-Track Wagering, Inc. (SCOTWINC).

On March 27, 2003, the Board approved the current rate for stabling and vanning for the central and southern zones at 1.06 percent. Further, at the May 20, 2008 Regular Board Meeting, SCOTWINC stated it had a surplus of \$3.1 million in the stabling and vanning fund that would decrease to approximately \$1.6 million after 2008.

ANALYSIS

SCOTWINC is requesting the Board approve an increase of the current stabling and vanning rate of 1.06 percent to 1.25 percent, effective December 26, 2008. According to SCOTWINC the rate increase would generate approximately \$1.8 million of incremental revenues. The proposed increase is borne equally by lowering commissions and purses.

According to SCOTWINC at the current fund rate of 1.06 percent the stabling and vanning fund cash reserves will lead to a shortfall by June 2009. The forecast factors-in a refund of nearly \$1 million from American International Group (AIG) for the workers compensation program, but does not take into account pending stabling increase requests from both Hollywood Park and Fairplex. According to SCOTWINC, its operating losses have been driven by a marked decline in satellite wagering handle and increases in off-site stabling and vanning expenses.

RECOMMENDATION

Staff recommends that the Board hear from SCOTWINC representatives and other interested parties regarding the proposed adjustment to the stabling and vanning fund.



*Southern California
Off-Track Wagering, Inc.*

2008 SEP 29 PM 12:59



September 25, 2008

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

Dear Mr. Breed:

Please place the following items on the agenda for the October 15, 2008 California Horse Racing Board Meeting:

1. Hollywood Park Fall Meet Rate Adjustment

Effective October 29, 2008, Southern California Off-Track Wagering, Inc. requests that the California Horse Racing Board, pursuant to the authority granted it by California Business & Professions Code Section 19607.1(f), approve an adjustment to the Stabling and Vanning deduction from off-track handle applicable to racing at Hollywood Park to .89%, in order to facilitate use of funds currently in SCOTWINC's possession to provide for improved racing and training facilities in the Central or Southern Zone of California. This is a continuation of the rate that was used for the last half of the Hollywood Park Spring/Summer Meet. The lowered rate was intended to capture \$236,000 for commission and purses but fell approximately \$18,000 short. It is expected that we will capture the remaining amount during the first week of racing. After we have captured that amount we request that we be allowed to adjust the rate back to the current 1.06%.

The law allows this fund to increase the takeout to a maximum of 1.25% of the total amount handled at satellite wagering facilities for fund expenses.

2. Stabling Rate Increase to 1.25% effective December 26, 2008

Effective December 26, 2008, Southern California Off-Track Wagering, Inc. requests that the California Horse Racing Board, pursuant to the authority granted it by California Business & Professions Code Section 19607.1(f), approve an adjustment to the Stabling and Vanning deduction from off-track handle applicable to racing at 1.25%, in order to facilitate use of funds currently in SCOTWINC's possession to provide for improved racing and training facilities in the Central or Southern Zone of California.

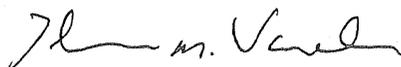
The impetus for this request are continued operating losses forecast for 2009 and a depletion of capital reserves, which have been largely funding past operating losses for some time now. These operating losses have been driven by a marked decline in satellite-based handle (i.e., ~10% decline in 2008) and increases in offsite stabling (e.g., labor, materials, fuel, utilities) and vaning (e.g., fuel) expenses.

We estimate the rate increase would generate approximately \$1.8 million of incremental revenues, which still would not fully cover the \$2.4 million operating loss projected at the current 1.06%. **At the current rate, the cash reserves are forecast to be depleted by June 2009**, and that does not take into account pending stabling increase requests from Hollywood Park and Fairplex, which would further exacerbate the financial situation. The forecast also factors in a refund of nearly \$1.0 million from AIG in March 2009. Although AIG management has assured us these funds are secure, we remain cautious that AIG is in precarious position and should not assume any guarantees. We have included a cash flow forecast with this request for the Board's review.

We've often used the December 26th start date to ensure that all Associations share the burden of the increase. It is important to note that the increase is not borne by the betting public but is split equally by lowering commissions and purses.

Should you have any questions on these items please feel free to call.

Sincerely,



Thomas M. Varela
General Manager

Cc: SCOTWINC Off-Site Stabling Committee
Jackie Wagner

SCOTWINC STABLING AND VANNING FUND
PROJECTED OPERATING ACTIVITY AND CASH POSITION
As of 9/22/08

	9/30/2006 12 months (actual)	12/31/2007 15 months (actual)	12/31/2008 12 months (forecast)	Jan-09 (forecast)	Feb-09 (forecast)	Mar-09 (forecast)	Apr-09 (forecast)	May-09 (forecast)	Jun-09 (forecast)	Jul-09 (forecast)	Aug-09 (forecast)	Sep-09 (forecast)	Oct-09 (forecast)	Nov-09 (forecast)	Dec-09 (forecast)	12/31/2009 12 months (forecast)
Beginning Balance	—	\$259,700	\$1,340,571	\$202,039	\$3,154	(\$195,731)	\$582,619	\$383,734	\$184,849	(\$14,036)	(\$212,921)	(\$411,806)	(\$610,691)	(\$809,576)	(\$1,008,461)	\$202,039
Operating Activity at current 1.06% takeout		(\$727,013)	(\$2,386,620)	(\$198,885)	(\$198,885)	(\$198,885)	(\$198,885)	(\$198,885)	(\$198,885)	(\$198,885)	(\$198,885)	(\$198,885)	(\$198,885)	(\$198,885)	(\$198,885)	(\$2,386,620)
Extraordinary items																
AIG Refund		\$1,807,884	\$2,443,088			\$977,235										\$977,235
Deferred Santa Anita stabling expenses			(\$595,000)													\$0
Future Stabling Center feasibility planning			(\$600,000)													\$0
Ending Balance at current 1.06% takeout	\$259,700	\$1,340,571	\$202,039	\$3,154	(\$195,731)	\$582,619	\$383,734	\$184,849	(\$14,036)	(\$212,921)	(\$411,806)	(\$610,691)	(\$809,576)	(\$1,008,461)	(\$1,207,346)	(\$1,207,346)

Proposed 1.25% takeout activity

Incremental revenues generated				\$148,592	\$148,592	\$148,592	\$148,592	\$148,592	\$148,592	\$148,592	\$148,592	\$148,592	\$148,592	\$148,592	\$148,592	\$1,783,103
Adjusted Ending Balance at 1.25% takeout				\$151,746	\$101,453	\$1,028,395	\$978,102	\$927,909	\$877,516	\$827,223	\$776,930	\$726,636	\$676,343	\$626,050	\$575,757	\$575,757

2007 Notes:

- 2007 reflects 15 months of operating activity due to conversion of fiscal year-end.
- "AIG Refund" is a return of seed capital used to set up industry's workers' comp program.

2008 Notes:

- Operating loss worsened due to declining revenues from satellites and reduced rate during Hollywood Park meets; and, increased offsite stabling and vanning expenses (Sept).
- "AIG Refund" is a return of seed capital used to set up industry's workers' comp program.
- \$595K payment to Santa Anita for deferred off-site stabling expense reimbursement.
- \$600K expense to share in feasibility and planning costs for proposed Fairplex training center.

2009 Notes:

- Operating activity is estimated as the same as 2008, including a full year of vanning rate increase. Cash flow assumes monthly straight-line allocation and does not reflect seasonality.
- Operating activity DOES NOT include possible stabling rate increases over 2008:
 - On August 1st, Hollywood Park submitted a request for a 47% increase in the daily rate from \$12,750 to \$18,750, which would result in approximately \$1,000,000 increase in annual expenses.
 - On September 11th, Fairplex advised the S&V Committee that it expects to submit a stabling rate increase, but no data has been submitted to date.
- "AIG Refund" is a return of seed capital used to set up industry's workers' comp program. Assumes no disruption due to AIG bail out.
- Incremental revenues generated by rate increase would begin 12/26/08; assumes a monthly straight-line allocation and does not reflect seasonality.

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST
FOR APPROVAL FROM NORTHERN CALIFORNIA OFF-TRACK
WAGERING, INC. TO CHANGE THE CURRENT 1.06 PERCENT OFF-SITE
STABLING AND VANNING FUND TAKEOUT UP TO 1.20 PERCENT
PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTION 19607.1(F).

Regular Board Meeting
November 18, 2008

BACKGROUND

Business and Professions Code section 19607.2, states that when satellite wagering is conducted on thoroughbred races at associations or fairs in the northern zone, an amount not to exceed 1.25 percent of the total amount handled be deducted to provide reimbursement for offsite stabling and vanning of starters for those additional stalls on race days for thoroughbred horses. Further, Business and Professions Code section 19607.3 (f), provides for adjustments to the stabling and vanning fund rate at the discretion of the Board, however, the adjusted amount may not exceed 1.25 percent. The organization that administers the northern zone stabling and vanning fund is the Northern California Off-Track Wagering, Inc, (NCOTWINC).

ANALYSIS

According to NCOTWINC, the stabling and vanning fund has continuous operating losses driven by a marked decline in satellite-based handle (i.e., 5 percent decline in 2008) and increases in offsite stabling (e.g., labor, materials, fuel, utilities) and vanning (e.g., fuel) expenses.

NCOTWINC is requesting that the Board approve an adjustment to the stabling and vanning deduction from off-track handle applicable to racing from 1.15 to 1.20 percent effective December 26, 2008. The proposed increase will be paid by lowering commissions and purses.

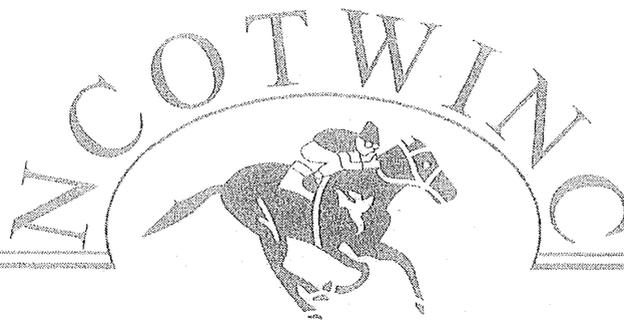
The proposed increase in the rate would generate approximately \$173,000 of incremental revenues annually, which would begin to cover the projected loss through 2009 of \$260,000. This estimate includes a refund of just over \$600,000 from American International Group (AIG) in March 2009.

Please see attached documents submitted by NCOTWINC in support of their request.

RECOMMENDATION

Staff recommends that the Board hear from NCOTWINC representatives and other interested parties regarding the proposed adjustment to the stabling and vanning fund.

Northern California
Phone: 925-307-7040



Off-Track Wagering, Inc.
Fax: 925-560-0522

September 26, 2008

7950 Dublin Blvd., Suite 214
Dublin, California 94568

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

Dear Mr. Breed:

On behalf of the Board of Directors of Northern California Off-Track Wagering, Inc., I am requesting that you please place the following item on the agenda for the October 15, 2008 California Horse Racing Board Meeting:

NCOTWINC Stabling Rate Increase to 1.20% effective December 26, 2008

Effective December 26, 2008, Northern California Off-Track Wagering, Inc. requests that the California Horse Racing Board, pursuant to the authority granted it by California Business & Professions Code Section 19607.3(j), approve an adjustment to the Stabling and Vanning deduction from off-track handle applicable to racing at 1.20%.

The impetus for this request is the continued operating losses forecast for 2009. These operating losses have been driven by a marked decline in satellite-based handle (i.e., ~5% decline in 2008) and increases in offsite stabling (e.g., labor, materials, fuel, utilities) and vanning (e.g., fuel) expenses.

We estimate the rate increase would generate approximately \$173,000 of incremental revenues annually, which would begin to cover the projected loss through 2009 of \$260,000. This forecast factors in a refund of just over \$600,000 from AIG in March 2009. Although we have been assured by AIG management these funds are secure, we remain cautious that AIG is in a precarious position and should not assume any guarantees. We have included a cash flow forecast with this request for the Board's review.

We've often used the December 26th start date to ensure that all Associations share the burden of the increase. It is important to note that the increase is not borne by the betting public but is split equally by lowering commissions and purses.

Should you have any questions on these items please feel free to call.

Sincerely,

A handwritten signature in cursive script that reads "Patrice Van Dussen". The signature is written in black ink and is positioned above the printed name and title.

Patrice Van Dussen
Controller

Cc: NCOTWINC Vanning & Stabling Committee
Jackie Wagner

NCOTWINC STABLING AND VANNING FUND
PROJECTED OPERATING ACTIVITY AND CASH POSITION
As of 9/26/08

	12/31/2006	12/31/2007	12/31/2008	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	12/31/2009
	12 months	12 months	12 months	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	12 months
	(actual)	(actual)	(forecast)													
Beginning Balance	---	(\$187,405)	(\$881,317)	(\$884,057)	(\$883,250)	(\$882,413)	(\$264,641)	(\$263,805)	(\$262,968)	(\$262,131)	(\$261,294)	(\$260,457)	(\$259,620)	(\$258,784)	(\$257,947)	(\$884,087)
Operating Profit/(Loss) at current 1.15% takeout				\$837	\$837	\$837	\$837	\$837	\$837	\$837	\$837	\$837	\$837	\$837	\$837	
Extraordinary items																
AIG Refund		\$722,751	\$976,691			\$616,935										\$616,935
Deferred BM & GGF stabling expenses		(\$722,751)	(\$470,377)													\$0
Ending Balance at current 1.15% takeout (1)	(\$187,405)	(\$881,317)	(\$884,087)	(\$883,250)	(\$882,413)	(\$264,641)	(\$263,805)	(\$262,968)	(\$262,131)	(\$261,294)	(\$260,457)	(\$259,620)	(\$258,784)	(\$257,947)	(\$257,110)	(\$257,110)
Proposed 1.20% takeout activity																
Incremental revenues generated				\$14,384	\$14,384	\$14,384	\$14,384	\$14,384	\$14,384	\$14,384	\$14,384	\$14,384	\$14,384	\$14,384	\$14,384	\$172,603
Adjusted Ending Balance at 1.20% takeout				(\$868,867)	(\$869,028)	(\$221,491)	(\$205,270)	(\$181,057)	(\$175,829)	(\$160,609)	(\$145,388)	(\$130,168)	(\$114,948)	(\$99,727)	(\$84,507)	(\$84,507)
(1) Negative "Ending Balance" indicates deferred payments owed to racing associations.																
2007 Notes:																
<ul style="list-style-type: none"> • "AIG Refund" is a return of seed capital used to set up industry's workers' comp program. • Combined \$723K payment to Bay Meadows and Golden Gate Fields for deferred off-site stabling expense reimbursement. 																
2008 Notes:																
<ul style="list-style-type: none"> • "AIG Refund" is a return of seed capital used to set up industry's workers' comp program. • Combined \$470K payment to Bay Meadows and Golden Gate Fields for deferred off-site stabling expense reimbursement. • Operating activity includes increased stabling rate for Pleasanton facility effective October 8th. 																
2009 Notes:																
<ul style="list-style-type: none"> • Cash flow assumes monthly straight-line allocation and does not reflect seasonality. • Operating activity is better than prior years due to the decrease in overall stabling expenses related to the transition from Bay Meadows to Pleasanton. • Operating activity includes increased stabling rate for Golden Gate Fields. • "AIG Refund" is a return of seed capital used to set up industry's workers' comp program. Assumes no disruption due to AIG bail out. • Incremental revenues generated by rate increase would begin 12/26/08; assumes a monthly straight-line allocation and does not reflect seasonality. 																

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD
REGARDING THE ALLOCATION OF RACE DATES AND
RELATED ISSUES FOR 2009 AND BEYOND

Regular Board Meeting
November 18, 2008

BACKGROUND

Business and Professions Code section 19440 (a) 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 allocation of racing dates to qualified associations in accordance with law.

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

At the October 15, 2008 Regular Board Meeting a discussion was held regarding the progress and planning for thoroughbred racing alternatives in Northern and Southern California. The racing industry had been asked to submit reports addressing the status of plans and progress for thoroughbred racing in Northern and Southern California for 2009 and beyond.

At the October 2008 Regular Board Meeting a proposed 2009 Southern California race dates calendar was submitted on behalf of the Southern California stakeholders, which include The Thoroughbred Owners of California (TOC), California Thoroughbred Trainers (CTT), California Thoroughbred Breeders Association, Del Mar Thoroughbred Club, Magna Entertainment Corporation, Hollywood Park Racing Association, Oak Tree Racing Association, and the Los Angeles County Fair. The Southern California stakeholders had reached a consensus regarding the 2009 race dates calendar.

As of the October 2008 Regular Board Meeting the Northern California stakeholders, Pacific Racing Association (PRA), and the California Authority of Racing Fairs (CARF), had not reached an agreement on proposed race dates for 2009.

ANALYSIS

Subsequent to the October 15, 2008 Regular Board Meeting a 2009 proposed Northern California racing calendar was submitted on behalf of TOC, CTT, CARF, and PRA.

Attached are the following items to assist in strategic planning and the development of proposed race dates for calendar year 2009.

Business and Professions Code sections 19530-19540
2009 Proposed Southern California Race Dates Calendar
2009 Proposed Northern California Race Dates Calendar
2009 Proposed Quarter Horse Race Dates Calendar
2009 Proposed Harness Race Dates Calendar
2009 Blank Calendars

RECOMMENDATION

This item is presented for Board discussion and action.

SOUTHERN CALIFORNIA ASSOCIATIONS
PROPOSED 2009 CALENDAR

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			24	25	26	27
28	29	30	31			

5

January						
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

23

May						
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						

23

September						
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			

7

17

1

Legend:

LATC 84

HPRA - Spring 65

Del Mar 43

Fairplex 17

Oak Tree 31

HP Fall 31

February						
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

20

June						
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				

20

October						
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

24

March						
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				

21

July						
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	

15

November						
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					

6

April						
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		

15

August						
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					

27

December						
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		

16

Page 10-3

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					26	27
28	29	30	31			

GGF Fall-Winter	77
GGF Spring	75
Total GGF	152

Stockton (6/18-6/28)	9
Pleasanton (7/1-7/19)	15
Santa Rosa (7/29-8/9)	10
Ferndale (8/13-8/23)	9

CARF @ GGF	29 (8/12-8/23 & 9/9-10/4)
Sacramento (8/26-9/7)	11
Fresno (10/7-10/18)	10
Vallejo TDD (7/22-7/29)	5
Total Fairs	98

January						
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

February						
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

March						
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				

April						
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		

May						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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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						

June						
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				

July						
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	

August						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October						
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

November						
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					

December						
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		

2009 - LOS ALAMITOS QUARTER HORSE RACE DATES CALENDAR - Proposed

Page 10-4

Total Race Days = 201

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			24	25	26	27
28	29	30	31			

0

January						
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

19

February						
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

15

March						
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				

17

April						
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		

17

May						
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						

19

June						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
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Revised Proposal Received 11/10/08 Norm Bartosik

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9

BUSINESS AND PROFESSIONS CODE
ARTICLE 6 RACING DAYS AND WEEKS AND
ARTICLE 6.5 FAIRS AND EXPOSITIONS

19530. The board shall have the authority to allocate racing week to an applicant or applicants pursuant to the provisions of this article and Article 6.5 (commencing with Section 19540) and to specify such racing days, dates, and hours for horse racing meetings as will be in the public interest, and will subserve the purposes of this chapter. The decision of the board as to such racing days, dates, and hours shall be subject to change, limitation or restriction only by the board. No municipality or county shall adopt or enforce any ordinance or regulation which has or may have the effect of directly or indirectly regulating, limiting or restricting the racing days and dates of horse racing meetings.

19530.5. For the purposes of this article there shall be three geographical zones which shall be designated

- (a) the "southern zone," which shall consist of the Counties of Imperial, Orange, Riverside, and San Diego;
- (b) the "central zone," which shall consist of the Counties of Kern, Los Angeles, San Bernardino, San Luis Obispo, Santa Barbara, and Ventura; and
- (c) the "northern zone," which shall consist of the remaining counties in the state.

19531 The board shall make allocations of racing weeks, including simultaneous racing between zones, as it deems appropriate. The maximum number of racing weeks that may be allocated for horse racing other than at fairs, shall be as follows:

- (a) – For thoroughbred racing: 44 weeks per year in the northern zone; 42 weeks per year in the central zone; and seven weeks per year in the southern zone.
- (b) For harness racing: 25 weeks per year in the northern zone.
- (c) For quarter horse racing: 25 weeks per year in the northern zone.
- (d) For harness racing and quarter horse racing: a total of 77 weeks per year in the combined central and southern zones.
- (e) In its written application for a license, an applicant shall state the time of day, consistent with this chapter, during which it will conduct its racing meeting, and particularly the first race starting time for the various racing days. After receiving a license, a licensee shall not change the first race starting time without securing prior approval of the board.
- (f) Notwithstanding this section or any other provision in this chapter, the board shall not allocate dates to a thoroughbred association in the central zone for the purpose of conducting racing during daytime hours if a thoroughbred racing association is conducting racing in the southern zone on the same date during daytime hours.

19531.1. Notwithstanding any other provision of law, the board shall not allocate racing dates to a private thoroughbred racing association in the central or southern zone for the purpose of conducting thoroughbred racing during daytime or nighttime hours if a fair racing association is conducting racing in the central zone on the same dates and if that fair is obligated to make payments on a capital expense loan incurred for the purpose of improving its facilities for horse racing.

19532. (a) Any association licensed to conduct thoroughbred racing in the northern zone may receive no more than 22 weeks of that racing.

(b) Any association licensed to conduct thoroughbred racing in the central zone may receive no more than 17 weeks of that racing, except that any association which conducts a split meeting may receive up to 20 weeks of that racing. No more than one such split meeting may be licensed in any one year.

(c) This section and Section 19531 shall not operate to deprive any association of any weeks of racing granted during 1980.

(d) This section and Section 19531 shall not operate to deprive the California State Fair and Exposition of any weeks of racing granted during the previous calendar year, and the board may continue to allocate those weeks of racing to the California Exposition and State Fair or any lessee thereof.

(e) Nothing in subdivision(d) is a limitation on the board allocating racing weeks to any private racing association as a lessee of the California Exposition and State Fair racetrack facility pursuant to Sections 19531 and 19532.

19533. (a) Any license granted to an association other than a fair shall be only for one type of racing, thoroughbred, harness, or quarter horse racing as the case may be, except that the board may authorize the entering of thoroughbred and Appaloosa horses in quarter horse races at a distance not exceeding five furlongs at quarter horse meetings, mixed breed meetings, and fair meetings. If the board authorizes the entering of thoroughbred or Appaloosa horses in quarter horse races, the following conditions shall be met:

(1) Any race written for participation by quarter horses, Appaloosas, and thoroughbreds shall be written as quarter horse preferred.

(2) The number of races written as quarter horse preferred at a distance exceeding 870 yards shall not exceed more than three races per program without the consent of the quarter horse horsemen's organization contracting with the association.

(3) More than one-half of the races on any program shall be for quarter horses at a distance not to exceed 550 yards, unless the consent of the quarter horse horsemen's organization is received.

(4) Mixed races with Appaloosa and quarter horses may only be written with the consent of the quarter horse horsemen's organization contracting with the association.

(5) Thoroughbreds shall constitute less than half the number of horses in these races although an exception may be granted on a race-to-race basis with the consent of the quarter horse horsemen's organization contracting with the association.

(b) The association that conducts the meeting shall pay to a thoroughbred trainers' organization an amount for a pension plan for backstretch personnel to be administered by that trainers' organization equivalent to 1 percent of the amount available to thoroughbred horses for purses. The remainder of the portion shall be distributed as purses. Any redistributable money paid to the board pursuant to Section 19641, which is paid to a welfare fund established by a horsemen's organization from races with both thoroughbred and quarter horses, shall be divided pro rata between the two welfare funds based on the number of thoroughbreds and quarter horses in the race.

(c) (1) Notwithstanding any other provision of law, any association licensed to conduct quarter horse racing may apply to the board for, and the board shall grant, authority to conduct thoroughbred racing as part of its racing program if all of the following conditions are met:

(A) The thoroughbred races are for a claiming price of not more than five thousand dollars (\$5,000), and at a distance of four and one-half furlongs or less. The races may not be stakes, allowance races, or maiden allowance races.

(B) More than one-half of the races on any program shall be for quarter horses at a distance not to exceed 550 yards, unless the consent of the quarter horse horsemen's organization is received.

obtained with respect to the inclusion of thoroughbred racing.

(2) The quarter horse racing association conducting thoroughbred racing p subdivision shall pay to a quarter horse horsemen's organization the amount specified in subdivision (e) of Section 19613, and an amount for a pension plan for backstretch personnel to be administered by a thoroughbred trainers' organization equivalent to 1 percent of the amount available to thoroughbred horses for purses. The remainder of the portion shall be distributed as purses. The quarter horse racing association shall also deduct the appropriate amount to comply with subdivision (a) of Section 19617.2 for distribution to the thoroughbred official registering agency.

19533.5. (a) Notwithstanding Section 19533, the board may authorize the following mixed breed racing:

(1) An association licensed to conduct a quarter horse meeting to include Appaloosa races and Arabian races with the consent of the quarter horse horsemen's organization contracting with the association with respect to the conduct of the racing meeting.

(2) A race between a quarter horse and a thoroughbred horse at a thoroughbred meeting with the consent of the thoroughbred horsemen's organization contracting with the association with respect to the conduct of the racing meeting.

(b) Notwithstanding Section 19533, an association licensed to conduct quarter horse racing or a fair may conduct races that include paint horses racing with quarter horses or Appaloosa horses in the same race. When paint horses race with quarter horses, the consent of the organization that represents quarter horse horsemen and horsewomen shall first be obtained. A quarter horse association may write a race for paint horses only to replace an Appaloosa or Arabian race without increasing the average number of races run per race day with the consent of the organization representing the quarter horse men and women.

(c) A quarter horse race with seven or more entries shall not be replaced by a race that includes paint horses, without the consent of the organization that represents quarter horse horsemen and horsewomen.

(d) Notwithstanding any other provision of law, any quarter horse racing association or fair conducting barrel racing, paint horse racing, show jump racing, or steeplechase racing shall pay to the quarter horsemen's organization the amount specified in Section 19613 for purposes of representing the horsemen and horsewomen conducting these races.

19533.6. Notwithstanding Section 19533, the board may authorize any racing association licensed to conduct a live quarter horse racing meeting to also conduct mule racing at that racing meeting, subject to the following conditions:

(a) Mule races may only be conducted when a fair is not licensed to conduct live races with parimutuel wagering.

(b) The consent of the quarter horse horsemen's organization contracting with the association shall be obtained with respect to the inclusion of mule racing.

(c) The majority of the races conducted on any given racing day shall be quarter horse races.

(d) A quarter horse association may conduct mule races provided that the total number of Arabian and mule races run in a year do not exceed the total number of Arabian races run in the state in 2001.

(e) An Arabian race with seven or more entries shall not be replaced by mule race, without the consent of the organization that represents Arabian horsemen and horsewomen.

19535. (a) Notwithstanding any other provision of law, at the time the board allocates racing weeks, it shall determine the number of useable stalls that each association or fair shall make available and maintain in order to conduct the racing meeting. The minimum number of stalls may be at the site of the racing meeting or at board-approved offsite locations.

(b) With respect to racing meetings conducted in the northern zone, the association or fair conducting the meeting shall provide all stabling required by the board pursuant to subdivision (a) without cost to participating horsemen. Offsite stabling shall be at a board approved facility or facilities selected by the association or fair, with the agreement of the organization representing horsemen participating at the meeting. If there is a disagreement between the association or fair and the organization representing the majority of horsemen participating at the meeting with respect to the selection of offsite stabling facilities, the board, at the request of the association or fair or the organization representing the majority of horsemen participating at the meeting, shall promptly determine the board-approved facility or facilities at which offsite stabling shall be made available. The organization representing horsemen participating at the meeting and the association or fair shall mutually agree on the criteria and selection of horses that may use stalls required pursuant to this section. With respect to northern zone thoroughbred meetings only, the association shall also provide, at the option of the horse owner, vanning of participating racehorses from any board-approved offsite stabling facility in the northern zone. Fairs may provide, subject to the availability of funds pursuant to Sections 19607, 19607.1, 19607.2, and 19607.3, at the option of the horse owner, vanning of participating racehorses from any board-approved offsite stabling facility.

(c) With respect to racing meetings conducted in the central or southern zones, all costs associated with the maintenance of the useable stalls for the racing meeting shall be borne by the association or fair conducting the meeting, and, with respect to useable stalls at an offsite location, the association or fair may be required, by order of the board, to bear the costs of vanning from the offsite location to the racing meeting. However, with respect to any racing association in the central or southern zone that conducted a racing meeting in 1986, if the number of useable stalls made available onsite by a racing association during a racing meeting is less than 95 percent of the number of useable stalls made available onsite by that racing association during its 1986 racing meeting, the racing association shall reimburse the facility providing offsite stabling for the difference in cost between the actual number of useable stalls made available and 95 percent of the useable stalls made available in 1986. The racing association shall, in addition, reimburse the owner for vanning to the onsite location with respect to those horses stabled at an offsite location necessitated by the failure of a racing association to maintain 95 percent of the useable stalls made available by that racing association during its 1986 racing meeting.

ARTICLE 6.5 FAIRS AND EXPOSITIONS

19540. In order to encourage and develop the racing of all horses in California, regardless of breed, whenever a fair conducts a program of horse races on which there is parimutuel wagering, the fair, so far as practicable, shall provide a program of racing that includes thoroughbred racing, quarter horse racing, Arabian racing, and Appaloosa racing, if a sufficient number of horses is available to provide competition in one or more races.

19549. Except as provided in Section 19549.1, the maximum number of racing days annually allocated to a fair shall be 14 days each year. Those racing days shall be days during the period in which general fair activities are conducted. However, any fair racing association that conducted racing in the central or southern zone prior to January 1, 1980, shall be entitled to be allocated up to three weeks of racing. The board shall take public testimony and make all determinations on the allocation of racing dates during a public hearing. All discussions of allocating racing dates by the board or its subcommittees shall be conducted during a public hearing. Nothing in this section diminishes the authority of the board to establish racing dates.

19549.1. Notwithstanding Sections 19533 and 19549 or any other provision of this chapter, the board may allocate horse racing days for mixed breed meetings and combined fair horse racing meetings pursuant to Section 4058 of the Food and Agricultural Code, except as follows:

(a) Dates may only be allocated for a combined fair horse racing meeting between July 1 and October 31, and the total combined number of dates shall not exceed the total combined dates of the combined fair racing associations in 1995.

(b) Days may not be allocated for a mixed breed meeting or a combined fair horse racing meeting during the month of June at the California Exposition and State Fair if a standardbred meeting is being conducted at that facility during the month of June. The mixed breed meetings shall be conducted by a person other than the fair and shall be subject to Section 19550. The mixed breed meetings shall encourage the racing of emerging breeds of horses.

19549.2. From the weeks available for harness and quarter horse racing pursuant to subdivision (d) of Section 19531, the board may allocate a maximum of 12 weeks of harness racing to the 22nd District Agricultural Association to be conducted on the 22nd District Agricultural Association grounds. The racing shall be conducted by a person other than the 22nd District Agricultural Association.

19549.3. Notwithstanding Section 19549 or any other provision of this chapter, the board may annually allocate a maximum of 28 racing days to any county fair in the northern zone which did not conduct horseracing prior to January 1, 1985.

19549.4. Notwithstanding Section 19414.5, the board may allocate racing weeks consisting of fewer than five days to an association conducting harness or quarter horse racing meetings if the association and the organization representing the horsemen participating in the meeting agree to the allocation.

19549.6. Notwithstanding subdivision (b) of Section 19531 and Sections 19540, 19546, and 19549, the board may allocate additional weeks of harness racing to the California Exposition and State Fair in Sacramento or its lessee, to be raced at the California Exposition and State Fair in Sacramento.

19549.7. Notwithstanding subdivision (c) of Section 19531 and Section 19549, the board may allocate additional weeks of quarter horse racing to a lessee of the California Exposition and State Fair in Sacramento to be raced at the California Exposition and State Fair in Sacramento.

19549.9. Notwithstanding subdivision (d) of Section 19531 and Section 19549, the board may allocate up to 10 additional weeks of harness racing to the Los Angeles County Fair, or its lessee, to be raced at the fairgrounds in Pomona.

19549.12. Notwithstanding Sections 19482 and 19549, any weeks of harness racing or quarter horse racing allocated by the board to be raced at the facilities of a county fair which conducts its racing meeting pursuant to Section 19549.3 may be conducted by the fair. License fees for racing at the facilities of the county fair other than for the racing days allocated pursuant to Section 19549.3 are exempt from Section 19614.5.

19549.13. (a) Fairs that conduct racing meetings in the northern zone may, and horsemen's organizations that represent horsemen who participate at fair racing meetings in the northern zone shall, jointly develop a program to provide for stabling and training facilities. This program shall be based on the anticipated inventory of horses and the number of available stalls and locations.

(b) Participating fairs and horsemen's organizations shall annually ratify an agreement which includes provisions governing the operation of the stabling and training facilities. The agreement shall also specify the conditions under which a participating fair may terminate its participation in the program.

(c) Individual horsemen who elect to participate in the program shall be required to sign standard agreements with the participating fair governing the operation of the program. The agreements shall contain provisions that govern the operation of the program, including, but not be limited to, insurance coverage and payment of a security deposit.

(d) All agreements provided for in this section shall be approved by the board.

(e) Each fair that conducts racing meetings in the northern zone may elect whether to participate in the stabling and training program.

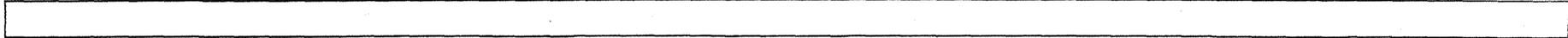
19549.14. (a) Notwithstanding, Section 19489 or any other provision of this chapter, the board may permit the San Mateo County Fair to conduct live racing meetings at another site within or outside San Mateo County if its present site, Bay Meadows, closes.

(b) Live horse racing meetings conducted by the San Mateo County Fair, whether they are conducted within or outside of San Mateo County, shall be subject to the same provisions as are presently applicable to the San Mateo County Fair's conduct of live horse racing meetings at Bay Meadows.

(c) If the racing association licensed in the year 2002 to conduct thoroughbred race meetings in San Mateo County is not licensed to conduct a horse racing meeting in that county in any subsequent year, the San Mateo County Fair may, subject to the approval of the board, conduct its racing dates at a facility operated by a thoroughbred racing association or fair licensed to conduct a meeting in the northern zone.

19549.15. (a) Notwithstanding Section 19489 or any other provision of this chapter, the board may permit the Solano County Fair to conduct live racing meetings at another site within or outside Solano County, if the site of its 2002 racing meeting is no longer available for horse racing in any subsequent year. Further, subject to the approval of the board, the Solano County Fair may conduct its racing dates at a facility operated by a thoroughbred racing association or fair licensed to conduct a racing meeting in the northern zone.

(b) Any racing meeting licensed to the fair pursuant to subdivision (a) may be operated by the fair or the fair may contract for the operation and management of the racing meeting with an individual thoroughbred racing association or fair, or a partnership, joint venture, or other affiliation of one or more thoroughbred racing associations or fairs.



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18	19	20	21	22	23	24
25	26	27	28	29	30	31

November						
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					

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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20	21	22	23	24	25	26
27	28	29	30	31		

CALIFORNIA HORSE RACING BOARD

NOVEMBER 18, 2008
REGULAR BOARD MEETING

There is no board package material for Item 11

STAFF ANALYSIS
November 18, 2008

ISSUE: APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING OF CHURCHILL DOWNS TECHNOLOGY INITIATIVES COMPANY DBA TWINSPIRES FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF UP TO BUT NOT EXCEEDING TWO YEARS AND/OR EXTENSION OF THE CURRENT APPROVAL.

Twinspires filed its application as an out-of-state multi-jurisdictional wagering hub to provide Advance Deposit Wagering (ADW). It is currently licensed through December 31, 2008 as an out-of-state multi-jurisdictional wagering hub.

A bond or other form of financial security in the amount of \$500,000 must be submitted with an application for license to conduct advance deposit wagering. Twinspires, as a current ADW provider, has on file a \$500,000 bond that is continuous until cancelled. Twinspires has proved a letter stating that the bond will continue for the 2009 application year.

This application provides for:

- Operation everyday, except December 25th, twenty-four hours a day. CHRB Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant, allows for approval of license with terms of up to two years.

Change in Management Personnel:

- Jeremy Clemons, Director of Marketing
- Sisir Kudva, Director of Engineering
- Ketan Shah, Director of Operations

Churchill Downs Technology Initiatives Company is a Delaware registered corporation. Directors and officers do not hold any shares of Churchill Downs Technology Initiatives Company.

Business and Professions Code section 19604 includes specific provisions that must be met before an ADW provide can accept wagers. These include:

- No ADW provider may accept wagers on races conducted in California from a resident of California unless all of the following conditions are met:
 1. The ADW provider must be licensed by the Board.
 2. A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.

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

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

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

Business and Professions Code Section 19604 defines:

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

- The 2009 Twinspires application as submitted under section (1)(d) states the required contracts necessary to conduct ADW will be submitted upon completion.

Business and Professions Code 19604 provides that:

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

- Twinspires submits that they have been working in good faith to finalize this agreement and the progress or lack thereof is well documented. An agreement will be smuted once finalized.

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

1. Contractual agreements between applicant tracks/associations.
2. Horsemen’s Agreement
3. Labor organization agreement

RECOMMENDATION:

Staff recommends that the Board hear from the applicant concerning the status of unresolved matters.

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

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

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

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

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

Churchill Downs Technology Initiatives Company
800 W. El Camino Real
Mountain View, CA 94040
Phone: 650-429-2900
Fax: 650-967-3201

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

Vernon Niven, President
Mike Cody, Vice President
Brad Blackwell, Vice President, licensed in Kentucky (4641)
Rohit Thukral, Vice President
Richard Broadbent, IV, Vice President
Jeremy Clemons, Director of Marketing
Sisir Kudva, Director of Engineering
Ketan Shah, Director of Operations

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

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

D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes. **Contract(s) and approval will be submitted once complete and inserted as Tab 1.**

2. DATES OF OPERATION

A. Dates Advance Deposit Wagering will be conducted:

Every day except December 25.

CHRB CERTIFICATION

Application received: 9/30/08
Reviewed: *cap*

Hearing date: 11/18/08
Approval date:

- B. Hours Advance Deposit Wagering will be conducted:
24 hours a day

3. BUSINESS STRUCTURE

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

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation:
Churchill Downs Technology Initiatives Company
2. State where incorporated:
Delaware
3. Registry or file number for the corporation: **4284783**
4. Name of all officers and directors, titles, and number of shares of the corporation held by each:
Vernon Niven, President
Mike Cody, Vice President
Brad Blackwell, Vice President

Robert L. Evans, Director
William Carstanjen, Director
Vernon Niven, Director
Rebecca Reed, Director

No officer or Director holds any shares of Churchill Downs Technology Initiatives Company.
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:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: **Bradley K. 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 holds 100% of shares.

10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation. **Attached at TAB 2 is the most recent Annual Report on Form 10-K for Churchill Downs Incorporated.**
11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval. **Attached at TAB 3.**

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

D. OTHER

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

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

- A. List the procedures to establish an Account: **See Section 2.1 of the Plan of Operations (TAB 5) which complies with Rule 2074.**
- B. If an application form is used to establish an Account attach a copy of the form.

Applicant's potential customers complete an application form provided on Applicant's secure websites. A copy of such application form is attached at Tab 4.

- 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

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

- A. Submit a copy of your plan for operation. Attached at Tab 5.
- B. List the type of deposits you will accept: ACH, credit card, debit card, cash at specified locations, check and money order by mail. For more details see the attached Plan of Operations.
- C. Identify any fees or transaction-related charges and the amount that will be assessed:
4.5% on credit cards charged by service provider; \$2/month charge for accounts inactive for nine (9) months. \$25 fee for returned deposits.

6. SECURITY ACCESS

- A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:
 - 1. Description of the technology to ensure identity, residence, and age verification when an Account is established: Applicant utilizes Equifax, an independent third party, to provide comprehensive verification of the account information provided by customers. For a more detailed description on verification see Section 2.1.1.1 of the attached Plan of Operations (Tab 5).
 - 2. Description of the technology to ensure confidentiality of the Means of Personal Identification: See Section 2.1.5 of the attached Plan of Operations (Tab 5).
 - 3. Methods and locations available for Account Holders to withdraw funds from their Account: Requests by phone will result in a check mailed to the address on record within five (5) business days. Cash withdrawals at designated locations, currently limited to the US Bank location at Churchill Downs Racetrack in Louisville, KY. For more details see the attached Plan of Operations (Tab 5).
 - 4. If the Advance Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation:
US Off-Track, 6130 NE 78th Court, Suite C4, Portland, Oregon
Telephone: 503-253-0234
Facsimile: 503-253-0140
Hours of Operation: 8:30 a.m. to 10:30 p.m. – 12:00 a.m. PST depending on the time of the last race.

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:
PricewaterhouseCoopers LLP
500 W. Main Street, Ste. 1800
Louisville, KY 40202
- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:
Totalizator services will be provided by AmTote International, Inc. The AmTote contract originally

expired on May 31, 2005, but automatically renews for one year periods until either party provides written notice of intention to not renew the contract within sixty (60) days prior to the subject term. Applicant will provide the CHRB notice of any change in its totalizator provider.

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:
Please see the attached list of tracks attached at Tab 6.

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

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:
Amtote International, Inc., 11200 Pepper Road, Hunt Valley, MD 21031
US Offtrack, 10490 Gandy Blvd., St. Petersburg, FL 33702
- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed: N/A

9. ADVERTISING

Name and address of the advertising agency you will use:
Hoffman York
142 East Ontario, Suite 13
Chicago, IL 60611

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

10. CERTIFICATION

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

Bradley K. Blackwell
Print Name

Brad K. Blackwell
Signature

Vice President
Print Title

9/29/08
Date

Business and Professions Code 19604
Advance Deposit Wagering Law (ADW)

19604. The board may authorize any racing association, racing fair, betting system, or multijurisdictional wagering hub to conduct advance deposit wagering in accordance with this section. Racing associations, racing fairs, and their respective horsemen's organizations may form a partnership, joint venture, or any other affiliation in order to further the purposes of this section.

(a) As used in this section, the following definitions apply:

(1) "Advance deposit wagering" means a form of parimutuel wagering in which a person residing within California or outside of this state establishes an account with an ADW provider, and subsequently issues wagering instructions concerning the funds in this account, thereby authorizing the ADW provider holding the account to place wagers on the account owner's behalf.

(2) "ADW provider" means a licensee, betting system, or multijurisdictional wagering hub, located within California or outside this state, that is authorized to conduct advance deposit wagering pursuant to this section.

(3) "Betting system" means a business conducted exclusively in this state that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(4) "Breed of racing" means as follows:

(A) With respect to associations and fairs licensed by the board to conduct thoroughbred, fair, or mixed breed race meetings, "breed of racing" shall mean thoroughbred.

(B) With respect to associations licensed by the board to conduct quarter horse race meetings, "breed of racing" shall mean quarter horse.

(C) With respect to associations and fairs licensed by the board to conduct standardbred race meetings, "breed of racing" shall mean standardbred.

(5) "Contractual compensation" means the amount paid to an ADW provider from advance deposit wagers originating in this state. Contractual compensation includes, but is not limited to, hub fee payments, and may include host fee payments, if any, for out-of-state and out-of-country races. Contractual compensation is subject to the following requirements:

(A) Excluding contractual compensation for host fee payments, contractual compensation shall not exceed 6.5 percent of the amount wagered.

(B) The host fee payments included within contractual compensation shall not exceed 3.5 percent of the amount wagered. Notwithstanding this provision, the host fee payment with respect to wagers on the

Kentucky Derby, Preakness Stakes, Belmont Stakes, and selected Breeders' Cup Championship races may be negotiated by the ADW provider, the racing associations accepting wagers on those races pursuant to Section 19596.2, and the horsemen's organization.

(C) In order to ensure fair and consistent market access fee distributions to associations, fairs, horsemen, and breeders, for each breed of racing, the percentage of wagers paid as contractual compensation to an ADW provider pursuant to the terms of a hub agreement with a racing association or fair when that racing association or fair is conducting live racing shall be the same as the percentage of wagers paid as contractual compensation to that ADW provider when that racing association or fair is not conducting live racing.

(6) "Horsemen's organization" means, with respect to a particular racing meeting, the organization recognized by the board as responsible for negotiating purse agreements on behalf of horsemen participating in that racing meeting.

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

(8) "Hub agreement arbitration" means an arbitration proceeding pursuant to which the disputed provisions of the hub agreement pertaining to the hub or host fees from wagers on races conducted outside of California provided pursuant to paragraph (2) of subdivision (b) are determined in accordance with the provisions of this paragraph. If a hub agreement arbitration is requested, all of the following shall apply:

(A) The ADW provider shall be permitted to accept advance deposit wagers from California residents.

(B) The contractual compensation received by the ADW provider shall be the contractual compensation specified in the hub agreement that is the subject of the hub agreement arbitration.

(C) The difference between the contractual compensation specified in subparagraph (B) and the contractual compensation determined to be payable at the conclusion of the hub agreement arbitration shall be calculated and paid within 15 days following the arbitrator's decision and order. The hub agreement arbitration shall be held as

promptly as possible, but in no event more than 60 days following the demand for that arbitration. The arbitrator shall issue a decision no later than 15 days following the conclusion of the arbitration. A single arbitrator jointly selected by the ADW provider and the party requesting a hub agreement arbitration shall conduct the hub agreement arbitration. However, if the parties cannot agree on the arbitrator within seven days of issuance of the written demand for arbitration, then the arbitrator shall be selected pursuant to the Streamlined Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services, or pursuant to the applicable rules of its successor organization. In making the hub agreement arbitration determination, the arbitrator shall be required to choose between the contractual compensation of the hub agreement agreed to by the ADW provider or whatever different terms for the hub agreement were proposed by the party requesting the hub agreement arbitration. The arbitrator shall not be permitted to impose new, different, or compromised terms to the hub agreement. The arbitrator's decision shall be final and binding on the parties. If an arbitration is requested, either party may bring an action in state court to compel a party to go into arbitration or to enforce the decision of the arbitrator. The cost of the hub agreement arbitration, including the cost of the arbitrator, shall be borne in equal shares by the parties to the hub agreement and the party or parties requesting a hub agreement arbitration. The hub agreement arbitration shall be administered by the Judicial Arbitration and Mediation Services pursuant to its Streamlined Arbitration Rules and Procedures or its successor organization.

(9) "Incentive awards" means those payments provided for in Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The amount determined to be payable for incentive awards under this section shall be payable to the applicable official registering agency and thereafter distributed as provided in this chapter.

(10) "Licensee" means any racing association or fair licensed to conduct a live racing meet in this state, or affiliation thereof, authorized under this section.

(11) "Market access fee" means the amount of advance deposit wagering handle remaining after the payment of winning wagers, and after the payment of contractual compensation, if any, to an ADW provider. Market access fees shall be distributed in accordance with subdivision (f).

(12) "Multijurisdictional wagering hub" means a business conducted in more than one jurisdiction that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(13) "Racing fair" means a fair authorized by the board to conduct live racing.

(14) "Zone" means the zone of the state, as defined in Section 19530.5, except as modified by the provisions of subdivision (f) of Section 19601. For these purposes, the central and southern zones shall together be considered one zone.

(b) Wagers shall be accepted according to the procedures set forth in this subdivision.

(1) No ADW provider shall accept wagers or wagering instructions on races conducted in California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.

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

(2) No ADW provider shall accept wagers or wagering instructions on races conducted outside of California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) 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.

(C) If the parties referenced in clauses (i) and (ii) of subparagraph (B) are both signatories to the hub agreement, then no party shall have the right to request a hub agreement arbitration.

(D) If only the party or parties referenced in clause (i) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide a copy of the hub agreement to the

horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted for each race conducted outside of California on which California residents may place advance deposit wagers. Prior to receipt of the hub agreement, the horsemen's organization shall sign a nondisclosure agreement with the ADW provider agreeing to hold confidential all terms of the hub agreement. If the horsemen's organization wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the copy of the hub agreement, and shall provide its alternate proposal to the hub and host fees specified in the hub agreement with that written notice. If the horsemen's organization does not provide that written notice within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If the horsemen's organization does provide that written notice within the 10-day period, then the ADW provider shall have 10 days to elect in writing to do one of the following:

- (i) Abandon the hub agreement.
- (ii) Accept the alternate proposal submitted by the horsemen's organization.
- (iii) Proceed with a hub agreement arbitration.

(E) If only the party referenced in clause (ii) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide written notice of the host and hub fees applicable pursuant to the hub agreement for each race conducted outside of California on which California residents may place advance deposit wagers, which notice shall be provided to all racing associations and fairs conducting live racing of the same breed covered by the hub agreement. If any racing association or fair wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the notice of host and hub fees. It shall also provide its alternate proposal to the hub and host fees specified in the hub agreement with the notice of its election. If more than one racing association or fair provides notice of their request for hub agreement arbitration, those racing associations or fairs, or both, shall have a period of five days to jointly agree upon which of their alternate proposals shall be the official proposal for purposes of the hub agreement arbitration. If 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 does not provide written notice of their election to arbitrate within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If a valid hub agreement arbitration request is made, then the ADW

provider shall have 10 days to elect in writing to do one of the following:

- (i) Abandon the hub agreement.
- (ii) Accept the alternate proposal submitted by the racing associations or fairs.
- (iii) Proceed with a hub agreement arbitration.

The results of any hub agreement arbitration elected pursuant to this subdivision shall be binding on all other associations and fairs conducting live racing on that breed.

(F) The acceptance thereof is in compliance with the provisions of the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of such wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider.

(c) An advance deposit wager may be made only by the ADW provider holding the account pursuant to wagering instructions issued by the owner of the funds communicated by telephone call or through other electronic media. The ADW provider shall ensure the identification of the account's owner by using methods and technologies approved by the board. Any ADW provider that accepts wagering instructions concerning races conducted in California, or accepts wagering instructions originating in California, shall provide a full accounting and verification of the source of the wagers thereby made, including the postal ZIP Code and breed of the source of the wagers, in the form of a daily download of parimutuel data to a database designated by the board. The daily download shall be delivered in a timely basis using file formats specified by the database designated by the board, and shall include any and all data necessary to calculate and distribute moneys according to the rules and regulations governing California parimutuel wagering. Any and all reasonable costs associated with the creation, provision, and transfer of this data shall be borne by the ADW provider.

(d) (1) (A) The board shall develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for ADW providers operating in California.

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

- (i) The labor organization has historically represented employees who accept or process any form of wagering at the nearest horse

racetrack meeting located in California.

(ii) The agreement establishes the method by which the ADW provider will agree to recognize and bargain in good faith with a labor organization which has demonstrated majority status by submitting authorization cards signed by those employees who accept or process any form of wagering for which a California ADW license is required.

(iii) The agreement requires the ADW provider to maintain its neutrality concerning the choice of those employees who accept or process any form of wagering for which a California ADW license is required whether or not to authorize the labor organization to represent them with regard to wages, hours, and other the terms and conditions of employment.

(iv) The agreement applies to those classifications of employees who accept or process wagers for which a California ADW license is required whether the facility is located within or outside of California.

(C) (i) The agreement required by subparagraph (B) shall not be conditioned by either party upon the other party agreeing to matters outside the requirements of subparagraph (B).

(ii) The requirement in subparagraph (B) shall not apply to an ADW provider which has entered into a collective bargaining agreement with a bona fide labor organization that is the exclusive bargaining representative of employees who accept or process parimutuel wagers on races for which an ADW license is required whether the facility is located within or outside California.

(D) Permanent state or county employees and nonprofit organizations that have historically performed certain services at county, state, or district fairs may continue to provide those services.

(E) Parimutuel clerks employed by racing associations or fairs or employees of ADW providers who accept or process any form of wagers who are laid off due to lack of work shall have preferential hiring rights for new positions with their employer in occupations whose duties include accepting or processing any form of wagers, or the operation, repair, service, or maintenance of equipment that accepts or processes any form of wagering at a racetrack, satellite wagering facility, or ADW provider licensed by the board. The preferential hiring rights established by this subdivision shall be conditioned upon the employee meeting the minimum qualification requirements of the new job.

(2) The board shall develop and adopt rules and regulations requiring ADW providers to establish security access policies and safeguards, including, but not limited to, the following:

(A) The ADW provider shall use board-approved methods to perform location and age verification confirmation with respect to persons

establishing an advance deposit wagering account.

(B) The ADW provider shall use personal identification numbers (PINs) or other technologies to assure that only the accountholder has access to the advance deposit wagering account.

(C) The ADW provider shall provide for withdrawals from the wagering account only by means of a check made payable to the accountholder and sent to the address of the accountholder or by means of an electronic transfer to an account held by the verified accountholder or the accountholder may withdraw funds from the wagering account at a facility approved by the board by presenting verifiable account identification information.

(D) The ADW provider shall allow the board access to its premises to visit, investigate, audit and place expert accountants and other persons it deems necessary for the purpose of ensuring that its rules and regulations concerning credit authorization, account access, and other security provisions are strictly complied with. To ensure that the amounts retained from the parimutuel handle are distributed under law, rules, or agreements, any ADW provider that accepts wagering instructions concerning races conducted in California or accepts wagering instructions originating in California shall provide an independent "agreed upon procedures" audit for each California racing meeting, within 60 days of the conclusion of the race meeting. The auditing firm to be used and the content and scope of the audit, including host fee obligations, shall be set forth in the applicable agreement. The ADW provider shall provide the board, horsemen's organizations, and the host racing association with an annual parimutuel audit of the financial transactions of the ADW provider with respect to wagers authorized pursuant to this section, prepared in accordance with generally accepted auditing standards and the requirements of the board. Any and all reasonable costs associated with those audits shall be borne by the ADW provider.

(3) The board shall prohibit advance deposit wagering advertising that it determines to be deceptive to the public. The board shall also require, by regulation, that every form of advertising contain a statement that minors are not allowed to open or have access to advance deposit wagering accounts.

(e) In order for a licensee, betting system, or multijurisdictional wagering hub to be approved by the board as an ADW provider, it shall meet both of the following requirements:

(1) All wagers thereby made shall be included in the appropriate parimutuel pool under a contractual agreement with the applicable host track.

(2) The amounts deducted from advance deposit wagers shall be in accordance with the provisions of this chapter.

(f) After the payment of contractual compensation, the amounts received as market access fees from advance deposit wagers, which shall not be considered for purposes of Section 19616.51, shall be distributed as follows:

(1) An amount equal to 0.0011 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis.

(2) An amount equal to 0.0003 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Department of Industrial Relations to cover costs associated with audits conducted pursuant to Section 19526 and for the purposes of reimbursing the State Mediation and Conciliation Service for costs incurred pursuant to this bill. However, if that amount would exceed the costs of the Department of Industrial Relations, the amount distributed to the department shall be reduced, and that reduction shall be forwarded to an organization designated by the racing association or fair described in subdivision (a) for the purpose of augmenting a compulsive gambling prevention program specifically addressing that problem.

(3) An amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California for each racing meeting shall be distributed as follows:

(A) One-half of the amount shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) One-half of the amount shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(4) With respect to wagers on each breed of racing that originate in California, an amount equal to two percent of the first two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 1.5 percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to one percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within

California annually, and an amount equal to 0.50 percent of handle from all advance deposit wagers originating from within California in excess of seven hundred fifty million dollars (\$750,000,000) annually, shall be distributed as satellite wagering commissions. Satellite facilities that were not operational in 2001, other than one each in the cities of Inglewood and San Mateo, and two additional facilities each operated by the Alameda County Fair and the Los Angeles County Fair and their partners and other than existing facilities which are relocated, are not eligible for satellite wagering commission distributions under this section. The satellite wagering facility commissions calculated in accordance with this subdivision shall be distributed to each satellite wagering facility and racing association or fair in the zone in which the wager originated in the same relative proportions that the satellite wagering facility or the racing association or fair generated satellite commissions during the previous calendar year. If there is a reduction in the satellite wagering commissions pursuant to this section, the benefits therefrom shall be distributed equitably as purses and commissions to all associations and racing fairs generating advance deposit wagers in proportion to the handle generated by those associations and racing fairs. For purposes of this section, the purse funds distributed pursuant to Section 19605.72 shall be considered to be satellite wagering facility commissions attributable to thoroughbred races at the locations described in that section.

(5) After the distribution of the amounts set forth in paragraphs (1) to (4), inclusive, the remaining market access fees from advance deposit wagers originating in California shall be as follows:

(A) With respect to wagers on each breed of racing, the amount remaining shall be distributed to the racing association or fair that is conducting live racing on that breed during the calendar period in the zone in which the wager originated. That amount shall be allocated to that racing association or fair as commissions, to horsemen participating in that racing meeting in the form of purses, and as incentive awards, in the same relative proportion as they were generated or earned during the prior calendar year at that racing association or fair on races conducted or imported by that racing association or fair after making all deductions required by applicable law. Notwithstanding any other provision of law, the distributions with respect to each breed of racing set forth in this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by the respective associations, fairs, horsemen's organizations, and breeders organizations receiving those distributions.

(B) If the provisions of Section 19601.2 apply, then the amount distributed to the applicable racing associations or fairs shall

first be divided between those racing associations or fairs in direct proportion to the total amount wagered in the applicable zone on the live races conducted by the respective association or fair.

Notwithstanding this requirement, when the provisions of subdivision (b) of Section 19607.5 apply to the 2nd District Agricultural Association in Stockton or the California Exposition and State Fair in Sacramento, then the total amount distributed to the applicable racing associations or fairs shall first be divided equally, with 50 percent distributed to applicable fairs and 50 percent distributed to applicable associations.

(C) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country thoroughbred races conducted after 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions to thoroughbred associations and racing fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A), and the remaining 50 percent, together with the total amount remaining from advance deposit wagering originating from California out-of-state and out-of-country harness and quarter horse races conducted after 6 p.m., Pacific time, shall be distributed as commissions on a pro rata basis to the applicable licensed quarter horse association and the applicable licensed harness association, based upon the amount handled in state, both on- and off-track, on each breed's own live races in the previous year by that association, or its predecessor association. One-half of the amount thereby received by each association shall be retained by that association as a commission, and the other half of the money received shall be distributed as purses to the horsemen participating in its current or next scheduled licensed racing meeting.

(D) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country nonthoroughbred races conducted before 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions as provided in subparagraph (C) for licensed quarter horse and harness associations, and the remaining 50 percent shall be distributed as commissions to the applicable thoroughbred associations or fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A).

(E) Notwithstanding any provision of this section to the contrary, the distribution of market access fees pursuant to this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by all parties whose distributions would be affected.

(g) A racing association, a fair, or a satellite wagering facility may enter into an agreement with an ADW provider to accept and facilitate the placement of any wager from a patron at its facility

that a California resident could make through that ADW provider. Deductions from wagers made pursuant to such an agreement shall be distributed in accordance with the provisions of this chapter governing wagers placed at that facility, except that the board may authorize alternative distributions as agreed to by the ADW provider, the operator of the facility accepting the wager, the association or fair conducting that breed of racing in the zone where the wager is placed, and the respective horsemen's organization.

(h) Any issues concerning the interpretation or application of this section shall be resolved by the board.

(i) Amounts distributed under this section shall be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advanced deposit wagers originating in California for each racing meeting, and shall not exceed two million dollars (\$2,000,000). The method used to calculate the reduction in proportionate share shall be approved by the board. The amount deducted shall be distributed as follows:

(1) Fifty percent of the money to the California Horse Racing Board to establish and to administer jointly with the organization certified as the majority representative of California licensed jockeys pursuant to Section 19612.9, a defined contribution retirement plan for California licensed jockeys who retired from racing on or after January 1, 2009, and who, as of the date of their retirement, had ridden in a minimum of 1,250 parimutuel races conducted in California.

(2) The remaining 50 percent of the money shall be distributed as follows:

(A) Seventy percent shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) Thirty percent shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

STAFF ANALYSIS
November 18, 2008

ISSUE: APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING OF ODS TECHNOLOGIES, L.P. DBA TVG FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF UP BUT NOT EXCEEDING TWO YEARS AND/OR EXTENSION OF THE CURRENT APPROVAL.

TVG filed its application as an out-of-state multi-jurisdictional wagering hub to provide Advance Deposit Wagering (ADW). It is currently licensed through December 31, 2008 as an out-of-state multi-jurisdictional wagering hub.

A bond or other form of financial security in the amount of \$500,000 is required to be submitted with an application for license to conduct advance deposit wagering. TVG, as a current ADW provider, has on file a \$500,000 bond that is continuous until cancelled. TVG has provided a letter that stated the bond will continue for the 2009 application year and the bond company will provide a renewal certificate directly to the CHRB.

This application provides for:

- Operation 364 days of the year, twenty-four hours a day. CHRB Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant, allows for a two year license term.

No changes in management personnel since the last submission of an application from TVG.

TVG is partner/sole proprietor of TV Guide, Inc., General Partner. Limited partners include: TV Guide Interactive, Inc., Churchill Downs Incorporated, Pinnacle Entertainment, Inc.

The management of the business and affairs of TVG are the sole and complete responsibility of the general partner, TV Guide, Inc. The limited partners have no right or take part in the management or conduct of the business of TVG.

Business and Professions Code section 19604 includes specific provisions that must be met before an ADW provider can accept wagers. These include:

- No ADW provider may accept wagers on races conducted in California from a resident of California unless all of the following conditions are met:
 1. The ADW provider must be licensed by the Board.
 2. A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.

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

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

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

Business and Professions Code Section 19604 defines:

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

TVG has current agreements with:

- Hollywood Park,
- Los Alamitos
- Cal Expo

TVG hopes to negotiate agreements with all California tracks

Business and Professions Code 19604 provides that:

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

- TVG has an agreement with Pari-mutuel Employees Guild Local 280.

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

1. Horsemen's Agreement

Clarifying TVG's position concerning the "horsemen's agreement" TVG maintains that the Horse Racing Law does not require any such agreement as a condition of licensure as an ADW provider. TVG is aware that it cannot accept wagers unless the racing association or fair conducting ADW has an agreement with TVG that, depending on the circumstances, the appropriate horsemen's organization has approved. (Business and Professions Code sections 19604(b)(1) and (2).)

RECOMMENDATION:

Staff recommends that the Board hear from the applicant concerning the status of unresolved matters.

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

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

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

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

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

ODS Technologies, L.P. d/b/a TVG
19545 N.W. Von Neumann Drive, Suite 210
Beaverton, OR 97006
Tel: (503) 748-3800
Fax: (503) 748-3838

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

BJ Cosson, Vice President, Operations & Customer Relations, Oregon license # 20730
Dean Kokko, Manager, Wager Operations, Oregon license # 20705
Scott Pakel, Manager, Financial Services, Oregon License # 24465
Grace Kenworthy, Manager, Customer Relations, Oregon License # 14605

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

John Hindman
General Counsel
TVG
6701 Center Drive West, Suite 160
Los Angeles, CA 90045

D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

APPENDIX 1 to this document contains an abstract of valid and binding contracts with the following licensed California racing associations: Hollywood Park, Bay Meadows and Los Alamitos that identifies the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

CHRB CERTIFICATION

Application received: 12/1/08
Reviewed: *api*

Hearing date: 11/18/08
Approval date:

Pursuant to California Horse Racing Board Rule 1497 and the California Public Records Act, APPENDIX 1 to this document contains personal financial data used to establish TVG's qualifications for licensure/approval and is not subject to public disclosure.

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted: 364 days/year
- B. Hours Advance Deposit Wagering will be conducted: 24 hours/day

3. BUSINESS STRUCTURE

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

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation:
2. State where incorporated:
3. Registry or file number for the corporation:
4. Name of all officers and directors, titles, and number of shares of the corporation held by each:
5. Names (true names) of all persons, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
6. Number of outstanding shares in the corporation:
7. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.

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

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

D. OTHER

1. Name(s) of partners/sole proprietor:

TV Guide, Inc., General Partner
2830 De La Cruz Blvd.
Santa Clara, CA 95050

Limited Partners: TV Guide Interactive, Inc., Churchill Downs Incorporated, Pinnacle Entertainment, Inc.

The management of the business and affairs of TVG are the sole and complete responsibility of the general partner, TV Guide, Inc. The limited partners have no right to take part in, or interfere in any manner with, the management or conduct of the business and affairs of TVG, nor may any limited partner act or bind TVG.

2. If a partnership, attach partnership agreement.

APPENDIX 2 to this document is a copy of the Limited Partnership Agreement for ODS Technologies, L.P.

Pursuant to California Horse Racing Board Rule 1497 and the California Public Records Act, APPENDIX 2 to this document contains personal financial data used to establish TVG's qualifications for licensure/approval and is not subject to public disclosure.

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.

APPENDIX 3 contains the most recent SEC Form 10-Q for Macrovision Solutions Corporation demonstrating TVG's financial fitness to conduct advance deposit wagering.

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

A. List the procedures to establish an Account:

1. Customers must be at least 21 years of age to establish an advance deposit wagering account.
2. Customers can establish an account by telephone by calling 1-888-PLAY TVG, on the Internet at www.tvg.com, by mail, or in person at a TVG retail outlet or racetrack partner 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 TVG 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 TVG 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.
3. Provided that the account applicant's information has been positively identified, each applicant is assigned his or her TVG Personal Wagering Account Number and is asked to establish a Personal Identification Number consisting of four (4) numeric characters.
4. To activate the account for wagering purposes, a minimum initial deposit of \$50.00 is required.
5. TVG provides each new wagering accountholder with a "Guide to Interactive Wagering" containing standard terms and conditions, deposit and withdrawal information (including customized deposit and withdrawal slips and a direct deposit/withdrawal authorization form) as well as comprehensive information about accessing account information, placing wagers and maintaining the account. APPENDIX 4 contains a TVG "Guide to Interactive Wagering."

B. If an application form is used to establish an Account attach a copy of the form.

A copy of the application form available on www.tvg.com is provided as APPENDIX 5 to this document.

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

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

A. Submit a copy of your plan for operation.

The Plan of Operation is contained in APPENDIX 6 to this document.

Pursuant to California Horse Racing Board Rule 1497 and the California Public Records Act, APPENDIX 6 to this document contains personal financial data used to establish TVG’s qualifications for licensure/approval and is not subject to public disclosure.

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:

TVG account holders have the choice of two fee plans.

1. A transaction fee of \$0.25 per wagering transaction (capped at \$19.95 a month) or
2. A monthly subscription fee of \$19.95.

6. SECURITY ACCESS

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

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

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

2. Description of the technology to ensure confidentiality of the Means of Personal Identification:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

3. Methods and locations available for Account Holders to withdraw funds from their Account:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

4. If the Advance Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

7. PARI-MUTUEL

A. Name, address and telephone number of the pari-mutuel audit firm:

Oregon Racing Commission
Suite 310
800 N.E. Oregon Street, #11
Portland, OR 97232
(503) 731-4052

B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

Totalizator services are provided by contract with Scientific Games Racing, LLC. The contract expires December 31, 2009 with provision for an automatic extension of two years. Please refer to the Plan of Operation in APPENDIX 6 for more details.

C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

Aqueduct Racetrack, Floral Park, NY	Hastings Racecourse, Vancouver, BC
Australian, Australian	Hawthorne, Stickney-Cicero, IL
Balmoral, Crete, IL	Hollywood Park, Inglewood, CA
Belmont Park, Elmont, NY	Indiana Downs, Shelbyville, IN
Beulah Park, Grove City, OH	Ireland, Ireland
Buffalo Raceway, Hamburg, NY	Japan Racing, Japan
California Authority of Racing Fairs (CARF)	Keeneland, Lexington, KY
Canterbury Park, Shakopee, MN	Kentucky Downs, Franklin, KY
Colonial Downs, New Kent, VA	Los Alamitos, Los Alamitos, CA
Del Mar, Del Mar, CA	Louisiana Downs, Shreveport, LA
Dover Downs, Dover, DE	Maywood Park, Maywood, IL
Dubai Racing, Dubai, UAE	Meadowlands, East Rutherford, NJ
Ellis Park, Henderson, KY	Monmouth Park, Oceanport, NJ
Emerald Downs, Auburn, WA	Monticello Raceway, Monticello, NY
Evangeline Downs, Opelousas, LA	Mountaineer Park, Chester, WV
Fair Meadows, Tulsa, OK	Northfield Park, Northfield, OH
Fairmount Park, East St. Louis, IL	Oak Tree @ Santa Anita, Arcadia, CA
Fairplex Park, Pomona, CA	Philadelphia Park, Bensalem, PA
Freehold Raceway, Freehold, NJ	Pompano Park, Pompano Beach, FL
Great Britain, Great Britain	Prairie Meadows, Altoona, IA
Harrington Raceway, Harrington, DE	Ruidoso Downs, Ruidoso, NM

Santa Anita, Arcadia, CA
Saratoga Race Course, Saratoga Springs, NY
Scioto Downs, Columbus, OH
Suffolk Downs, East Boston, MA
Sunland Park, Sunland Park, NM
Sacramento Harness, Sacramento, CA
Tampa Bay Downs, Tampa, FL

Turf Paradise, Phoenix, AZ
Turfway Park, Florence, KY
UK Racing, UK
Yavapai Downs, Prescott, AZ
Yonkers Raceway, Yonkers, NY
Zia Park, Hobbs, NM

Additional locations will be offered as new contracts are negotiated.

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

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:

Scientific Games Racing, LLC
1500 Bluegrass Lakes Parkway
Alpharetta, GA 30004
770.664.3700

Equibase Company LLC
821 Corporate Drive
Lexington KY 40503-2794
(859) 296-3079

Trackmaster, an Equibase Company
851 Fremont Ave. #109
Los Altos, CA 94024
(650) 947-9020

- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed:

9. ADVERTISING

Name and address of the advertising agency you will use:

Bailey Gardiner
3785 Sixth Avenue, Suite 200
San Diego, CA 92103
(619) 295-8232

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

10. CERTIFICATION

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

BJ Cosson
Name

BJ Cosson
Signature

Vice President, Operations & Customer Relations
Title

Oct 1, 2008
Date

Business and Professions Code 19604
Advance Deposit Wagering Law (ADW)

19604. The board may authorize any racing association, racing fair, betting system, or multijurisdictional wagering hub to conduct advance deposit wagering in accordance with this section. Racing associations, racing fairs, and their respective horsemen's organizations may form a partnership, joint venture, or any other affiliation in order to further the purposes of this section.

(a) As used in this section, the following definitions apply:

(1) "Advance deposit wagering" means a form of parimutuel wagering in which a person residing within California or outside of this state establishes an account with an ADW provider, and subsequently issues wagering instructions concerning the funds in this account, thereby authorizing the ADW provider holding the account to place wagers on the account owner's behalf.

(2) "ADW provider" means a licensee, betting system, or multijurisdictional wagering hub, located within California or outside this state, that is authorized to conduct advance deposit wagering pursuant to this section.

(3) "Betting system" means a business conducted exclusively in this state that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(4) "Breed of racing" means as follows:

(A) With respect to associations and fairs licensed by the board to conduct thoroughbred, fair, or mixed breed race meetings, "breed of racing" shall mean thoroughbred.

(B) With respect to associations licensed by the board to conduct quarter horse race meetings, "breed of racing" shall mean quarter horse.

(C) With respect to associations and fairs licensed by the board to conduct standardbred race meetings, "breed of racing" shall mean standardbred.

(5) "Contractual compensation" means the amount paid to an ADW provider from advance deposit wagers originating in this state. Contractual compensation includes, but is not limited to, hub fee payments, and may include host fee payments, if any, for out-of-state and out-of-country races. Contractual compensation is subject to the following requirements:

(A) Excluding contractual compensation for host fee payments, contractual compensation shall not exceed 6.5 percent of the amount wagered.

(B) The host fee payments included within contractual compensation shall not exceed 3.5 percent of the amount wagered. Notwithstanding this provision, the host fee payment with respect to wagers on the

Kentucky Derby, Preakness Stakes, Belmont Stakes, and selected Breeders' Cup Championship races may be negotiated by the ADW provider, the racing associations accepting wagers on those races pursuant to Section 19596.2, and the horsemen's organization.

(C) In order to ensure fair and consistent market access fee distributions to associations, fairs, horsemen, and breeders, for each breed of racing, the percentage of wagers paid as contractual compensation to an ADW provider pursuant to the terms of a hub agreement with a racing association or fair when that racing association or fair is conducting live racing shall be the same as the percentage of wagers paid as contractual compensation to that ADW provider when that racing association or fair is not conducting live racing.

(6) "Horsemen's organization" means, with respect to a particular racing meeting, the organization recognized by the board as responsible for negotiating purse agreements on behalf of horsemen participating in that racing meeting.

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

(8) "Hub agreement arbitration" means an arbitration proceeding pursuant to which the disputed provisions of the hub agreement pertaining to the hub or host fees from wagers on races conducted outside of California provided pursuant to paragraph (2) of subdivision (b) are determined in accordance with the provisions of this paragraph. If a hub agreement arbitration is requested, all of the following shall apply:

(A) The ADW provider shall be permitted to accept advance deposit wagers from California residents.

(B) The contractual compensation received by the ADW provider shall be the contractual compensation specified in the hub agreement that is the subject of the hub agreement arbitration.

(C) The difference between the contractual compensation specified in subparagraph (B) and the contractual compensation determined to be payable at the conclusion of the hub agreement arbitration shall be calculated and paid within 15 days following the arbitrator's decision and order. The hub agreement arbitration shall be held as

promptly as possible, but in no event more than 60 days following the demand for that arbitration. The arbitrator shall issue a decision no later than 15 days following the conclusion of the arbitration. A single arbitrator jointly selected by the ADW provider and the party requesting a hub agreement arbitration shall conduct the hub agreement arbitration. However, if the parties cannot agree on the arbitrator within seven days of issuance of the written demand for arbitration, then the arbitrator shall be selected pursuant to the Streamlined Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services, or pursuant to the applicable rules of its successor organization. In making the hub agreement arbitration determination, the arbitrator shall be required to choose between the contractual compensation of the hub agreement agreed to by the ADW provider or whatever different terms for the hub agreement were proposed by the party requesting the hub agreement arbitration. The arbitrator shall not be permitted to impose new, different, or compromised terms to the hub agreement. The arbitrator's decision shall be final and binding on the parties. If an arbitration is requested, either party may bring an action in state court to compel a party to go into arbitration or to enforce the decision of the arbitrator. The cost of the hub agreement arbitration, including the cost of the arbitrator, shall be borne in equal shares by the parties to the hub agreement and the party or parties requesting a hub agreement arbitration. The hub agreement arbitration shall be administered by the Judicial Arbitration and Mediation Services pursuant to its Streamlined Arbitration Rules and Procedures or its successor organization.

(9) "Incentive awards" means those payments provided for in Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The amount determined to be payable for incentive awards under this section shall be payable to the applicable official registering agency and thereafter distributed as provided in this chapter.

(10) "Licensee" means any racing association or fair licensed to conduct a live racing meet in this state, or affiliation thereof, authorized under this section.

(11) "Market access fee" means the amount of advance deposit wagering handle remaining after the payment of winning wagers, and after the payment of contractual compensation, if any, to an ADW provider. Market access fees shall be distributed in accordance with subdivision (f).

(12) "Multijurisdictional wagering hub" means a business conducted in more than one jurisdiction that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(13) "Racing fair" means a fair authorized by the board to conduct live racing.

(14) "Zone" means the zone of the state, as defined in Section 19530.5, except as modified by the provisions of subdivision (f) of Section 19601. For these purposes, the central and southern zones shall together be considered one zone.

(b) Wagers shall be accepted according to the procedures set forth in this subdivision.

(1) No ADW provider shall accept wagers or wagering instructions on races conducted in California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.

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

(2) No ADW provider shall accept wagers or wagering instructions on races conducted outside of California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) 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.

(C) If the parties referenced in clauses (i) and (ii) of subparagraph (B) are both signatories to the hub agreement, then no party shall have the right to request a hub agreement arbitration.

(D) If only the party or parties referenced in clause (i) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide a copy of the hub agreement to the

horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted for each race conducted outside of California on which California residents may place advance deposit wagers. Prior to receipt of the hub agreement, the horsemen's organization shall sign a nondisclosure agreement with the ADW provider agreeing to hold confidential all terms of the hub agreement. If the horsemen's organization wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the copy of the hub agreement, and shall provide its alternate proposal to the hub and host fees specified in the hub agreement with that written notice. If the horsemen's organization does not provide that written notice within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If the horsemen's organization does provide that written notice within the 10-day period, then the ADW provider shall have 10 days to elect in writing to do one of the following:

(i) Abandon the hub agreement.

(ii) Accept the alternate proposal submitted by the horsemen's organization.

(iii) Proceed with a hub agreement arbitration.

(E) If only the party referenced in clause (ii) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide written notice of the host and hub fees applicable pursuant to the hub agreement for each race conducted outside of California on which California residents may place advance deposit wagers, which notice shall be provided to all racing associations and fairs conducting live racing of the same breed covered by the hub agreement. If any racing association or fair wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the notice of host and hub fees. It shall also provide its alternate proposal to the hub and host fees specified in the hub agreement with the notice of its election. If more than one racing association or fair provides notice of their request for hub agreement arbitration, those racing associations or fairs, or both, shall have a period of five days to jointly agree upon which of their alternate proposals shall be the official proposal for purposes of the hub agreement arbitration. If 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 does not provide written notice of their election to arbitrate within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If a valid hub agreement arbitration request is made, then the ADW

provider shall have 10 days to elect in writing to do one of the following:

- (i) Abandon the hub agreement.
- (ii) Accept the alternate proposal submitted by the racing associations or fairs.
- (iii) Proceed with a hub agreement arbitration.

The results of any hub agreement arbitration elected pursuant to this subdivision shall be binding on all other associations and fairs conducting live racing on that breed.

(F) The acceptance thereof is in compliance with the provisions of the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of such wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider.

(c) An advance deposit wager may be made only by the ADW provider holding the account pursuant to wagering instructions issued by the owner of the funds communicated by telephone call or through other electronic media. The ADW provider shall ensure the identification of the account's owner by using methods and technologies approved by the board. Any ADW provider that accepts wagering instructions concerning races conducted in California, or accepts wagering instructions originating in California, shall provide a full accounting and verification of the source of the wagers thereby made, including the postal ZIP Code and breed of the source of the wagers, in the form of a daily download of parimutuel data to a database designated by the board. The daily download shall be delivered in a timely basis using file formats specified by the database designated by the board, and shall include any and all data necessary to calculate and distribute moneys according to the rules and regulations governing California parimutuel wagering. Any and all reasonable costs associated with the creation, provision, and transfer of this data shall be borne by the ADW provider.

(d) (1) (A) The board shall develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for ADW providers operating in California.

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

- (i) The labor organization has historically represented employees who accept or process any form of wagering at the nearest horse

racetrack meeting located in California.

(ii) The agreement establishes the method by which the ADW provider will agree to recognize and bargain in good faith with a labor organization which has demonstrated majority status by submitting authorization cards signed by those employees who accept or process any form of wagering for which a California ADW license is required.

(iii) The agreement requires the ADW provider to maintain its neutrality concerning the choice of those employees who accept or process any form of wagering for which a California ADW license is required whether or not to authorize the labor organization to represent them with regard to wages, hours, and other the terms and conditions of employment.

(iv) The agreement applies to those classifications of employees who accept or process wagers for which a California ADW license is required whether the facility is located within or outside of California.

(C) (i) The agreement required by subparagraph (B) shall not be conditioned by either party upon the other party agreeing to matters outside the requirements of subparagraph (B).

(ii) The requirement in subparagraph (B) shall not apply to an ADW provider which has entered into a collective bargaining agreement with a bona fide labor organization that is the exclusive bargaining representative of employees who accept or process parimutuel wagers on races for which an ADW license is required whether the facility is located within or outside California.

(D) Permanent state or county employees and nonprofit organizations that have historically performed certain services at county, state, or district fairs may continue to provide those services.

(E) Parimutuel clerks employed by racing associations or fairs or employees of ADW providers who accept or process any form of wagers who are laid off due to lack of work shall have preferential hiring rights for new positions with their employer in occupations whose duties include accepting or processing any form of wagers, or the operation, repair, service, or maintenance of equipment that accepts or processes any form of wagering at a racetrack, satellite wagering facility, or ADW provider licensed by the board. The preferential hiring rights established by this subdivision shall be conditioned upon the employee meeting the minimum qualification requirements of the new job.

(2) The board shall develop and adopt rules and regulations requiring ADW providers to establish security access policies and safeguards, including, but not limited to, the following:

(A) The ADW provider shall use board-approved methods to perform location and age verification confirmation with respect to persons

establishing an advance deposit wagering account.

(B) The ADW provider shall use personal identification numbers (PINs) or other technologies to assure that only the accountholder has access to the advance deposit wagering account.

(C) The ADW provider shall provide for withdrawals from the wagering account only by means of a check made payable to the accountholder and sent to the address of the accountholder or by means of an electronic transfer to an account held by the verified accountholder or the accountholder may withdraw funds from the wagering account at a facility approved by the board by presenting verifiable account identification information.

(D) The ADW provider shall allow the board access to its premises to visit, investigate, audit and place expert accountants and other persons it deems necessary for the purpose of ensuring that its rules and regulations concerning credit authorization, account access, and other security provisions are strictly complied with. To ensure that the amounts retained from the parimutuel handle are distributed under law, rules, or agreements, any ADW provider that accepts wagering instructions concerning races conducted in California or accepts wagering instructions originating in California shall provide an independent "agreed upon procedures" audit for each California racing meeting, within 60 days of the conclusion of the race meeting. The auditing firm to be used and the content and scope of the audit, including host fee obligations, shall be set forth in the applicable agreement. The ADW provider shall provide the board, horsemen's organizations, and the host racing association with an annual parimutuel audit of the financial transactions of the ADW provider with respect to wagers authorized pursuant to this section, prepared in accordance with generally accepted auditing standards and the requirements of the board. Any and all reasonable costs associated with those audits shall be borne by the ADW provider.

(3) The board shall prohibit advance deposit wagering advertising that it determines to be deceptive to the public. The board shall also require, by regulation, that every form of advertising contain a statement that minors are not allowed to open or have access to advance deposit wagering accounts.

(e) In order for a licensee, betting system, or multijurisdictional wagering hub to be approved by the board as an ADW provider, it shall meet both of the following requirements:

(1) All wagers thereby made shall be included in the appropriate parimutuel pool under a contractual agreement with the applicable host track.

(2) The amounts deducted from advance deposit wagers shall be in accordance with the provisions of this chapter.

(f) After the payment of contractual compensation, the amounts received as market access fees from advance deposit wagers, which shall not be considered for purposes of Section 19616.51, shall be distributed as follows:

(1) An amount equal to 0.0011 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis.

(2) An amount equal to 0.0003 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Department of Industrial Relations to cover costs associated with audits conducted pursuant to Section 19526 and for the purposes of reimbursing the State Mediation and Conciliation Service for costs incurred pursuant to this bill. However, if that amount would exceed the costs of the Department of Industrial Relations, the amount distributed to the department shall be reduced, and that reduction shall be forwarded to an organization designated by the racing association or fair described in subdivision (a) for the purpose of augmenting a compulsive gambling prevention program specifically addressing that problem.

(3) An amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California for each racing meeting shall be distributed as follows:

(A) One-half of the amount shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) One-half of the amount shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(4) With respect to wagers on each breed of racing that originate in California, an amount equal to two percent of the first two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 1.5 percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to one percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within

California annually, and an amount equal to 0.50 percent of handle from all advance deposit wagers originating from within California in excess of seven hundred fifty million dollars (\$750,000,000) annually, shall be distributed as satellite wagering commissions. Satellite facilities that were not operational in 2001, other than one each in the cities of Inglewood and San Mateo, and two additional facilities each operated by the Alameda County Fair and the Los Angeles County Fair and their partners and other than existing facilities which are relocated, are not eligible for satellite wagering commission distributions under this section. The satellite wagering facility commissions calculated in accordance with this subdivision shall be distributed to each satellite wagering facility and racing association or fair in the zone in which the wager originated in the same relative proportions that the satellite wagering facility or the racing association or fair generated satellite commissions during the previous calendar year. If there is a reduction in the satellite wagering commissions pursuant to this section, the benefits therefrom shall be distributed equitably as purses and commissions to all associations and racing fairs generating advance deposit wagers in proportion to the handle generated by those associations and racing fairs. For purposes of this section, the purse funds distributed pursuant to Section 19605.72 shall be considered to be satellite wagering facility commissions attributable to thoroughbred races at the locations described in that section.

(5) After the distribution of the amounts set forth in paragraphs (1) to (4), inclusive, the remaining market access fees from advance deposit wagers originating in California shall be as follows:

(A) With respect to wagers on each breed of racing, the amount remaining shall be distributed to the racing association or fair that is conducting live racing on that breed during the calendar period in the zone in which the wager originated. That amount shall be allocated to that racing association or fair as commissions, to horsemen participating in that racing meeting in the form of purses, and as incentive awards, in the same relative proportion as they were generated or earned during the prior calendar year at that racing association or fair on races conducted or imported by that racing association or fair after making all deductions required by applicable law. Notwithstanding any other provision of law, the distributions with respect to each breed of racing set forth in this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by the respective associations, fairs, horsemen's organizations, and breeders organizations receiving those distributions.

(B) If the provisions of Section 19601.2 apply, then the amount distributed to the applicable racing associations or fairs shall

first be divided between those racing associations or fairs in direct proportion to the total amount wagered in the applicable zone on the live races conducted by the respective association or fair.

Notwithstanding this requirement, when the provisions of subdivision (b) of Section 19607.5 apply to the 2nd District Agricultural Association in Stockton or the California Exposition and State Fair in Sacramento, then the total amount distributed to the applicable racing associations or fairs shall first be divided equally, with 50 percent distributed to applicable fairs and 50 percent distributed to applicable associations.

(C) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country thoroughbred races conducted after 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions to thoroughbred associations and racing fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A), and the remaining 50 percent, together with the total amount remaining from advance deposit wagering originating from California out-of-state and out-of-country harness and quarter horse races conducted after 6 p.m., Pacific time, shall be distributed as commissions on a pro rata basis to the applicable licensed quarter horse association and the applicable licensed harness association, based upon the amount handled in state, both on- and off-track, on each breed's own live races in the previous year by that association, or its predecessor association. One-half of the amount thereby received by each association shall be retained by that association as a commission, and the other half of the money received shall be distributed as purses to the horsemen participating in its current or next scheduled licensed racing meeting.

(D) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country nonthoroughbred races conducted before 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions as provided in subparagraph (C) for licensed quarter horse and harness associations, and the remaining 50 percent shall be distributed as commissions to the applicable thoroughbred associations or fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A).

(E) Notwithstanding any provision of this section to the contrary, the distribution of market access fees pursuant to this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by all parties whose distributions would be affected.

(g) A racing association, a fair, or a satellite wagering facility may enter into an agreement with an ADW provider to accept and facilitate the placement of any wager from a patron at its facility

that a California resident could make through that ADW provider. Deductions from wagers made pursuant to such an agreement shall be distributed in accordance with the provisions of this chapter governing wagers placed at that facility, except that the board may authorize alternative distributions as agreed to by the ADW provider, the operator of the facility accepting the wager, the association or fair conducting that breed of racing in the zone where the wager is placed, and the respective horsemen's organization.

(h) Any issues concerning the interpretation or application of this section shall be resolved by the board.

(i) Amounts distributed under this section shall be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advanced deposit wagers originating in California for each racing meeting, and shall not exceed two million dollars (\$2,000,000). The method used to calculate the reduction in proportionate share shall be approved by the board. The amount deducted shall be distributed as follows:

(1) Fifty percent of the money to the California Horse Racing Board to establish and to administer jointly with the organization certified as the majority representative of California licensed jockeys pursuant to Section 19612.9, a defined contribution retirement plan for California licensed jockeys who retired from racing on or after January 1, 2009, and who, as of the date of their retirement, had ridden in a minimum of 1,250 parimutuel races conducted in California.

(2) The remaining 50 percent of the money shall be distributed as follows:

(A) Seventy percent shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) Thirty percent shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

STAFF ANALYSIS
November 18, 2008

ISSUE: APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING OF YOBET.COM, INC., FOR A CALIFORNIA MULTI-JURISDICTIONAL WAGERING HUB AND APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING OF YOBET.COM, INC., FOR AN OUT-OF STATE MULTI-JURISDICTIONAL WAGERING HUB.

Yobet.com, Inc. (Yobet) filed its application as a California multi jurisdiction wagering hub and an out-of-state multi-jurisdictional wagering hub to provide Advance Deposit Wagering (ADW). It is currently licensed through December 31, 2008 and as a California multi-jurisdiction wager hub and an out-of-state multi-jurisdictional wagering hub.

A bond or other form of financial security in the amount of \$500,000 must be submitted with an application for license to conduct ADW. Yobet, as a current ADW provider, has on file a \$500,000 bond that is continuous until cancelled. Notification of cancellation of the bond has not been received, so the bond is current.

This application provides for:

- Operation normally 14.5 hours a day, 7 days a week. Hours are 8:30 am – 11:00 pm (Pacific Standard Time). Yobet has applied for a one-year license. CHRB Rule 2071 and 2072 allows for a two-year license term.

Change in Management Personal:

New Directors

Michael Sands Ray Anderson
Michael Soenen Gary Adelson

Change in Share allocation of Company:

Shares increased for the following directors since the last time Yobet filed its application to be an ADW provider:

Jay P. Pritzter 3,914,143 to 5,302,347
F. Jack Liebau 35, 000 to 165, 000

Yobet is a Delaware registered Corporation, traded on the NASDAQ under the symbol UBET.

Yobet's 2007 Annual report notes acquisition of United Tote for "31.9 million plus the assumption of approximately \$14.7 million of United Tote debt".

- Business and Professions Code section 19604 includes specific provisions that must be met before an ADW provider can accept wagers.

These include:

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

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

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

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

Business and Professions Code Section 19604 defines:

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

Youbet's applications states that under a License and Content Agreement with TVG, Youbet receives the rights to accept pari-mutuel wagers on horse races conducted at Del Mar, Los Alamitos, Oak Tree and Fairplex, as well as tracks outside of California.

Business and Professions Code section 19604 states:

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

Youbet has not submitted an agreement pursuant to Business and Professions code section 19604.

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

1. Contractual agreements between applicant, tracks and/or associations.
2. Horsemen's Agreement
3. Labor organization agreement

RECOMMENDATION:

Staff recommends that the Board hear from the applicant concerning the status of unresolved matters.

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

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

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

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

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

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

Michael Brodsky, CEO, CHRB 295233
James Burk, CFO, To Be Licensed
Jay P. Pritzker, Director, CHRB 295485
James Edgar, Director, CHRB 284545
Frederick Jack Liebau, Director, CHRB 222157
Michael Sands, Director, CHRB 294796
Michael Soenen, Director, To Be Licensed
Ray Anderson, Director, To be Licensed
Gary Adelson, Director, CHRB 284547

NOTICE – All management personnel must be CHRB licensed.

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

Dan Perini, General Counsel
Legal Department
Youbet.com, Inc.
5190 De Soto Avenue
Woodland Hills, California 91367

CHRB CERTIFICATION

Application received: 10/1/08
Reviewed: *afp*

Hearing date: 11/18/08
Approval date:

- D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

In May 2001 Youbet entered into a License and Content Agreement with TVG, a copy of which can be found under ATTACHMENT 1. Under this agreement, as of the date of this application, Youbet receives the rights to accept pari-mutuel wagers on horse races conducted at Del Mar, Los Alamitos, Oak Tree and Fairplex, as well as a number of tracks outside of California.

Recent ADW approvals from the TOC can be found under ATTACHMENT 2.

Recent letter of consent with PQRA can be found under ATTACHMENT 3.

Recent simulcast agreements with California thoroughbred tracks (other than those tracks for which Youbet receives rights pursuant to the License and Content Agreement with TVG) can be found under ATTACHMENT 4.

Recent simulcast agreements with Cal Expo and California Harness Horsemen's Association can be found under ATTACHMENT 5.

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:

January 1, 2009 – December 31, 2009

- B. Hours Advance Deposit Wagering will be conducted:

The Youbet service is normally available 14.5 hours a day 7 days a week with hours of operation being approximately 8:30 a.m. – 11:00 p.m. PT

3. BUSINESS STRUCTURE

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

Complete the applicable subsection

B. CORPORATION

- 1. Registered name of the corporation:

Youbet.com, Inc.

2. State where incorporated:

Delaware

3. Registry or file number for the corporation:

95-4627253 – Federal ID Number

4. Name of all officers and directors, titles, and number of shares of the corporation held by each:

Name	Title	# of Shares Owned
Michael Sands	Director	22,500
Michael Soenen	Director	0
James Edgar	Director	10,000
Gary Adelson	Director	37,500
Ray Anderson	Director	0
Michael Brodsky	Chief Executive Officer	2,000
Jay P. Pritzker	Director	5,302,347
F. Jack Liebau	Director	165,000
Jim Burk	Chief Financial Officer	25,000

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:

Lloyd I. Miller, III
PNC Financial Services Group I LLC
New World Opportunity Partners I LLC

6. Number of outstanding shares in the corporation:

41,519,024

7. Are the shares listed for public trading?

Yes

No

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

NASDAQ

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

American Stock Transfer and Trust Company

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

10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.

ATTACHMENT 6
ATTACHMENT 7

2007 Annual Report (SEC Form 10K)
Quarterly Report Ending June 30, 2008 (SEC Form 10Q)

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

ATTACHMENT 8

Statement of Operations

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

D. OTHER

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

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

A. List the procedures to establish an Account:

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

To become a Youbet ADW customer, an applicant must be resident in one of the jurisdictions in which Youbet provides service and must meet the applicable minimum age requirement. Youbet may elect to accept wagers and/or open new wagering accounts for residents of the jurisdictions listed in ATTACHMENT 9. As part of the sign-up process, among other information, we obtain:

- Name;
- Residential jurisdiction; and
- Date of Birth

Currently, an applicant must contact us either via the Youbet.com website or telephonically to open an account. When the necessary information is provided, Youbet uses a third party electronic verification service to verify the customer's state of residence and age. Once verified, that customer becomes an ADW customer. Until that time, a customer may participate in other non-wagering activities with us (*e.g.*, subscribe to watch races, download racing information, and so forth), but may not wager. In the event the third party electronic verification service is unable to verify the information provided by the customer, Youbet may secure additional documentation (*e.g.*, government identification, utility bills) from the applicant to verify the information provided. Depending on the type of services used, various subscription fees may be charged to the customer.

For more operational details see our Operation Plan as ATTACHMENT 10.

B. If an application form is used to establish an Account attach a copy of the form.

ATTACHMENT 11

C. Name and address of the third party you will use to verify identity, residence and age verification:

Equifax Credit Information Systems, Inc.
P.O. Box 740006
Atlanta, GA 30374

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

A. Submit a copy of your plan for operation.

See ATTACHMENT 10

- B. List the type of deposits you will accept:

Credit card, electronic check, check, money order, wire transfer. See Operation Plan for detail regarding depositing funds into a wagering account (ATTACHMENT 10).

- C. Identify any fees or transaction-related charges and the amount that will be assessed:

Certain customers are charged \$10.95 per month for up to ten hours of live video per month or \$17.95 for unlimited video per month. Monthly subscription fees are waived for customers wagering a monthly average of at least \$350.00.

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

6. SECURITY ACCESS

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

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

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

- Residential jurisdiction; and
- Date of Birth

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

For more operational details see our Operation Plan as ATTACHMENT 10.

2. Description of the technology to ensure confidentiality of the Means of Personal Identification:

All sensitive data is stored in an encrypted state in Youbet's database. The data is only decrypted when used by internal secure applications. The customer's Social Security Number and password/PIN are encrypted and cannot be viewed by non-authorized Youbet personnel.

The following data is encrypted:

- Password
- Social Security Number
- Credit Card Numbers
- Checking Account Number

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

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

The password memory feature of Microsoft's operating system and browser are disabled for all Youbet products and web sites.

3. Methods and locations available for Account Holders to withdraw funds from their Account:

Youbet customers can request a withdrawal on-line or by mail or fax a signed withdrawal slip to Youbet's office. A check in the amount of the withdrawal is mailed to the mailing address listed on file for the customer.

4. If the Advance Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation:

Records are maintained at Youbet's headquarters located at 5901 De Soto Avenue, Woodland Hills, California, 91367, as well as Warner Center Self Storage located at 21051 Oxnard Street, Woodland Hills, California, 91367. Certain records are also stored by United Tote Company at the same address.

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:

Piercy Bowler Taylor & Kern
 Certified Public Accountants & Business Advisors
 6100 Elton Avenue, Suite 1000
 Las Vegas, Nevada 89107
 Phone: (702)384-1120
 Fax: (702) 870-2474

- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

Totalizer equipment: United Tote Company – a subsidiary of Youbet.com

Simulcast organization: Youbet Inter-Tote Systems Protocol ("ITSP") is provided by Robertson Communication, term is December 31, 2009.

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

See ATTACHMENT 12

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

8. CONTRACTS AND AGREEMENTS

A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:

Robertson Communications Network, Inc., 4175 Cameron Street, Suite B-10, Las Vegas, NV 89103

B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed:

N/A

9. ADVERTISING

Name and address of the advertising agency you will use:

Youbet.com has an internal advertising group.

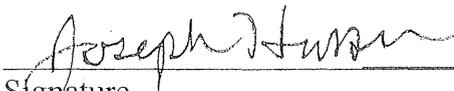
NOTICE – Pursuant to Rule 2072 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section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

10. CERTIFICATION

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

Joseph Hasson

Print Name



Signature

V.P. Online Operations

Print Title

September 26, 2008

Date

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

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

1. APPLICANT

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

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

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

C. Names and titles of all management personnel:

Michael Brodsky, CEO, CHRB 295233
James Burk, CFO, To Be Licensed
Jay P. Pritzker, Director, CHRB 295485
James Edgar, Director, CHRB 284545
Frederick Jack Liebau, Director, CHRB 222157
Michael Sands, Director, CHRB 294796
Michael Soenen, Director, To Be Licensed
Ray Anderson, Director, To be Licensed
Gary Adelson, Director, CHRB 284547

NOTICE – All management personnel must be CHRB licensed.

- D. Racing Fairs are not required to complete Section 3, Business Structure.
- E. Betting Systems and CA Hubs - attach the contract with the Licensee and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering

CHRB CERTIFICATION

Application received: 10/1/08
Reviewed: [Signature]
Hearing date: 11/18/08

Approval date:
License number:

services and identify the amount of the market access fee to be paid to the Licensee for access to the California market for wagering purposes.

In May 2001 Youbet entered into a License and Content Agreement with TVG, a copy of which can be found under ATTACHMENT 1. Under this agreement, as of the date of this application, Youbet receives the rights to accept pari-mutuel wagers on horse races conducted at Del Mar, Los Alamitos, Oak Tree and Fairplex, as well as a number of tracks outside of California.

Recent ADW approvals from the TOC can be found under ATTACHMENT 2.

Recent letter of consent with PQRA can be found under ATTACHMENT 3.

Recent simulcast agreements with California thoroughbred tracks (other than those tracks for which Youbet receives rights pursuant to the License and Content Agreement with TVG) can be found under ATTACHMENT 4.

Recent simulcast agreements with Cal Expo and California Harness Horsemen's Association can be found under ATTACHMENT 5.

2. DATES OF OPERATION

A. Dates Advance Deposit Wagering will be conducted:

January 1, 2009 – December 31, 2009

B. Hours Advance Deposit Wagering will be conducted:

The Youbet service is normally available 14.5 hours a day 7 days a week with hours of operation being approximately 8:30 a.m. – 11:00 p.m. PT

3. BUSINESS STRUCTURE

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

Complete the applicable subsection

CORPORATION

1. Registered name of the corporation:

Youbet.com, Inc.

2. State where incorporated:

Delaware

3. Registry or file number for the corporation:

95-4627253 – Federal ID Number

4. Name of all officers and directors, titles, and number of shares of the corporation held by each:

Name	Title	# of Shares Owned
Michael Sands	Director	22500
Michael Soenen	Director	0
James Edgar	Director	10,000
Gary Adelson	Director	37,500
Ray Anderson	Director	0
Michael Brodsky	Chief Executive Officer	2,000
Jay P. Pritzker	Director	5,302,347
F. Jack Liebau	Director	165,000
Jim Burk	Chief Financial Officer	25,000

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:

Lloyd I. Miller, III
PNC Financial Services Group I LLC
New World Opportunity Partners I LLC

6. Number of outstanding shares in the corporation:

41,519,024

7. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:

NASDAQ

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

American Stock Transfer and Trust Company

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

10. Attach the most recent annual financial statement for the corporation, including balance sheet

and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.

ATTACHMENT 6

2007 Annual Report (SEC Form 10K)

ATTACHMENT 7

Quarterly Report Ending June 30, 2008 (SEC Form 10Q)

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

ATTACHMENT 8

Statement of Operations

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

D. OTHER

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

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

A. List the procedures to establish an Account:

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

To become a Youbet ADW customer, an applicant must be resident in one of the jurisdictions in which Youbet provides service and must meet the applicable minimum age requirement. Youbet may elect to accept wagers and/or open new wagering accounts for residents of the jurisdictions listed in ATTACHMENT 9. As part of the sign-up process, among other information, we obtain:

- Name;
- Residential jurisdiction; and
- Date of Birth

Currently, an applicant must contact us either via the Youbet.com website or telephonically to open an account. When the necessary information is provided, Youbet uses a third party electronic verification service to verify the customer's state of residence and age. Once verified, that customer becomes an ADW customer. Until that time, a customer may participate in other non-wagering activities with us (*e.g.*, subscribe to watch races, download racing information, and so forth), but may not wager. In the event the third party electronic verification service is unable to verify the information provided by the customer, Youbet may secure additional documentation (*e.g.*, government identification, utility bills) from the applicant to verify the information provided. Depending on the type of services used, various subscription fees may be charged to the customer.

For more operational details see our Operation Plan as ATTACHMENT 10.

B. If an application form is used to establish an Account attach a copy of the form.

ATTACHMENT 11

C. Name and address of the third party you will use to verify identity, residence and age verification:

Equifax Credit Information Systems, Inc.
P.O. Box 740006
Atlanta, GA 3037

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

A. Submit a copy of your plan for operation.

See ATTACHMENT 10

B. List the type of deposits you will accept:

Credit card, electronic check, check, money order, wire transfer. See Operation Plan for

details regarding depositing funds into a wagering account (ATTACHMENT 10).

- C. Identify any fees or transaction-related charges and the amount that will be assessed:

Certain customers currently are charged \$10.95 per month for up to ten hours of live video per month or \$17.95 for unlimited video per month. Monthly subscription fees currently are waived for customers wagering a monthly average of at least \$350.00.

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

6. SECURITY ACCESS

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

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

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

- Residential jurisdiction; and
- Date of Birth

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

For more operational details see our Operation Plan as ATTACHMENT 10.

2. Description of the technology to ensure confidentiality of the Means of Personal Identification:

All sensitive data is stored in an encrypted state in Youbet's database. The data is only decrypted when used by internal secure applications. The customer's Social Security Number and password/PIN are encrypted and cannot be viewed by non-authorized Youbet personnel.

The following data is encrypted:

- Password
- Social Security Number
- Credit Card Numbers

- Checking Account Number

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

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

The password memory feature of Microsoft's operating system and browser are disabled for all Youbet products and web sites.

3. Methods and locations available for Account Holders to withdraw funds from their Account:

Youbet customers can request a withdrawal on-line or by mail or fax a signed withdrawal slip to Youbet's office. A check in the amount of the withdrawal is mailed to the mailing address listed on file for the customer.

4. If the Advance Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation:

Records are maintained at Youbet's headquarters located at 5901 De Soto Avenue, Woodland Hills, California, 91367, as well as Warner Center Self Storage located at 21051 Oxnard Street, Woodland Hills, California, 91367. Certain records are also stored by United Tote Company at the same address.

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:

Piercy Bowler Taylor & Kern
 Certified Public Accountants & Business Advisors
 6100 Elton Avenue, Suite 1000
 Las Vegas, Nevada 89107
 Phone: (702)384-1120
 Fax: (702) 870-2474

- B. Type(s) of pari-mutuel or totalizer equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

Totalizer equipment: United Tote Company - a subsidiary of Youbet.com, Inc.

Simulcast organization: Youbet Inter-Tote Systems Protocol ("ITSP") is provided by

Robertson Communication, term is December 31, 2009.

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

See ATTACHMENT 12

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

8. CONTRACTS AND AGREEMENTS

A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:

Robertson Communications Network, Inc., 4175 Cameron Street, Suite B-10, Las Vegas, NV 89103

B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed:

N/A

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

9. ADVERTISING

Name and address of the advertising agency you will use:

Youbet.com has an internal advertising group.

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

10. CERTIFICATION

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

Joseph Hasson

Print Name

Joseph Hasson

Signature

V.P. Online Operations

Print Title

September 26, 2008

Date

Business and Professions Code 19604
Advance Deposit Wagering Law (ADW)

19604. The board may authorize any racing association, racing fair, betting system, or multijurisdictional wagering hub to conduct advance deposit wagering in accordance with this section. Racing associations, racing fairs, and their respective horsemen's organizations may form a partnership, joint venture, or any other affiliation in order to further the purposes of this section.

(a) As used in this section, the following definitions apply:

(1) "Advance deposit wagering" means a form of parimutuel wagering in which a person residing within California or outside of this state establishes an account with an ADW provider, and subsequently issues wagering instructions concerning the funds in this account, thereby authorizing the ADW provider holding the account to place wagers on the account owner's behalf.

(2) "ADW provider" means a licensee, betting system, or multijurisdictional wagering hub, located within California or outside this state, that is authorized to conduct advance deposit wagering pursuant to this section.

(3) "Betting system" means a business conducted exclusively in this state that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(4) "Breed of racing" means as follows:

(A) With respect to associations and fairs licensed by the board to conduct thoroughbred, fair, or mixed breed race meetings, "breed of racing" shall mean thoroughbred.

(B) With respect to associations licensed by the board to conduct quarter horse race meetings, "breed of racing" shall mean quarter horse.

(C) With respect to associations and fairs licensed by the board to conduct standardbred race meetings, "breed of racing" shall mean standardbred.

(5) "Contractual compensation" means the amount paid to an ADW provider from advance deposit wagers originating in this state. Contractual compensation includes, but is not limited to, hub fee payments, and may include host fee payments, if any, for out-of-state and out-of-country races. Contractual compensation is subject to the following requirements:

(A) Excluding contractual compensation for host fee payments, contractual compensation shall not exceed 6.5 percent of the amount wagered.

(B) The host fee payments included within contractual compensation shall not exceed 3.5 percent of the amount wagered. Notwithstanding this provision, the host fee payment with respect to wagers on the

Kentucky Derby, Preakness Stakes, Belmont Stakes, and selected Breeders' Cup Championship races may be negotiated by the ADW provider, the racing associations accepting wagers on those races pursuant to Section 19596.2, and the horsemen's organization.

(C) In order to ensure fair and consistent market access fee distributions to associations, fairs, horsemen, and breeders, for each breed of racing, the percentage of wagers paid as contractual compensation to an ADW provider pursuant to the terms of a hub agreement with a racing association or fair when that racing association or fair is conducting live racing shall be the same as the percentage of wagers paid as contractual compensation to that ADW provider when that racing association or fair is not conducting live racing.

(6) "Horsemen's organization" means, with respect to a particular racing meeting, the organization recognized by the board as responsible for negotiating purse agreements on behalf of horsemen participating in that racing meeting.

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

(8) "Hub agreement arbitration" means an arbitration proceeding pursuant to which the disputed provisions of the hub agreement pertaining to the hub or host fees from wagers on races conducted outside of California provided pursuant to paragraph (2) of subdivision (b) are determined in accordance with the provisions of this paragraph. If a hub agreement arbitration is requested, all of the following shall apply:

(A) The ADW provider shall be permitted to accept advance deposit wagers from California residents.

(B) The contractual compensation received by the ADW provider shall be the contractual compensation specified in the hub agreement that is the subject of the hub agreement arbitration.

(C) The difference between the contractual compensation specified in subparagraph (B) and the contractual compensation determined to be payable at the conclusion of the hub agreement arbitration shall be calculated and paid within 15 days following the arbitrator's decision and order. The hub agreement arbitration shall be held as

promptly as possible, but in no event more than 60 days following the demand for that arbitration. The arbitrator shall issue a decision no later than 15 days following the conclusion of the arbitration. A single arbitrator jointly selected by the ADW provider and the party requesting a hub agreement arbitration shall conduct the hub agreement arbitration. However, if the parties cannot agree on the arbitrator within seven days of issuance of the written demand for arbitration, then the arbitrator shall be selected pursuant to the Streamlined Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services, or pursuant to the applicable rules of its successor organization. In making the hub agreement arbitration determination, the arbitrator shall be required to choose between the contractual compensation of the hub agreement agreed to by the ADW provider or whatever different terms for the hub agreement were proposed by the party requesting the hub agreement arbitration. The arbitrator shall not be permitted to impose new, different, or compromised terms to the hub agreement. The arbitrator's decision shall be final and binding on the parties. If an arbitration is requested, either party may bring an action in state court to compel a party to go into arbitration or to enforce the decision of the arbitrator. The cost of the hub agreement arbitration, including the cost of the arbitrator, shall be borne in equal shares by the parties to the hub agreement and the party or parties requesting a hub agreement arbitration. The hub agreement arbitration shall be administered by the Judicial Arbitration and Mediation Services pursuant to its Streamlined Arbitration Rules and Procedures or its successor organization.

(9) "Incentive awards" means those payments provided for in Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The amount determined to be payable for incentive awards under this section shall be payable to the applicable official registering agency and thereafter distributed as provided in this chapter.

(10) "Licensee" means any racing association or fair licensed to conduct a live racing meet in this state, or affiliation thereof, authorized under this section.

(11) "Market access fee" means the amount of advance deposit wagering handle remaining after the payment of winning wagers, and after the payment of contractual compensation, if any, to an ADW provider. Market access fees shall be distributed in accordance with subdivision (f).

(12) "Multijurisdictional wagering hub" means a business conducted in more than one jurisdiction that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(13) "Racing fair" means a fair authorized by the board to conduct live racing.

(14) "Zone" means the zone of the state, as defined in Section 19530.5, except as modified by the provisions of subdivision (f) of Section 19601. For these purposes, the central and southern zones shall together be considered one zone.

(b) Wagers shall be accepted according to the procedures set forth in this subdivision.

(1) No ADW provider shall accept wagers or wagering instructions on races conducted in California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.

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

(2) No ADW provider shall accept wagers or wagering instructions on races conducted outside of California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) 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.

(C) If the parties referenced in clauses (i) and (ii) of subparagraph (B) are both signatories to the hub agreement, then no party shall have the right to request a hub agreement arbitration.

(D) If only the party or parties referenced in clause (i) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide a copy of the hub agreement to the

horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted for each race conducted outside of California on which California residents may place advance deposit wagers. Prior to receipt of the hub agreement, the horsemen's organization shall sign a nondisclosure agreement with the ADW provider agreeing to hold confidential all terms of the hub agreement. If the horsemen's organization wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the copy of the hub agreement, and shall provide its alternate proposal to the hub and host fees specified in the hub agreement with that written notice. If the horsemen's organization does not provide that written notice within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If the horsemen's organization does provide that written notice within the 10-day period, then the ADW provider shall have 10 days to elect in writing to do one of the following:

(i) Abandon the hub agreement.

(ii) Accept the alternate proposal submitted by the horsemen's organization.

(iii) Proceed with a hub agreement arbitration.

(E) If only the party referenced in clause (ii) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide written notice of the host and hub fees applicable pursuant to the hub agreement for each race conducted outside of California on which California residents may place advance deposit wagers, which notice shall be provided to all racing associations and fairs conducting live racing of the same breed covered by the hub agreement. If any racing association or fair wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the notice of host and hub fees. It shall also provide its alternate proposal to the hub and host fees specified in the hub agreement with the notice of its election. If more than one racing association or fair provides notice of their request for hub agreement arbitration, those racing associations or fairs, or both, shall have a period of five days to jointly agree upon which of their alternate proposals shall be the official proposal for purposes of the hub agreement arbitration. If 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 does not provide written notice of their election to arbitrate within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If a valid hub agreement arbitration request is made, then the ADW

provider shall have 10 days to elect in writing to do one of the following:

- (i) Abandon the hub agreement.
- (ii) Accept the alternate proposal submitted by the racing associations or fairs.
- (iii) Proceed with a hub agreement arbitration.

The results of any hub agreement arbitration elected pursuant to this subdivision shall be binding on all other associations and fairs conducting live racing on that breed.

(F) The acceptance thereof is in compliance with the provisions of the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of such wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider.

(c) An advance deposit wager may be made only by the ADW provider holding the account pursuant to wagering instructions issued by the owner of the funds communicated by telephone call or through other electronic media. The ADW provider shall ensure the identification of the account's owner by using methods and technologies approved by the board. Any ADW provider that accepts wagering instructions concerning races conducted in California, or accepts wagering instructions originating in California, shall provide a full accounting and verification of the source of the wagers thereby made, including the postal ZIP Code and breed of the source of the wagers, in the form of a daily download of parimutuel data to a database designated by the board. The daily download shall be delivered in a timely basis using file formats specified by the database designated by the board, and shall include any and all data necessary to calculate and distribute moneys according to the rules and regulations governing California parimutuel wagering. Any and all reasonable costs associated with the creation, provision, and transfer of this data shall be borne by the ADW provider.

(d) (1) (A) The board shall develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for ADW providers operating in California.

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

- (i) The labor organization has historically represented employees who accept or process any form of wagering at the nearest horse

racetrack meeting located in California.

(ii) The agreement establishes the method by which the ADW provider will agree to recognize and bargain in good faith with a labor organization which has demonstrated majority status by submitting authorization cards signed by those employees who accept or process any form of wagering for which a California ADW license is required.

(iii) The agreement requires the ADW provider to maintain its neutrality concerning the choice of those employees who accept or process any form of wagering for which a California ADW license is required whether or not to authorize the labor organization to represent them with regard to wages, hours, and other the terms and conditions of employment.

(iv) The agreement applies to those classifications of employees who accept or process wagers for which a California ADW license is required whether the facility is located within or outside of California.

(C) (i) The agreement required by subparagraph (B) shall not be conditioned by either party upon the other party agreeing to matters outside the requirements of subparagraph (B).

(ii) The requirement in subparagraph (B) shall not apply to an ADW provider which has entered into a collective bargaining agreement with a bona fide labor organization that is the exclusive bargaining representative of employees who accept or process parimutuel wagers on races for which an ADW license is required whether the facility is located within or outside California.

(D) Permanent state or county employees and nonprofit organizations that have historically performed certain services at county, state, or district fairs may continue to provide those services.

(E) Parimutuel clerks employed by racing associations or fairs or employees of ADW providers who accept or process any form of wagers who are laid off due to lack of work shall have preferential hiring rights for new positions with their employer in occupations whose duties include accepting or processing any form of wagers, or the operation, repair, service, or maintenance of equipment that accepts or processes any form of wagering at a racetrack, satellite wagering facility, or ADW provider licensed by the board. The preferential hiring rights established by this subdivision shall be conditioned upon the employee meeting the minimum qualification requirements of the new job.

(2) The board shall develop and adopt rules and regulations requiring ADW providers to establish security access policies and safeguards, including, but not limited to, the following:

(A) The ADW provider shall use board-approved methods to perform location and age verification confirmation with respect to persons

establishing an advance deposit wagering account.

(B) The ADW provider shall use personal identification numbers (PINs) or other technologies to assure that only the accountholder has access to the advance deposit wagering account.

(C) The ADW provider shall provide for withdrawals from the wagering account only by means of a check made payable to the accountholder and sent to the address of the accountholder or by means of an electronic transfer to an account held by the verified accountholder or the accountholder may withdraw funds from the wagering account at a facility approved by the board by presenting verifiable account identification information.

(D) The ADW provider shall allow the board access to its premises to visit, investigate, audit and place expert accountants and other persons it deems necessary for the purpose of ensuring that its rules and regulations concerning credit authorization, account access, and other security provisions are strictly complied with. To ensure that the amounts retained from the parimutuel handle are distributed under law, rules, or agreements, any ADW provider that accepts wagering instructions concerning races conducted in California or accepts wagering instructions originating in California shall provide an independent "agreed upon procedures" audit for each California racing meeting, within 60 days of the conclusion of the race meeting. The auditing firm to be used and the content and scope of the audit, including host fee obligations, shall be set forth in the applicable agreement. The ADW provider shall provide the board, horsemen's organizations, and the host racing association with an annual parimutuel audit of the financial transactions of the ADW provider with respect to wagers authorized pursuant to this section, prepared in accordance with generally accepted auditing standards and the requirements of the board. Any and all reasonable costs associated with those audits shall be borne by the ADW provider.

(3) The board shall prohibit advance deposit wagering advertising that it determines to be deceptive to the public. The board shall also require, by regulation, that every form of advertising contain a statement that minors are not allowed to open or have access to advance deposit wagering accounts.

(e) In order for a licensee, betting system, or multijurisdictional wagering hub to be approved by the board as an ADW provider, it shall meet both of the following requirements:

(1) All wagers thereby made shall be included in the appropriate parimutuel pool under a contractual agreement with the applicable host track.

(2) The amounts deducted from advance deposit wagers shall be in accordance with the provisions of this chapter.

(f) After the payment of contractual compensation, the amounts received as market access fees from advance deposit wagers, which shall not be considered for purposes of Section 19616.51, shall be distributed as follows:

(1) An amount equal to 0.0011 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis.

(2) An amount equal to 0.0003 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Department of Industrial Relations to cover costs associated with audits conducted pursuant to Section 19526 and for the purposes of reimbursing the State Mediation and Conciliation Service for costs incurred pursuant to this bill. However, if that amount would exceed the costs of the Department of Industrial Relations, the amount distributed to the department shall be reduced, and that reduction shall be forwarded to an organization designated by the racing association or fair described in subdivision (a) for the purpose of augmenting a compulsive gambling prevention program specifically addressing that problem.

(3) An amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California for each racing meeting shall be distributed as follows:

(A) One-half of the amount shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) One-half of the amount shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(4) With respect to wagers on each breed of racing that originate in California, an amount equal to two percent of the first two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 1.5 percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to one percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within

California annually, and an amount equal to 0.50 percent of handle from all advance deposit wagers originating from within California in excess of seven hundred fifty million dollars (\$750,000,000) annually, shall be distributed as satellite wagering commissions. Satellite facilities that were not operational in 2001, other than one each in the cities of Inglewood and San Mateo, and two additional facilities each operated by the Alameda County Fair and the Los Angeles County Fair and their partners and other than existing facilities which are relocated, are not eligible for satellite wagering commission distributions under this section. The satellite wagering facility commissions calculated in accordance with this subdivision shall be distributed to each satellite wagering facility and racing association or fair in the zone in which the wager originated in the same relative proportions that the satellite wagering facility or the racing association or fair generated satellite commissions during the previous calendar year. If there is a reduction in the satellite wagering commissions pursuant to this section, the benefits there from shall be distributed equitably as purses and commissions to all associations and racing fairs generating advance deposit wagers in proportion to the handle generated by those associations and racing fairs. For purposes of this section, the purse funds distributed pursuant to Section 19605.72 shall be considered to be satellite wagering facility commissions attributable to thoroughbred races at the locations described in that section.

(5) After the distribution of the amounts set forth in paragraphs (1) to (4), inclusive, the remaining market access fees from advance deposit wagers originating in California shall be as follows:

(A) With respect to wagers on each breed of racing, the amount remaining shall be distributed to the racing association or fair that is conducting live racing on that breed during the calendar period in the zone in which the wager originated. That amount shall be allocated to that racing association or fair as commissions, to horsemen participating in that racing meeting in the form of purses, and as incentive awards, in the same relative proportion as they were generated or earned during the prior calendar year at that racing association or fair on races conducted or imported by that racing association or fair after making all deductions required by applicable law. Notwithstanding any other provision of law, the distributions with respect to each breed of racing set forth in this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by the respective associations, fairs, horsemen's organizations, and breeders organizations receiving those distributions.

(B) If the provisions of Section 19601.2 apply, then the amount distributed to the applicable racing associations or fairs shall

first be divided between those racing associations or fairs in direct proportion to the total amount wagered in the applicable zone on the live races conducted by the respective association or fair.

Notwithstanding this requirement, when the provisions of subdivision (b) of Section 19607.5 apply to the 2nd District Agricultural Association in Stockton or the California Exposition and State Fair in Sacramento, then the total amount distributed to the applicable racing associations or fairs shall first be divided equally, with 50 percent distributed to applicable fairs and 50 percent distributed to applicable associations.

(C) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country thoroughbred races conducted after 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions to thoroughbred associations and racing fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A), and the remaining 50 percent, together with the total amount remaining from advance deposit wagering originating from California out-of-state and out-of-country harness and quarter horse races conducted after 6 p.m., Pacific time, shall be distributed as commissions on a pro rata basis to the applicable licensed quarter horse association and the applicable licensed harness association, based upon the amount handled in state, both on- and off-track, on each breed's own live races in the previous year by that association, or its predecessor association. One-half of the amount thereby received by each association shall be retained by that association as a commission, and the other half of the money received shall be distributed as purses to the horsemen participating in its current or next scheduled licensed racing meeting.

(D) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country nonthoroughbred races conducted before 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions as provided in subparagraph (C) for licensed quarter horse and harness associations, and the remaining 50 percent shall be distributed as commissions to the applicable thoroughbred associations or fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A).

(E) Notwithstanding any provision of this section to the contrary, the distribution of market access fees pursuant to this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by all parties whose distributions would be affected.

(g) A racing association, a fair, or a satellite wagering facility may enter into an agreement with an ADW provider to accept and facilitate the placement of any wager from a patron at its facility

that a California resident could make through that ADW provider. Deductions from wagers made pursuant to such an agreement shall be distributed in accordance with the provisions of this chapter governing wagers placed at that facility, except that the board may authorize alternative distributions as agreed to by the ADW provider, the operator of the facility accepting the wager, the association or fair conducting that breed of racing in the zone where the wager is placed, and the respective horsemen's organization.

(h) Any issues concerning the interpretation or application of this section shall be resolved by the board.

(i) Amounts distributed under this section shall be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advanced deposit wagers originating in California for each racing meeting, and shall not exceed two million dollars (\$2,000,000). The method used to calculate the reduction in proportionate share shall be approved by the board. The amount deducted shall be distributed as follows:

(1) Fifty percent of the money to the California Horse Racing Board to establish and to administer jointly with the organization certified as the majority representative of California licensed jockeys pursuant to Section 19612.9, a defined contribution retirement plan for California licensed jockeys who retired from racing on or after January 1, 2009, and who, as of the date of their retirement, had ridden in a minimum of 1,250 parimutuel races conducted in California.

(2) The remaining 50 percent of the money shall be distributed as follows:

(A) Seventy percent shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) Thirty percent shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

STAFF ANALYSIS
November 18, 2008

ISSUE: APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING of XPRESSBET, INC., FOR A CALIFORNIA MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF UP TO BUT NOT EXCEEDING TWO YEARS AND/OR EXTENSION OF THE CURRENT APPROVAL.

XpressBet, Inc. (XpressBet) filed its application as an out-of-state multi-jurisdictional wagering hub to provide Advance Deposit Wagering (ADW). It is currently licensed through December 31, 2008 as an out-of-state multi-jurisdictional wagering hub.

A bond or other form of financial security in the amount of \$500,000 must be submitted with an application for license to conduct advance deposit wagering. XpressBet, as a current ADW provider, has on file a \$500,000 bond that is set to expire January 1, 2009. XpressBet has provided a letter stating the bond will be renewed prior to expiration. A copy of the bond continuation certificate will be provided to the CHRB on or before December 1, 2008.

This application provides for:

- Operation 365 days of the year, during all times races are run which could be up to twenty-four hours a day. They have applied for a one-year license. CHRB Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant, allows for a two-year license.

Change in Management Personnel:

Ron Charles – Chief Operating Officer

XpressBet is a subsidiary of Magna Entertainment Corporation. Magna Entertainment Corporation is traded on the NASDAQ under the symbol MECA and on the Toronto Stock Exchange under MEC.A.

Magna Entertainment Corporation reports its financial results on a consolidated basis, so separate financials of XpressBet are not available. Magna's 2007 Audited Annual Financial Statements and the Unaudited Six-Month Financial Statement for the period ending June 30, 2008 for XpressBet's parent, Magna Entertainment Corp., was also submitted with the ADW application.

A more current version of the applicants Securities and Exchange Commission Form 10-Q document was retrieved from their website providing the Unaudited Nine-Month Financial Statement for the period ending September 30, 2008. The "Notes to the Consolidated Financial Statement" section of the 10-Q under Going Concern states the following:

"The Company has incurred a net loss of \$116.1 million for the nine months ended September 30, 2008, has incurred net losses of \$113.8 million, \$87.4 million and \$105.3 million for the years ended December 31, 2007, 2006 and 2005, respectively, and at September 30, 2008 has an accumulated deficit of \$626.1 million and a working capital deficiency of \$195.4 million."

In a recent press release the Daily Racing Form reported that Magna Entertainment Corp. lost \$49 million in the third quarter of 2008. The article stated the following:

“Magna Entertainment Corp. lost \$49.1 million in the third quarter of 2008 and has hired a bankruptcy advisory firm in the wake of hundreds of millions of dollars of losses over the past three years and its struggles to pay off its debt.”

Given Magna Entertainment Corporation's reported financial status, the Board may want to consider requesting a larger and/or additional financial surety than the current \$500,000 bond required.

- Business and Professions Code section 19604 includes specific provisions that must be met before an ADW provider can accept wagers.

These include:

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

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

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

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

Business and Professions Code Section 19604 defines:

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

XpressBet’s application as submitted under section (1)(d) states it has contracted or is in the process of contracting with:

- Hollywood Park
- Golden Gate Fields
- California Authority of Racing Fairs
- Del Mar Thoroughbred Club at Del Mar
- Oak Tree Racing Association at Santa Anita Park
- Los Angeles Turf Club

The submitted contracts represent the past 2008 term period, with the exception of Cal Expo harness.

Business and Professions Code section 19604 provides:

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

XpressBet has not submitted an agreement pursuant to Business and Professions code section 19604.

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

1. Contractual agreements between applicant, tracks and/or associations.
2. Horsemen Agreement
3. Labor organization Agreement

RECOMMENDATION:

Staff recommends that the Board hear from the applicant concerning the status of unresolved matters.

From: Marten, Mike

Sent: Thursday, November 06, 2008 8:25 AM

To: 'Bo Derek'; 'Breed, Kirk E.'; 'David Israel'; 'Jerry Moss'; 'Jesse Choper'; 'John Andreini'; 'John Harris'; 'Richard Shapiro'; 'Rick Arthur'; 'Smith, Richard Bon'

Subject: MEC. Hovdey on racing, Ryneveld articles

DRF

Magna loses \$49M in third quarter

By Matt Hegarty

Magna Entertainment Corp. lost \$49.1 million in the third quarter of 2008 and has hired a bankruptcy advisory firm in the wake of hundreds of millions of dollars of losses over the past three years and its struggles to pay off its debt.

The loss, \$8.25 per share, brings Magna's loss through the first nine months of this year to \$116.1 million, or \$19.87 per share. The company has lost \$400 million over the past three years, and has \$550 million in unpaid debt, \$200 million of which was due earlier this year.

Revenues for the third quarter this year were static compared to last year, at \$81.6 million, compared to \$81.5 million in the third quarter last year.

In a statement accompanying financial statements released late on Wednesday night, Magna said it had hired Miller Buckfire & Co. "as its financial advisor and investment banker to review and evaluate various strategic alternatives including asset sales, financing and balance sheet restructuring opportunities." On its website, Miller Buckfire describes itself as "delivering unbiased, strategic and actionable advice to clients facing issues that are complex – and urgent."

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

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

Application must be filed not later than 90 days in advance of the date scheduled to conduct advance deposit wagering and must be accompanied by a bond or other form of financial security in the amount of \$500,000.

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

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

XpressBet, Inc.
200 Race Track Road
Washington, PA 15301
Telephone: (412) 232-6916
Facsimile: (412) 232-6917

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

Please note that under Oregon law, the following individuals are not required to hold a license issued by the Oregon Racing Commission, but each individual does hold a license issued by the CHRB.

<u>Name</u>	<u>Title</u>	<u>CHRB License No.</u>
Ronald W. Luniewski	President	275875
Ron Charles	Chief Operating Officer	285892
Blake S. Tohana	Executive Vice-President and Chief Financial Officer	278963
James Bromby	Senior Vice-President, Operations	277254
William G. Ford	Secretary	287893
Mary Lyn Seymour	Vice-President and Controller	281811

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

CT Corporation System
818 West Seventh Street
Los Angeles, CA 90017

CHRB CERTIFICATION

Application received: 9/29/08
Reviewed: *[Signature]*

Hearing date: 11/12/08
Approval date:

- D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

Below is a list of the Race Track licensees with which XpressBet either has contracted or is in the process of contracting for the purpose of offering such licensees' content through XpressBet's advance deposit wagering service. Please find attached as Exhibit 1 a copy of various Race Track licensee agreement, along with a copy of XpressBet's agreement with the Thoroughbred Owners of California.

<u>Race Track</u>	<u>Licensee</u>
Santa Anita Park	Los Angeles Turf Club, Incorporated
Golden Gate Fields	Pacific Racing Association
California Expo	Sacramento Harness Association
Stockton	San Joaquin Fair
Fresno	Fresno County Fair
Pleasanton	Alameda County Fair
Vallejo	Solano County Fair
Santa Rosa	Sonoma County Fair
Bay Meadows Racecourse	San Mateo Fair
Del Mar	Del Mar Thoroughbred Club
Fairplex Park	Los Angeles County Fair Association
Humboldt	Humboldt County Fair
Los Angeles Turf Club	Oak Tree Racing Association
Hollywood Park	Hollywood Park Racing Association, LLC

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:
XpressBet, Inc. will conduct advance deposit wagering as of January 1, 2009 up to and including December 31, 2009.
- B. Hours Advance Deposit Wagering will be conducted:
While races are run, up to twenty-four (24) hours per day

3. BUSINESS STRUCTURE

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

Complete the applicable subsection

B. CORPORATION

- 1. Registered name of the corporation:
XpressBet, Inc.

2. State where incorporated:
Delaware
3. Registry or file number for the corporation:
3373240
4. Name of all officers and directors, titles, and number of shares of the corporation held by each;

<u>Name</u>	<u>Title</u>	<u>Number of Shares Owned</u>
Ronald W. Luniewski	President	None
Ron Charles	Chief Operating Officer	None
Blake S. Tohana	Executive Vice-President and Chief Financial Officer	None
James Bromby	Senior Vice-President, Operations	None
William G. Ford	Secretary	None
Mary Lyn Seymour	Vice-President and Controller	None

5. Names (true names) of all entities and persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
Magna Entertainment Corp. – 100 Shares
6. Number of outstanding shares in the corporation:
100 common shares
7. Are the shares listed for public trading? Yes No X
If yes, on what exchange and how is the stock listed:
Note that Magna Entertainment Corp.’s Class A Subordinate Voting Stock is traded on the NASDAQ National Market under the symbol “MECA” and on the Toronto Stock Exchange under the symbol “MEC.A”.
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
Not applicable
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
Magna Entertainment Corp.
10. Attach the most recent annual audited financial statements for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.
Magna Entertainment Corp. reports its financial results on a consolidated basis and therefore separate financials of the Applicant are

not available. Attached as Exhibit 2 for your review are the 2007 audited annual financial statements and the unaudited six-month financial statements for the period ending June 30, 2008 of the Applicant's parent, Magna Entertainment Corp.

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

As per discussions with CHRB staff, the XpressBet business plan for 2009 is being provided under separate confidential cover, and it is requested that such business plan remain confidential at all times to the CHRB.

C. LLC - Not Applicable

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual audited financial statements for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

D. OTHER - Not Applicable

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

4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2075

- A. List the procedures to establish an Account:
Included in the attached Exhibit 3, Plan of Operation, is the Applicant's Account Opening Procedures.

B. If an application form is used to establish an Account, attach a copy of the form. Attached as Exhibit 4 is a copy of the application form. Similar forms are used for on-site or in-person applications.

C. Name and address of the third party you will use to confirm identity, residence and age verification:

In respect of wagers placed through the Applicant's internet and telephone account wagering products, the Applicant will utilize the services of Equifax Information Services LLC to provide identity, residence and age verification services. The address of Equifax Information Services LLC is set forth below:

Equifax Information Services LLC
1550 Peachtree N.W.
Atlanta, Georgia 30348

Attached hereto as Exhibit 5 is information about Equifax and a copy of its most recent Form 10-K as filed with the United States Securities and Exchange Commission

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

A. Submit a copy of your plan for operation.
Attached as Exhibit 3 is Applicant's *Plan of Operation*.

B. List the type of deposits you will accept:
In respect of internet and telephone account wagering, the Applicant will accept the following types of deposits: cash deposits made directly, personal checks, cashier's checks, money orders made directly or mailed, debits to an Account Holder's credit card or debit card, and wire and other electronic transfers from a monetary account controlled by Account Holder.

C. Identify any fees or transaction-related charges and the amount that will be assessed:
For purposes of internet and telephone account wagering, customers will not be charged a monthly membership or wagering fee or a per-call or wager transaction fee. However, customers may be charged a value added transaction fee of \$0.25 per telephone call when dealing with a live teller. Processing fees may be charged in respect of deposits made pursuant to Item 5B above, via credit card cash advance or wire transfers.

To the extent credit cards are used/permitted to be used in connection with internet and telephone account wagering, processing fees for credit card cash advances will be no greater than 6%. High value customers may not be subject to credit card cash advance processing fees.

A wire transfer of less than \$250.00 is subject to a \$5 processing fee. A wire transfer of greater than \$250.00 is not subject to any charge.

Customers requesting special delivery (e.g. courier) may be charged the cost of those services.

As the distribution platforms evolve and future enhancements deliver increased functionality to customers, monthly fees or surcharges may be implemented for added value services.

6. SECURITY ACCESS

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

Please refer to Exhibit 6 for Items 1 – 4.

1. Description of the technology to ensure identity, residence, and age verification when an Account is established.
2. Description of the technology to ensure confidentiality of the Means of Personal Identification.
3. Methods and locations available for Account Holders to withdraw funds from their Account.
4. If the Account Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation.

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:

Bowen & McBeth
10722 Arrow Route, Suite 110
Rancho Cucamonga, California 91730
Telephone: 909-944-6465
Facsimile: 909-980-4788

- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

- (i) Types of pari-mutuel or totalizator equipment to be used.
Totalizator equipment and services will be provided to Applicant by AmTote International, Inc. In addition to standard totalizator equipment and services, Applicant will be utilizing (a) IVR – “interactive voice response technology” (an automated touch-tone betting system), provided by AmTote International, Inc. (b) on-line computer wagering technology (c) IVR – natural language voice recognition system provided by AmTote International, Inc. and Applicant is currently operating under an agreement with AmTote International, Inc. which expires on October 31, 2012.

- (ii) Simulcast Organization
Roberts Communications Network, Inc., and AmTote International, Inc.
- (iii) Name of entity supplying equipment, and expiration date of the service contract.

Equipment to be supplied by:

AmTote International, Inc. Expiration date 5/31/2010
 11200 Pepper Road
 Hunt Valley, MD 21031-1324

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

Attached as Exhibit 7 is the list of racing venues from which the Applicant currently intends to accept Advance Deposit Wagering. We will update you as racing venues are confirmed or added.

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 21.

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you contracted with to facilitate Advance Deposit Wagering:

AmTote International, Inc.
 11200 Pepper Road
 Hunt Valley, MD 21031-1324

- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed: N/A

9. ADVERTISING

Name and address of the advertising agency you will use:

Candelaria Advertising
 1545 Idlewood Rd.
 Glendale, California 91202

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

10.

CERTIFICATION

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

Ron Luniewski
Print Name: _____


Signature: _____

President
Print Title: _____

9/25/08
Date: _____

Business and Professions Code 19604
Advance Deposit Wagering Law (ADW)

19604. The board may authorize any racing association, racing fair, betting system, or multijurisdictional wagering hub to conduct advance deposit wagering in accordance with this section. Racing associations, racing fairs, and their respective horsemen's organizations may form a partnership, joint venture, or any other affiliation in order to further the purposes of this section.

(a) As used in this section, the following definitions apply:

(1) "Advance deposit wagering" means a form of parimutuel wagering in which a person residing within California or outside of this state establishes an account with an ADW provider, and subsequently issues wagering instructions concerning the funds in this account, thereby authorizing the ADW provider holding the account to place wagers on the account owner's behalf.

(2) "ADW provider" means a licensee, betting system, or multijurisdictional wagering hub, located within California or outside this state, that is authorized to conduct advance deposit wagering pursuant to this section.

(3) "Betting system" means a business conducted exclusively in this state that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(4) "Breed of racing" means as follows:

(A) With respect to associations and fairs licensed by the board to conduct thoroughbred, fair, or mixed breed race meetings, "breed of racing" shall mean thoroughbred.

(B) With respect to associations licensed by the board to conduct quarter horse race meetings, "breed of racing" shall mean quarter horse.

(C) With respect to associations and fairs licensed by the board to conduct standardbred race meetings, "breed of racing" shall mean standardbred.

(5) "Contractual compensation" means the amount paid to an ADW provider from advance deposit wagers originating in this state. Contractual compensation includes, but is not limited to, hub fee payments, and may include host fee payments, if any, for out-of-state and out-of-country races. Contractual compensation is subject to the following requirements:

(A) Excluding contractual compensation for host fee payments, contractual compensation shall not exceed 6.5 percent of the amount wagered.

(B) The host fee payments included within contractual compensation shall not exceed 3.5 percent of the amount wagered. Notwithstanding this provision, the host fee payment with respect to wagers on the

Kentucky Derby, Preakness Stakes, Belmont Stakes, and selected Breeders' Cup Championship races may be negotiated by the ADW provider, the racing associations accepting wagers on those races pursuant to Section 19596.2, and the horsemen's organization.

(C) In order to ensure fair and consistent market access fee distributions to associations, fairs, horsemen, and breeders, for each breed of racing, the percentage of wagers paid as contractual compensation to an ADW provider pursuant to the terms of a hub agreement with a racing association or fair when that racing association or fair is conducting live racing shall be the same as the percentage of wagers paid as contractual compensation to that ADW provider when that racing association or fair is not conducting live racing.

(6) "Horsemen's organization" means, with respect to a particular racing meeting, the organization recognized by the board as responsible for negotiating purse agreements on behalf of horsemen participating in that racing meeting.

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

(8) "Hub agreement arbitration" means an arbitration proceeding pursuant to which the disputed provisions of the hub agreement pertaining to the hub or host fees from wagers on races conducted outside of California provided pursuant to paragraph (2) of subdivision (b) are determined in accordance with the provisions of this paragraph. If a hub agreement arbitration is requested, all of the following shall apply:

(A) The ADW provider shall be permitted to accept advance deposit wagers from California residents.

(B) The contractual compensation received by the ADW provider shall be the contractual compensation specified in the hub agreement that is the subject of the hub agreement arbitration.

(C) The difference between the contractual compensation specified in subparagraph (B) and the contractual compensation determined to be payable at the conclusion of the hub agreement arbitration shall be calculated and paid within 15 days following the arbitrator's decision and order. The hub agreement arbitration shall be held as

promptly as possible, but in no event more than 60 days following the demand for that arbitration. The arbitrator shall issue a decision no later than 15 days following the conclusion of the arbitration. A single arbitrator jointly selected by the ADW provider and the party requesting a hub agreement arbitration shall conduct the hub agreement arbitration. However, if the parties cannot agree on the arbitrator within seven days of issuance of the written demand for arbitration, then the arbitrator shall be selected pursuant to the Streamlined Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services, or pursuant to the applicable rules of its successor organization. In making the hub agreement arbitration determination, the arbitrator shall be required to choose between the contractual compensation of the hub agreement agreed to by the ADW provider or whatever different terms for the hub agreement were proposed by the party requesting the hub agreement arbitration. The arbitrator shall not be permitted to impose new, different, or compromised terms to the hub agreement. The arbitrator's decision shall be final and binding on the parties. If an arbitration is requested, either party may bring an action in state court to compel a party to go into arbitration or to enforce the decision of the arbitrator. The cost of the hub agreement arbitration, including the cost of the arbitrator, shall be borne in equal shares by the parties to the hub agreement and the party or parties requesting a hub agreement arbitration. The hub agreement arbitration shall be administered by the Judicial Arbitration and Mediation Services pursuant to its Streamlined Arbitration Rules and Procedures or its successor organization.

(9) "Incentive awards" means those payments provided for in Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The amount determined to be payable for incentive awards under this section shall be payable to the applicable official registering agency and thereafter distributed as provided in this chapter.

(10) "Licensee" means any racing association or fair licensed to conduct a live racing meet in this state, or affiliation thereof, authorized under this section.

(11) "Market access fee" means the amount of advance deposit wagering handle remaining after the payment of winning wagers, and after the payment of contractual compensation, if any, to an ADW provider. Market access fees shall be distributed in accordance with subdivision (f).

(12) "Multijurisdictional wagering hub" means a business conducted in more than one jurisdiction that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(13) "Racing fair" means a fair authorized by the board to conduct live racing.

(14) "Zone" means the zone of the state, as defined in Section 19530.5, except as modified by the provisions of subdivision (f) of Section 19601. For these purposes, the central and southern zones shall together be considered one zone.

(b) Wagers shall be accepted according to the procedures set forth in this subdivision.

(1) No ADW provider shall accept wagers or wagering instructions on races conducted in California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.

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

(2) No ADW provider shall accept wagers or wagering instructions on races conducted outside of California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) 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.

(C) If the parties referenced in clauses (i) and (ii) of subparagraph (B) are both signatories to the hub agreement, then no party shall have the right to request a hub agreement arbitration.

(D) If only the party or parties referenced in clause (i) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide a copy of the hub agreement to the

horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted for each race conducted outside of California on which California residents may place advance deposit wagers. Prior to receipt of the hub agreement, the horsemen's organization shall sign a nondisclosure agreement with the ADW provider agreeing to hold confidential all terms of the hub agreement. If the horsemen's organization wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the copy of the hub agreement, and shall provide its alternate proposal to the hub and host fees specified in the hub agreement with that written notice. If the horsemen's organization does not provide that written notice within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If the horsemen's organization does provide that written notice within the 10-day period, then the ADW provider shall have 10 days to elect in writing to do one of the following:

- (i) Abandon the hub agreement.
 - (ii) Accept the alternate proposal submitted by the horsemen's organization.
 - (iii) Proceed with a hub agreement arbitration.
- (E) If only the party referenced in clause (ii) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide written notice of the host and hub fees applicable pursuant to the hub agreement for each race conducted outside of California on which California residents may place advance deposit wagers, which notice shall be provided to all racing associations and fairs conducting live racing of the same breed covered by the hub agreement. If any racing association or fair wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the notice of host and hub fees. It shall also provide its alternate proposal to the hub and host fees specified in the hub agreement with the notice of its election. If more than one racing association or fair provides notice of their request for hub agreement arbitration, those racing associations or fairs, or both, shall have a period of five days to jointly agree upon which of their alternate proposals shall be the official proposal for purposes of the hub agreement arbitration. If 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 does not provide written notice of their election to arbitrate within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If a valid hub agreement arbitration request is made, then the ADW

provider shall have 10 days to elect in writing to do one of the following:

- (i) Abandon the hub agreement.
- (ii) Accept the alternate proposal submitted by the racing associations or fairs.
- (iii) Proceed with a hub agreement arbitration.

The results of any hub agreement arbitration elected pursuant to this subdivision shall be binding on all other associations and fairs conducting live racing on that breed.

(F) The acceptance thereof is in compliance with the provisions of the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of such wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider.

(c) An advance deposit wager may be made only by the ADW provider holding the account pursuant to wagering instructions issued by the owner of the funds communicated by telephone call or through other electronic media. The ADW provider shall ensure the identification of the account's owner by using methods and technologies approved by the board. Any ADW provider that accepts wagering instructions concerning races conducted in California, or accepts wagering instructions originating in California, shall provide a full accounting and verification of the source of the wagers thereby made, including the postal ZIP Code and breed of the source of the wagers, in the form of a daily download of parimutuel data to a database designated by the board. The daily download shall be delivered in a timely basis using file formats specified by the database designated by the board, and shall include any and all data necessary to calculate and distribute moneys according to the rules and regulations governing California parimutuel wagering. Any and all reasonable costs associated with the creation, provision, and transfer of this data shall be borne by the ADW provider.

(d) (1) (A) The board shall develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for ADW providers operating in California.

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

- (i) The labor organization has historically represented employees who accept or process any form of wagering at the nearest horse

racetrack located in California.

(ii) The agreement establishes the method by which the ADW provider will agree to recognize and bargain in good faith with a labor organization which has demonstrated majority status by submitting authorization cards signed by those employees who accept or process any form of wagering for which a California ADW license is required.

(iii) The agreement requires the ADW provider to maintain its neutrality concerning the choice of those employees who accept or process any form of wagering for which a California ADW license is required whether or not to authorize the labor organization to represent them with regard to wages, hours, and other the terms and conditions of employment.

(iv) The agreement applies to those classifications of employees who accept or process wagers for which a California ADW license is required whether the facility is located within or outside of California.

(C) (i) The agreement required by subparagraph (B) shall not be conditioned by either party upon the other party agreeing to matters outside the requirements of subparagraph (B).

(ii) The requirement in subparagraph (B) shall not apply to an ADW provider which has entered into a collective bargaining agreement with a bona fide labor organization that is the exclusive bargaining representative of employees who accept or process parimutuel wagers on races for which an ADW license is required whether the facility is located within or outside California.

(D) Permanent state or county employees and nonprofit organizations that have historically performed certain services at county, state, or district fairs may continue to provide those services.

(E) Parimutuel clerks employed by racing associations or fairs or employees of ADW providers who accept or process any form of wagers who are laid off due to lack of work shall have preferential hiring rights for new positions with their employer in occupations whose duties include accepting or processing any form of wagers, or the operation, repair, service, or maintenance of equipment that accepts or processes any form of wagering at a racetrack, satellite wagering facility, or ADW provider licensed by the board. The preferential hiring rights established by this subdivision shall be conditioned upon the employee meeting the minimum qualification requirements of the new job.

(2) The board shall develop and adopt rules and regulations requiring ADW providers to establish security access policies and safeguards, including, but not limited to, the following:

(A) The ADW provider shall use board-approved methods to perform location and age verification confirmation with respect to persons

establishing an advance deposit wagering account.

(B) The ADW provider shall use personal identification numbers (PINs) or other technologies to assure that only the accountholder has access to the advance deposit wagering account.

(C) The ADW provider shall provide for withdrawals from the wagering account only by means of a check made payable to the accountholder and sent to the address of the accountholder or by means of an electronic transfer to an account held by the verified accountholder or the accountholder may withdraw funds from the wagering account at a facility approved by the board by presenting verifiable account identification information.

(D) The ADW provider shall allow the board access to its premises to visit, investigate, audit and place expert accountants and other persons it deems necessary for the purpose of ensuring that its rules and regulations concerning credit authorization, account access, and other security provisions are strictly complied with. To ensure that the amounts retained from the parimutuel handle are distributed under law, rules, or agreements, any ADW provider that accepts wagering instructions concerning races conducted in California or accepts wagering instructions originating in California shall provide an independent "agreed upon procedures" audit for each California racing meeting, within 60 days of the conclusion of the race meeting. The auditing firm to be used and the content and scope of the audit, including host fee obligations, shall be set forth in the applicable agreement. The ADW provider shall provide the board, horsemen's organizations, and the host racing association with an annual parimutuel audit of the financial transactions of the ADW provider with respect to wagers authorized pursuant to this section, prepared in accordance with generally accepted auditing standards and the requirements of the board. Any and all reasonable costs associated with those audits shall be borne by the ADW provider.

(3) The board shall prohibit advance deposit wagering advertising that it determines to be deceptive to the public. The board shall also require, by regulation, that every form of advertising contain a statement that minors are not allowed to open or have access to advance deposit wagering accounts.

(e) In order for a licensee, betting system, or multijurisdictional wagering hub to be approved by the board as an ADW provider, it shall meet both of the following requirements:

(1) All wagers thereby made shall be included in the appropriate parimutuel pool under a contractual agreement with the applicable host track.

(2) The amounts deducted from advance deposit wagers shall be in accordance with the provisions of this chapter.

(f) After the payment of contractual compensation, the amounts received as market access fees from advance deposit wagers, which shall not be considered for purposes of Section 19616.51, shall be distributed as follows:

(1) An amount equal to 0.0011 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis.

(2) An amount equal to 0.0003 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Department of Industrial Relations to cover costs associated with audits conducted pursuant to Section 19526 and for the purposes of reimbursing the State Mediation and Conciliation Service for costs incurred pursuant to this bill. However, if that amount would exceed the costs of the Department of Industrial Relations, the amount distributed to the department shall be reduced, and that reduction shall be forwarded to an organization designated by the racing association or fair described in subdivision (a) for the purpose of augmenting a compulsive gambling prevention program specifically addressing that problem.

(3) An amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California for each racing meeting shall be distributed as follows:

(A) One-half of the amount shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) One-half of the amount shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(4) With respect to wagers on each breed of racing that originate in California, an amount equal to two percent of the first two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 1.5 percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to one percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within

California annually, and an amount equal to 0.50 percent of handle from all advance deposit wagers originating from within California in excess of seven hundred fifty million dollars (\$750,000,000) annually, shall be distributed as satellite wagering commissions. Satellite facilities that were not operational in 2001, other than one each in the cities of Inglewood and San Mateo, and two additional facilities each operated by the Alameda County Fair and the Los Angeles County Fair and their partners and other than existing facilities which are relocated, are not eligible for satellite wagering commission distributions under this section. The satellite wagering facility commissions calculated in accordance with this subdivision shall be distributed to each satellite wagering facility and racing association or fair in the zone in which the wager originated in the same relative proportions that the satellite wagering facility or the racing association or fair generated satellite commissions during the previous calendar year. If there is a reduction in the satellite wagering commissions pursuant to this section, the benefits there from shall be distributed equitably as purses and commissions to all associations and racing fairs generating advance deposit wagers in proportion to the handle generated by those associations and racing fairs. For purposes of this section, the purse funds distributed pursuant to Section 19605.72 shall be considered to be satellite wagering facility commissions attributable to thoroughbred races at the locations described in that section.

(5) After the distribution of the amounts set forth in paragraphs (1) to (4), inclusive, the remaining market access fees from advance deposit wagers originating in California shall be as follows:

(A) With respect to wagers on each breed of racing, the amount remaining shall be distributed to the racing association or fair that is conducting live racing on that breed during the calendar period in the zone in which the wager originated. That amount shall be allocated to that racing association or fair as commissions, to horsemen participating in that racing meeting in the form of purses, and as incentive awards, in the same relative proportion as they were generated or earned during the prior calendar year at that racing association or fair on races conducted or imported by that racing association or fair after making all deductions required by applicable law. Notwithstanding any other provision of law, the distributions with respect to each breed of racing set forth in this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by the respective associations, fairs, horsemen's organizations, and breeders organizations receiving those distributions.

(B) If the provisions of Section 19601.2 apply, then the amount distributed to the applicable racing associations or fairs shall

first be divided between those racing associations or fairs in direct proportion to the total amount wagered in the applicable zone on the live races conducted by the respective association or fair.

Notwithstanding this requirement, when the provisions of subdivision (b) of Section 19607.5 apply to the 2nd District Agricultural Association in Stockton or the California Exposition and State Fair in Sacramento, then the total amount distributed to the applicable racing associations or fairs shall first be divided equally, with 50 percent distributed to applicable fairs and 50 percent distributed to applicable associations.

(C) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country thoroughbred races conducted after 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions to thoroughbred associations and racing fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A), and the remaining 50 percent, together with the total amount remaining from advance deposit wagering originating from California out-of-state and out-of-country harness and quarter horse races conducted after 6 p.m., Pacific time, shall be distributed as commissions on a pro rata basis to the applicable licensed quarter horse association and the applicable licensed harness association, based upon the amount handled in state, both on- and off-track, on each breed's own live races in the previous year by that association, or its predecessor association. One-half of the amount thereby received by each association shall be retained by that association as a commission, and the other half of the money received shall be distributed as purses to the horsemen participating in its current or next scheduled licensed racing meeting.

(D) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country nonthoroughbred races conducted before 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions as provided in subparagraph (C) for licensed quarter horse and harness associations, and the remaining 50 percent shall be distributed as commissions to the applicable thoroughbred associations or fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A).

(E) Notwithstanding any provision of this section to the contrary, the distribution of market access fees pursuant to this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by all parties whose distributions would be affected.

(g) A racing association, a fair, or a satellite wagering facility may enter into an agreement with an ADW provider to accept and facilitate the placement of any wager from a patron at its facility

that a California resident could make through that ADW provider. Deductions from wagers made pursuant to such an agreement shall be distributed in accordance with the provisions of this chapter governing wagers placed at that facility, except that the board may authorize alternative distributions as agreed to by the ADW provider, the operator of the facility accepting the wager, the association or fair conducting that breed of racing in the zone where the wager is placed, and the respective horsemen's organization.

(h) Any issues concerning the interpretation or application of this section shall be resolved by the board.

(i) Amounts distributed under this section shall be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advanced deposit wagers originating in California for each racing meeting, and shall not exceed two million dollars (\$2,000,000). The method used to calculate the reduction in proportionate share shall be approved by the board. The amount deducted shall be distributed as follows:

(1) Fifty percent of the money to the California Horse Racing Board to establish and to administer jointly with the organization certified as the majority representative of California licensed jockeys pursuant to Section 19612.9, a defined contribution retirement plan for California licensed jockeys who retired from racing on or after January 1, 2009, and who, as of the date of their retirement, had ridden in a minimum of 1,250 parimutuel races conducted in California.

(2) The remaining 50 percent of the money shall be distributed as follows:

(A) Seventy percent shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) Thirty percent shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

CALIFORNIA HORSE RACING BOARD

NOVEMBER 18, 2008
REGULAR BOARD MEETING

There is no board package material for Item 16

CALIFORNIA HORSE RACING BOARD

NOVEMBER 18, 2008
REGULAR BOARD MEETING

There is no board package material for Item 17