

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

of the California Horse Racing Board will be held on Monday, March 14, 2011, commencing at 9:30 a.m., in the Baldwin Terrace Room at the Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California. The audio portion only of the California Horse Racing Board regular meeting will be available online through a link at the CHRb website ([www.chrb.ca.gov](http://www.chrb.ca.gov)) under "Webcasts."

### AGENDA

#### Action Items:

1. Approval of the minutes of February 17, 2011.
2. **Public Comment:** Communications, reports, requests for future actions of the Board.  
**Note:** Persons addressing the Board under this item will be restricted to three (3) minutes for their presentations.
3. Discussion and action by the Board on the Application to Conduct a Horse Racing Meeting of the Hollywood Park Racing Association, LLC (T) at Hollywood Park Race Track, commencing April 20, 2011 through July 17, 2011, inclusive
4. Discussion and action by the Board on the Application for License to Operate a Minisatellite Wagering Facility of the California Commerce Club Inc., for a period of up to but not exceeding two years.
5. Discussion and action by the Board regarding an update from San Luis Rey Downs concerning the subsidy from Southern California Off-Track Wagering, Inc. (SCOTWINC) stabling and vanning fund.
6. Discussion and action by the Board regarding the status of the labor negotiations with the advance deposit wagering (ADW) providers.
7. Discussion and action by the Board on the Application for Approval to Conduct Advance Deposit Wagering (ADW) of Churchill Downs Technology Initiatives Company, dba Twinspires.com, for an out-of-state multi-jurisdictional wagering hub, for a period of up to but not exceeding two years.

8. Discussion and action by the Board on the Application for License to Conduct Advance Deposit Wagering (ADW) of XpressBet, LLC, dba XpressBet.com, DelMarBets.com and OakTreeBets.com for a California multi-jurisdictional wagering hub, for a period of up to but not exceeding two years.
9. Closed Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
  - A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).
  - B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).

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

CALIFORNIA HORSE RACING BOARD

Keith Brackpool, Chairman  
David Israel, Vice Chairman  
Jesse H. Choper, Member  
Bo Derek, Member  
John C. Harris, Member  
Jerry Moss, Member  
Richard Rosenberg, Member  
Kirk E. Breed, Executive Director

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PENDING LITIGATION  
MARCH 2011

SUPERIOR COURT LITIGATION

- A. **Jamgotchian, Jerry v. CHRB, Kirk Breed and Ingrid Fermin**  
Los Angeles Superior Court Case No. BS123038
- B. **Patrick Gleason v. Anne Glasscock and the California Horse Racing Board**  
Superior Court of California, County of Sacramento 34-2010-00076781
- C. **Jeff Mullins v. CHRB, et al**  
Superior Court of California, County of San Diego, Case No. 37-2010-00092212
- D. **Gail Ruffu vs. CHRB, Kirk Breed, et al**  
Superior Court of California, County of Los Angeles, Northeast District, Case No. GC045960

UNITED STATES BANKRUPTCY COURT

- E. **Magna Entertainment Corporation, et al.**  
District of Delaware Case No. 09-10720 (MFW)

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PENDING ADMINISTRATIVE ADJUDICATIONS  
MARCH 2011

CASE

- A. Accusation and Petition to Revoke Probation  
Trainer Jeff Mullins  
OAH Case No. L2007010483  
CHRB Case No. 06DM011



PROCEEDINGS of the Regular Meeting of the California Horse Racing Board held at the Santa Anita Park Race Track, Baldwin Terrace Room, 285 West Huntington Drive, Arcadia, California, on February 17, 2011.

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

#### MINUTES

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Chairman Brackpool asked for approval of the minutes of the Regular Meeting of January 20, 2011. Vice-Chairman Israel **motioned** to approve the minutes. Commissioner Choper **seconded** the motion, which was **unanimously carried**.

#### PUBLIC COMMENT

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Allen Gutterman of Santa Anita Park Race Track (SA) spoke about SA's plans for an event called "On Track to Beat Cancer." The event would be held on April 17, 2011, and it was being organized in partnership with the City of Hope. The funds raised by the event would be donated to the City of Hope's women's cancer program. Jerry Jamgotchian, a horse owner, spoke about his concerns regarding various horse racing related issues. Laura Rosier of San Luis Rey Downs (SLRD) spoke about her organizations continuing exchange with Southern California Off-Track Wagering, Inc. (SCOTWINC) regarding vanning and stabling funding. Commissioner Rosenberg stated he was informed that the SCOTWINC board met in December 2010 and formed a committee to work on the issue with SLRD to try and solve the problem of possible inequity in the distribution of the vanning and stabling funds. SCOTWINC subsequently wrote a

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letter about the December 2010 meeting, the formation of the committee and issues that were raised during its December meeting. The letter was for distribution to interested parties and the Board. Chairman Brackpool stated Commissioner Rosenberg had agreed to take the lead for the Board, and the issue would be heard at a future Regular Meeting.

**DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENT OF CHRB RULE 1844, AUTHORIZED MEDICATION, TO REDUCE THE PERMITTED LEVEL OF PHENYL BUTAZONE IN AN OFFICIAL TEST SAMPLE FROM FIVE NANOGRAMS PER MILLILITER OF BLOOD PLASMA OR SERUM TO TWO NANOGRAMS PER MILLILITER OF BLOOD PLASMA OR SERUM, AND TO REDUCE THE PERMITTED LEVEL OF FLUNIXIN IN AN OFFICIAL TEST SAMPLE FROM 50 NANOGRAMS PER MILLILITER OF BLOOD PLASMA OR SERUM TO 20 NANOGRAMS PER MILLILITER OF BLOOD PLASMA OR SERUM.**

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Jacqueline Wagner, CHRB staff, said the proposed amendment to Rule 1844, Authorized Medication, would reduce the permitted level of Phenylbutazone (Bute) in an official test sample from five nanograms per milliliter of blood plasma or serum to two nanograms per milliliter of blood plasma or serum, and reduce the permitted level of flunixin in an official test sample from 50 nanograms per milliliter of blood plasma or serum to 20 nanograms per milliliter of blood plasma or serum. Ms. Wagner said staff recommended the Board instruct staff to initiate a 45-day public comment period regarding the proposed amendment. Dr. Rick Arthur, CHRB Equine Medical Director, stated the issue was brought to the attention of the Association of Racing Commissioners International (ARCI) and the Racing Medication and Testing Consortium (RMTC) by the ARCI Veterinarians Committee. After a thorough review it was recommended that the Bute level be reduced to two micrograms. Dr. Arthur stated the issue was one of safety and integrity of racing. The examining veterinarian was the key safety check for race horses. The veterinarians expressed concern that current medication policies compromised their ability to properly evaluate soundness of in-today horses. Almost over 90 percent of fatal injuries in

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horse racing had preexisting pathologies at the site of the fatal injury. However, veterinarians, jockeys and trainers were missing signs of such pathologies. Dr. Arthur said the proposed levels for flunixin and Bute were supported by the ARCI, which adopted a national model rule. The levels were also supported by the Jockey Club Safety Committee, the RMTC and the Thoroughbred Owners and Breeders Association. He added the proposed levels would be a requirement of the Graded Stakes Committee as of January 1, 2012. Dr. Arthur added he held meeting with the Thoroughbred Owners of California (TOC) and the California Thoroughbred Trainers (CTT) regarding the proposed levels. The trainers expressed concerns that there would be a rash of positives due to the lower levels, but with a five microgram level currently in place, at least 85 percent of horses met the two microgram level. He stated that during the 45-day notice period the official laboratory could provide Board veterinarians with the level of each horse that ran, so trainers would have time to adapt to the new standards. Dr. Arthur commented he was willing to work with the horsemen regarding penalties, as his main concern was compliance. Commissioner Harris stated the proposed amendment would not change normal practice, as a therapeutic dose at least 24 hours out would result in compliance with the new level. Dr. Arthur said if the medication were administered via an IV injection, a two gram dose at 24 hours would not go over the proposed limit. He stated that was current practice in states with the two microgram limit. Commissioner Harris asked if administering Bute by paste more than 24 hours out would have a different effect. Dr. Arthur said it would, as paste was absorbed more slowly. IV injections were the most common form of administration, and most positives were the result of oral administration. Vice-Chairman Israel said he was concerned about unintended consequences. Many trainers used the oral method of administering Bute, but under the proposed amendment, they would be forced to use the more expensive IV method. Dr. Scott

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Stanley of UC Davis said that was not necessarily the case. The proposed levels may change the timeline for administration of the oral paste, but the trainers would still be able to use it. He stated the University would provide the trainers with information needed to use the oral products. Dr. Stanley said for about a decade the recommended method of administering Bute was by IV injection, but trainers were able to continue to use the oral products with a slight adjustment of treatment time. Vice-Chairman Israel asked what the economic impact would be if trainers had to switch to IV injection versus oral administration. Dr. Arthur stated the costs were \$5.00 to \$10.00 a gram for IV injection and pills were 40 cents a gram. He stated he did not believe the costs were significant in relationship to veterinary bills, which averaged \$500 a month. The total cost difference was between \$1.00 for oral administration and \$15.00 to \$20.00 for IV injection. Vice-Chairman Israel stated another issue was that only a veterinarian could give an injection. Commissioner Harris commented some trainers might have a horse on Bute with no intention of running it for a few days. The oral administrations were more for a therapeutic use, not for running a horse. Commissioner Rosenberg asked if UC Davis knew what the timeline was for administering oral Bute. Dr. Stanley said the trainer would have to adjust the administration by approximately six to eight hours. If the trainer made that adjustment, the economic impact of the new level would be zero. Dr. Dana Stead, the Santa Anita Park track veterinarian, stated a lower Bute level would be advantageous for morning examinations. In the mornings the current higher level could affect the veterinarian's ability to detect if a horse had soundness issues. Dr. Jill Bailey, a CHRB veterinarian, stated she concurred with Dr. Stead's comments. She added it was true that the vast majority of horses were currently running at the lower level; however, in the mornings one did not know which horse was at a lower level, and which horse had a greater amount of Bute in its system. Pablo Suarez of TOC stated his organization was against lowering

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the Bute level. TOC's opposition was decided with the long-term health of the horse in mind. In addition, there were details that should be addressed before the proposed rule amendment went out to comment, such as the penalty guidelines. Mr. Suarez commented TOC was aware that the proposed levels were supported by the RMTC and the ARCI; however, the CTT agreed with the TOC. He added the TOC proposed putting off action until the next Regular Board Meeting. In the intervening period of time, the TOC would work with Dr. Arthur and the CTT to lay the groundwork prior to the 45-day comment period. John Sadler of the CTT stated his organization did not support the proposed amendment to Rule 1844. The CTT believed the proposed regulation was a poor idea. The CHRB had a good rule in place and no horsemen were complaining. Bute was a good therapeutic medication, the Board had excellent testing for it, and there was little support among the horsemen for a change. Vice-Chairman Israel asked if the CTT had any statistical information regarding the proposed amendment's effect on the entry box. He asked how many entries would be lost on a daily or weekly basis; would it be 5 percent, 2 percent or more? Mr. Sadler said the horse inventory was thin, and adding more regulations would adversely affect field size and handle. Commissioner Derek stated the purpose of the regulation was for the pre-race examination and soundness of horses. Would there be fewer horses because they would not pass the pre-race examination? She commented she thought that would be a positive thing. Mr. Saddler said in Europe they raced on no medication. However, they raced two or three days a week, six months a year. In California that was not possible, and if the State wished to go to no medication, it would have to implement a schedule to accommodate that. Commissioner Rosenberg asked what the difference was if in Europe horses raced two or three times a week for six months and in California horses started once every three to four weeks year round. Mr. Sadler said in Europe they did not need to train their horses

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between races, so they could rest up. Commissioner Rosenberg asked why the CTT believed it was so positive to have the extra Bute in a horse's system pre-race. Mr. Sadler stated if one looked at the economic aspect – no one was speaking for the poor trainers on the fairs that were giving Bute orally versus an IV injection. That was one of the economic things the CTT was talking about. Chairman Brackpool commented Dr. Stanley of UC Davis testified trainers could still use oral medication if they adjusted the time of administration. Mr. Sadler said the CTT just thought the amendment would have a negative effect. The trainers did not think Bute was a big problem, and they did not feel the rule was necessary. Carlo Fisco of the CTT stated that after a May 2010 Medication Committee meeting at Golden Gate his organization attempted to obtain documents relevant to the issue of Bute and musculoskeletal injuries. He stated those Public Records Act (PRA) requests were still outstanding. The CTT looked at the scientific issue, and would like to have ample time to develop that. The presentation to the Board was one-sided, and the CTT would like the opportunity to present its side. Mr. Fisco also talked about why – under the Administrative Procedures Act (APA) – the item was not ready to send out for a 45-day public comment period. He added the CTT believed the Board should not amend Rule 1844 without at the same time amending Rule 1843.3, Penalties for Medication Violations. Chairman Brackpool stated the Board was not amending a rule, it was deciding whether to send a proposal out for public comment. He stated he understood the Medication Committee held several meetings on the subject, and at those meetings there was representation from TOC, CTT and various horsemen. It was not accurate to state there had been no industry involvement. Mr. Fisco said the CTT had not received the documents it requested. The documents would form the basis of its contrary opinion. He added there was also no proposal to amend Rule 1843.3. The CTT was seeking documentation on the connection between using Bute and injuries to the horse.

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Commissioner Choper said that went to the heart of Commissioner Derek's question. Was there any evidence that California would experience reduced injuries if it reduced the allowable level of Bute from five nanograms to two nanograms? The CTT stated it was an economic question, which meant one had to run the risk that horses would break down in order to run them. Chairman Brackpool stated the CTT representatives had said three different things. One stated that if given another month, the CTT was close to agreeing and the parties could resolve the issues. Another stated there was no way the CTT would be in favor of the regulation, and the regulation was not necessary. The third representative raised a lot of legal issues, and staff counsel would have to advise the Board regarding the merit of any of the points raised. Commissioner Choper said no regulation was completed in 45 days, so there was nothing wrong with approving a public comment period. He added it seemed the penalty would remain the same. Mr. Fisco stated there was no logic in changing the allowable level without changing the penalty. Dr. Arthur stated that under Rule 1843.3 there were currently penalties for Class "C" violations. He said he would work with the horsemen to modify the penalties. The science behind the proposal had been thoroughly debated. A number of prestigious persons have looked at the science and agreed. In addition, an analysis of the issue by Dr. Larry Solomon of the University of Pennsylvania would be published in the Journal of Veterinary Therapeutics and Pharmacology. The analysis reached the same conclusion; there was evidence that current allowable Bute levels compromised the clinical examination of the horse. Dr. Arthur stated 90 percent of race horses had preexisting pathology at the site of their fatal injuries. And the issue was: why were veterinarians not noticing the preexisting conditions? Commissioner Choper said that during the comment period all of the different perspectives could be raised. He added that the wagering public liked large fields, but it was not happy when horses broke down.

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Commissioner Rosenberg said the CTT asked for information from UC Davis. If the information was available, it should be provided. If it was not available, the CTT should be told. Dr. Arthur stated the PRA was being handled by the university counsel. That office assisted in compiling the information. The difficulty was in answering all of CTT's questions. The CTT requested specific information in necropsy reports, and there were court decisions that impacted that. Commissioner Rosenberg asked if the CTT had the information that was in the Board's package. Dr. Arthur said the CTT had that information. Commissioner Derek stated the Bute levels were currently enforced in a number of other states, and it would be enforced as of January 2012 in graded stakes races. She asked if CTT was unaware of that, or of the ARCI recommendations and how they were made. Mr. Fisco said the CTT was aware. It was also aware of instances in other states where trainers had very minor overages. He added 85 percent of horses at the time of the pre-race exam were at or under the 2.0 level for Bute, which was an important statistic. With regards to the science, the CTT did not decide it wanted to figure out how to beat the proposal with science. Instead, it talked to persons who stated the science was not there, so it was trying to fill in the gaps. Commissioner Harris commented the proposed levels were not for the pre-race exam. There could be up to nine hours between the pre-race exam and testing of the horse. The administration of the medication was at least 24 hours out, and the pre-race examination was six or seven hours before the race. There would be a higher level of Bute at the pre-race exam, which was the point of the proposed amendment. The issue was the potential for the level of Bute in the horse to mask pre-existing conditions. Vice-Chairman Israel asked if the Board would violate the APA if it sent the item out for a 45-day public comment period. Staff Counsel Robert Miller stated the Board could direct staff to initiate a public comment period. He added that did not mean the Board was adopting the



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regulation. Jerry Jamgotchian, a horse owner, spoke about his thoughts regarding the proposed amendment to Rule 1844. Mr. Suarez stated one reason the TOC opposed the proposed regulation was its concern that lowering the allowable Bute level would result in more joint injections, which would affect the long-term health of the horse. Commissioner Derek **motioned** to direct staff to initiate a 45-day public comment period regarding the proposed amendment to Rule 1844. Commissioner Harris **seconded** the motion, which was **unanimously carried**.

**DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED ADDITION OF CHRB RULE 1844.1, SUSPENSION OF AUTHORIZED MEDICATION, TO ALLOW THE BOARD TO SUSPEND THE AUTHORIZATION FOR ANY AUTHORIZED MEDICATION AFTER NOTIFICATION AT A PROPERLY NOTICED PUBLIC HEARING.**

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Dr. Rick Arthur, CHRB Equine Medical Director, said the proposed addition of Rule 1844.1, Suspension of Authorized Medication, would allow the Board to suspend the authorization to administer drug substances and medications to horses entered to race, as currently allowed under Rule 1844, Authorized Medication. Dr. Arthur stated the Board's rules currently prohibited the administration of any drug substance within 48 hours of the race. However, certain substances were specifically authorized under Rule 1844. The proposed regulation will allow the Board to suspend the authorization for the administration of drug substances and medications for a single race, for a race meeting or for a breed for a period not to exceed 12 months. Dr. Arthur said there was currently an issue with Clenbuterol in quarter horse racing. There has been some preliminary discussion in the quarter horse industry about the problems with the drug. Non-Food and Drug Administration (FDA) approved Clenbuterol was believed to have been smuggled from Mexico, and was being administered for purposes other than small airway disease. Dr. Arthur stated the drug could have an adrenergic, or muscle building effect. The proposed regulation

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would allow the Board to prohibit the use of Clenbuterol in quarter horses in California. He added there was an effort on the part of several states to simultaneously address the problem. Dr. Scott Stanley of the UC Davis stated there were a disproportionate number of Clenbuterol violations in the quarter horse industry. The Maddy Laboratory at UC Davis received confiscated materials, and materials obtained from horsemen for testing. They all were Clenbuterol in liquid, paste and powder forms, and few of them were similar to the FDA approved commercial product. The materials were also more potent, and they were being administered in very high doses. The high doses acted as a body building agent versus a bronchodilator to treat airway disease. Vice-Chairman Israel asked if Clenbuterol had the same effect as a steroid. Dr. Stanley said Clenbuterol had a different effect but the same end result; it could build muscle mass. Vice-Chairman Israel asked if there were a reason to allow Clenbuterol, or was there no substitute for its legitimate use? Dr. Stanley stated in its present FDA approved form, it was the only product that treated the airway disease for which it was intended. However, Clenbuterol had to be used in small doses. In higher doses, it had a different effect. Dr. Stanley said some science indicated that with a high dose, after a period of time, the muscle building effect could be sustained. Chairman Brackpool stated he received a letter from the Pacific Coast Quarter Horse Racing Association, which strongly supported the addition of Rule 1844.1, which was helpful. However, the supporting argument for the proposed regulation seemed to be centered on the problem with Clenbuterol in quarter horse racing. The proposed regulation had a wide effect that went beyond the particular issue at Los Alamitos. Dr. Arthur stated there were other authorized drugs that could be considered under the proposed regulation. One such drug was Stanozolol, which was the only permitted non-indigenous anabolic steroid. The drug was banned in other states, though it had not been a problem in California. He added

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Clenbuterol was approved for use in small airway disease, which at any one time occurred in approximately 30 percent of thoroughbreds, and probably much less in quarter horses. Dr. Arthur stated that prior to a \$2 million futurity at Los Alamitos out-of-competition testing demonstrated that every horse had Clenbuterol in its system. Alan Balch of the California Thoroughbred Trainers (CTT) asked what the process would be after the Board held a hearing. Would it suspend the use of a drug the next day? Chairman Brackpool stated if the purpose of the regulation was to stop the misuse of a drug substance the Board would want to take an emergency action. The proposed regulation was a necessary tool that the Board would use appropriately. Pablo Suarez of the Thoroughbred Trainers of California (TOC) said his organization agreed with the CTT. The TOC understood the issue with the quarter horses, but there were other drugs mentioned, and the TOC was worried the regulation might be too broad. Chairman Brackpool motioned to direct staff to initiate a 45-day public comment period regarding the proposed addition of Rule 1844.1. He stated he thought the rule was a necessary tool, and the Board would welcome any comments to potentially restrict the range of the regulation. Commissioner Choper seconded the motion, which was unanimously carried.

**DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED ADDITION OF CHRB RULE 1500.1, RANDOM DRUG TESTING, TO ALLOW RANDOM DRUG TESTING OF JOCKEYS AND APPRENTICE JOCKEYS UNDER SPECIFIED CONDITIONS, AND THE PROPOSED AMENDMENT OF CHRB RULE 1498, PHYSICAL EXAMINATION, TO REQUIRE DRUG SCREENING DURING THE ANNUAL JOCKEY PHYSICALS.**

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Chairman Brackpool said he received a letter from the Jockey's Guild (Guild) that stated the Guild did not have any opposition to the adoption of the proposed addition of Rule 1500.1, Random Drug Testing, or to the proposed amendment of Rule 1498, Physical Examination. However, the Guild wished to clarify whether jockeys were responsible for paying for their own

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drug testing. Jacqueline Wagner, CHRB staff, said under the proposed regulations jockeys and apprentice jockeys would only be responsible for paying for testing of the split sample, if they chose to have the samples tested. Otherwise, there were no expenses for jockeys and apprentice jockeys. Shane Gusman representing the Guild stated his organization's issues with the proposed regulations were addressed. He thanked staff for working with the Guild to resolve the outstanding issues. Commissioner Harris **motioned** to direct staff to initiate a 45-day public comment period regarding the proposed addition of Rule 1500.1, Random Drug Testing, and the proposed amendment of Rule 1498, Physical Examination. Vice-Chairman Israel **seconded** the motion, which was **unanimously carried**.

### DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENT OF CHRB RULE 1433, APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING, TO REVISE THE FORM CHRB-17, APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING, AND THE FORM CHRB-18, APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF A CALIFORNIA FAIR.

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Jacqueline Wagner, CHRB staff, stated the proposed amendment to Rule 1433, Application for License to Conduct a Horse Racing Meeting, would update the current form CHRB-17, Application for License to Conduct a Horse Racing Meeting, and CHRB -18, Application for License to Conduct a Horse Racing Meeting of a California Fair. Ms. Wagner stated the forms would be updated to ask about ownership and guarantees regarding the obligations of the licensee; clarification of the purse program to ensure applicants provide purse information from the same source; and additional information regarding advance deposit wagering providers. Ms. Wagner stated staff recommended the Board direct staff to initiate a 45-day public comment period. Commissioner Rosenberg said he believed privately held companies should be added to section 4(c) of the form CHRB-17. Not all parent companies might be publicly traded. Ms.

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Wagner stated staff would make that change. Chairman Brackpool asked what the process would be for amending the regulation. Ms. Wagner stated the rule amendment would require a 45-day public comment period. Following the comment period, the Board would hold a hearing for adoption. If the Board adopted the regulation, it would be sent to the Office of Administrative Law (OAL) for a 30-day review. If OAL approved the regulation it would file it with the Secretary of State and the regulation would become effective 30-day after that filing. Commissioner Harris asked about the \$100,000 surety bond requirement in the CHRB-17. Ms. Wagner stated that was a requirement of Business and Professions Code section 19464, which required the applicant to submit a surety bond of \$100,000 or greater, unless the association was licensed to operate a horse racing meeting prior to January 1, 2001, and had conducted a race meeting in each of the immediate three consecutive calendar years. Commissioner Harris stated there had been some concerns regarding the certification of persons manning the ambulance. Commissioner Derek commented that was a topic that would be discussed at an upcoming Medication and Safety Committee meeting. Commissioner Harris said the issue needed to be thought out, as apparently not all ambulance personnel were certified.

**DISCUSSION AND ACTION BY THE BOARD REGARDING THE FEASIBILITY OF AMENDING CHRB RULE 1634, CLAIMING OPTION ENTRY.**

Chairman Brackpool said Rule 1634, Claiming Option Entry, allow owners to bring back a horse that had not been run in 180 days or more. The horse could be brought back at the same claiming level it last ran at, and it could be protected from being claimed for its first race back. He stated the rule was not being used as much as it might be, and perhaps there were ways to amend it to make it more attractive. Perhaps the horse could come back at one level lower, or stay safe for two claiming races with the second race at a higher level. Chairman Brackpool

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stated in July 2010 the Thoroughbred Owners of California (TOC) indicated it wanted to study the effects of the rule, and work with racing secretaries and the California Thoroughbred Trainers (CTT). Guy Lamothe of the TOC stated his organization met with the racing secretaries and concluded the regulation was working. In an 18-month period 145 runners took advantage of the rule, and 125 of those made at least one additional start in California. In addition, there was an increase in the number of horses winning off the layoff. The racing secretaries talked to trainers to determine if the rule could be improved. The consensus was that the rule was working in its current form. If anything, the rule needed to be promoted, so more owners and trainers would be aware of its benefits. Tom Robbins, racing secretary at Del Mar Race Track stated racing secretaries were in contact with the TOC and the CTT. The secretaries and the horsemen's organizations agreed that the rule was working in its present form. Approximately 25 percent of the horses that were eligible to use the claiming wavier rule used it, and approximately 10 percent of those horses won their comeback race. Chairman Brackpool asked what happened to the 75 percent of horses that did not take advantage of the rule. Mr. Robbins stated that was a question for the trainers and owners that ran the horses in comeback races. However, as a racing secretary, Mr. Robbins said he had not heard one owner or trainer suggest any sort of modification. The racing secretaries and the owner and trainer organization believed the rule was a success. Commissioner Choper stated he was curious as to whether the 180 horses that took advantage of the rule would not have run if the rule were nonexistent. Perhaps over the next year racing secretaries could work with the CTT and TOC to poll owners and trainers to find out why they did not use the rule. Mr. Robbins said it was evident that not everyone knew about certain regulations. The horsemen's organizations and racing associations tried to inform their constituents in their newsletters and the condition book. The rule benefited owners and

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trainers and it was the only rule of its type in the United States. Commissioner Harris commented Rule 1634 was beneficial, but it was expensive to lay up a horse, and one often needed to come back at a lower level to be competitive. He added not many horses were being claimed, so owners were not as worried about losing a horse.

**DISCUSSION AND ACTION BY THE BOARD REGARDING A PLAN BY THE COMMERCE CASINO MINISATELLITE WAGERING FACILITY TO EXPAND ITS FACILITY TO INCLUDE AN ADJACENT BUILDING.**

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Jacqueline Wagner, CHRB staff, said in April 2009 the Board approved the application for license to operate a minisatellite wagering facility at the Commerce Club. The Commerce Club minisatellite was approved for two years, and the current license would expire in April 2011. Staff expected the Commerce Club would submit an application in time for it to be heard at the March 2011 Regular Board Meeting. She stated a representative of the Commerce Club wished to inform the Board of the minisatellite's plans to expand its facility and to ask for the Board's endorsement. Rod Blonien, representing the Commerce Club, said he spoke to the Board in December 2010 about the Commerce Club's plans to expand its minisatellite facility. He stated the Commerce Club wanted to ensure it was approved before it hired an architect and began construction. Chairman Brackpool stated there was no application to approve. Ms. Wagner stated there was no application. The Board could endorse the concept of the expansion, but it would not be able to approve it until it received an application. Commissioner Harris said he did not know why the Board should endorse the concept. If the Commerce Club wished to expand its facility, that was great, but he did not see what the role of the Board was. Chairman Brackpool stated the Board would be supportive of anyone wishing to expand its minisatellite operation. Commissioner Harris stated that was true, but why was it a bureaucratic thing for the

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Board to spend time on? Mr. Blonien said the Commerce Club anticipated it would have to come back and at least show staff it was in compliance with the fire regulations, but it wanted the Board's approval before it began expansion. Chairman Brackpool stated the Commerce Club would not get an approval because there was nothing for the Board to approve. However, the Board could indicate it was generally in favor of the proposed expansion. Commissioner Choper asked if the Commerce Club knew to what extent its patrons would not otherwise have wagered on horse racing. Mr. Blonien said there were some people placing wagers who otherwise might not without the minisatellite facility. He added there were also patrons who used to wager at other facilities. However, there were also patrons who were wagering at the Commerce Club who otherwise would make wagers through alternative sources. Commissioner Rosenberg asked how many patrons wagered on horse racing per day, and did the Commerce Club have any cross-promotions with the tracks. Mr. Blonien said between 150 and 200 people per day placed wagers. He added that in the beginning the Commerce Club was approached by tracks, but it was not currently doing cross promotions.

**DISCUSSION AND ACTION BY THE BOARD REGARDING THE ALLOCATION OF THE BALANCE OF THE 2011 SOUTHERN CALIFORNIA THOROUGHBRED RACE DATES.**

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Chairman Brackpool stated the Northern California and the quarter horse and harness racing dates were approved. The Board also approved the Southern California thoroughbred race dates through the conclusion of the Del Mar meeting. Jacqueline Wagner, CHRB staff, said that was correct. Chairman Brackpool stated the next dates for approval were the 2011 Fairplex Park Pomona (Fairplex) dates. Jim Henwood of Fairplex said the proposed 2011 Fairplex race dates were from September 8, 2011 through September 26, 2011, which was 15 days. Chairman



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Brackpool asked if Thoroughbred Owners of California (TOC) agreed with the proposed Fairplex 2011 race dates. Guy Lamothe of TOC stated his organization agreed with the proposed 2011 Fairplex race dates. Chairman Brackpool said the next 2011 race dates were the fall Hollywood Park (HP) dates. Bernie Thurman of HP said the requested dates for HP were November 9, 2011 through December 18, 2011. Mr. Lamothe of TOC said his organization agreed with the dates. Chairman Brackpool stated the dates for Fairplex and the HP fall dates were not contested. Chairman Brackpool said the remaining dates to be allocated were the fall dates that were historically awarded to Oak Tree Racing Association (OTRA) at Santa Anita. In 2010 the OTRA meeting was run at HP. In 2011 there were competing applications for the dates. The applicants were OTRA at HP and Pacific Racing Association (PRA) at Santa Anita Park Race Track (SA). The Board was not approving applications for race meetings; it was approving the allocated dates. He said when SA underwent an organizational ownership change in 2010 the new entity voided the historic lease that OTRA had with SA. Although the new owner offered to let OTRA race at SA for an additional year, the TOC and California Thoroughbred Trainers (CTT) determined they did not wish to race at that venue due to concerns about the racing surface. OTRA found a temporary home at HP. Currently, issues such as purses and field size were items raised to the Board during discussions about the 2011 fall race dates. Chairman Brackpool emphasized that the Board was dealing with the 2011 race dates, and that the outcome is not a precedent for the 2012 and beyond dates. He asked the TOC, CTT and the SA and OTRA representatives to present their positions on the 2011 race dates. Mr. Lamothe stated the TOC's concerns with the SA racing surface were resolved when the race track replaced the synthetic surface. Therefore, TOC would support the OTRA meeting moving back to the SA racing facility. Chairman Brackpool commented he did not believe there was an offer

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for the OTRA meeting to be held at SA. He said he thought what was on the table was that SA make some arrangement with OTRA that would have to be concluded between them. Mr. Lamothe said TOC heard there were discussions between OTRA and SA, but it was not aware of any details. Alan Balch of CTT said this was a complex problem and that CTT held the highest regard for OTRA, however, his organization favored allocating the fall 2011 race dates to the SA facility. Scott Daruty of SA stated his organization believed its facility was superior to the HP facility. SA was committed to the long-term health of the industry, so it made a significant investment in its racing surface and it was trying to keep its facility in top shape for racing. SA also believed that fans preferred to go to SA, which was evidenced by attendance figures. Mr. Daruty stated SA believed it was the proper venue for the fall 2011 Southern California thoroughbred race dates. He added SA recognized OTRA's longstanding involvement in the industry. SA also recognized that it made mistakes with regards to OTRA in 2010. SA currently did not have an agreement with OTRA, which was under contract to run its dates at HP – should OTRA receive those dates. SA did not wish to interfere with OTRA's contract, but SA did have a unilateral commitment to provide certain accommodations, including a financial payment, if OTRA did not receive its traditional dates. The SA offer was conditioned on SA receiving the fall 2011 race dates. Chairman Brackpool said the graded stakes races that led to the Breeders' Cup were an issue. Did SA believe it would be in a position to work with OTRA to allow those races to be run? Mr. Daruty stated if OTRA allowed SA to use the dates, SA would like to run the stakes races. Commissioner Harris asked about the Cal Cup dates. Mr. Daruty said SA was open to discussing Cal Cup. He commented the race was very important in California, and many people felt strongly about the race. However, Cal Cup was not very successful financially. SA would want to figure out how to run the race in a manner that made economic sense. SA was not

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willing, nor was it in a position to fund significant losses. Sherwood Chillingworth of OTRA stated the past few months were rough for his organization. OTRA appreciated the accommodations HP provided in 2010. HP and OTRA had an agreement that OTRA would seek the fall 2011 race dates to be run at HP. Mr. Chillingworth stated OTRA continued to believe that was its obligation. He said he wanted the industry to understand that OTRA attended no meetings involving the issue of its running at SA. OTRA informed the Board that unless OTRA understood the Board intended to move the race dates to SA, it could not comment on the issue because that would be unfair to HP. Mace Siegel, a horse owner, spoke in favor of awarding the fall 2011 thoroughbred race dates to SA. He stated the 2010 OTRA race meeting at HP was not what the industry hoped it would be, and the Board had to award the dates to the venue it believed would provide the best outcome. Mr. Lamothe stated the TOC wanted to ensure that the "Win and You're In" races were kept intact regardless of the entity running the dates. TOC was also concerned about efforts to attract future Breeders' Cup races to California, advance deposit wagering contracts and television exclusivity. Chairman Brackpool stated there had recently been a series of meetings with Breeders' Cup, and it was anxious to see the issue resolved, so it could have certainty. The Breeders' Cup also wanted to keep the "Win and You're In" races going. Chairman Brackpool said the distribution of the signal was covered in the Board's waiver of MI Development's ownership of multiple racing venues. If SA was awarded more dates it had to demonstrate that it expanded its signal. That could be accomplished through wider distribution, or by non-exclusivity. Mr. Daruty said the waiver did condition the receipt of more dates on wider distribution of the SA signal. He added SA would work with OTRA to run the "Win and You're In" races. Chairman Brackpool stated he believed the 2011 fall dates should be held at SA with accommodations made to OTRA. The

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accommodations would have to be worked out prior to Board approval of the SA application for license to operate a race meeting. Jack Liebaw of HP stated his organization had not been a party to any discussions regarding the fall OTRA dates. He stated HP was thankful for Mr. Chillingworth's remarks. HP was glad it was able to help OTRA. He added he believed HP was the better racing facility and he invited the industry to visit HP and make a comparison. Chairman Brackpool asked if the 2010 OTRA meeting at HP had an effect on the HP winter meeting. Mr. Liebaw said that was difficult to judge. The OTRA meeting was put on under difficult conditions. The HP meeting was superior to the OTRA meeting. The purses at HP were higher, and that was because of the contribution that OTRA made. Chairman Brackpool commented that this was a difficult issues, the same as it was in 2010. He said last year's OTRA meet at HP when combined with the HP fall meet following was not the meet that the industry had hoped for and it is doubt the historically the crowds at SA are ready for racing at that time of the year and it would seem that SA would be the more logical venue. He said he understood OTRA difficulties in terms of applying for anything because they had made various commitments, but the Board had to award the dates the way it believed the location should be. Chairman Brackpool motioned to award the dates of September 8, 2011 through September 26, 2011 to Fairplex; September 28, 2011 through November 6, 2011, to Pacific Racing Association (PRA) at SA; and November 9, 2011 through December 18, 2011 to HP. Chairman Brackpool stated the Board was aware of OTRA's contributions to the industry, and it strongly urged SA to continue to work in cooperation with OTRA to allow that organization's good works to continue in 2011. He emphasized that the awarding of the 2011 race dates were not precedent setting, and he strongly encouraged SA to understand that. He added a vote of sincere thanks to HP for stepping in so graciously in 2010, and on such short notice. Vice-Chairman Israel seconded the

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motion, which was unanimously carried. Mr. Chillingworth stated OTRA understood that HP would be disappointed it did not receive the race dates. OTRA appreciated HP's help in 2010. He added OTRA would do everything possible to support California racing in 2011. OTRA felt one of its responsibilities was to contribute to the welfare of the industry.

**DISCUSSION AND ACTION BY THE BOARD REGARDING THE STATUS OF THE LABOR NEGOTIATIONS WITH THE ADVANCE DEPOSIT WAGERING (ADW) PROVIDERS.**

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Jacqueline Wagner, CHRB staff, stated at the Board's January 2011 Regular Meeting applications from the advance deposit wagering providers (ADW) were heard. The TVG application was approved without conditions. TwinSpire and XpressBet were approved with conditions, including the successful negotiation of a labor agreement. The parties were to present an update at the February 2011 Regular Board Meeting. If there were no resolution, the applications would be reviewed at the March 2011 Regular Board Meeting. Ms. Wagner said XpressBet notified staff that it would not be represented at the February 2011 Regular Board Meeting. She stated XpressBet had been unable to reach an agreement with labor. Brad Blackwell representing TwinSpire met with union representatives once, and held numerous conversations via telephone and email. He stated TwinSpire was not able to conclude a labor agreement. Vice-Chairman Israel asked if any progress was made in the discussions. Richard Castro representing the Pari-Mutuel Employees Guild Local 280 (Local 280) said no progress had been made. He added compromises were discussed, but the issue of staffing versus white labels prevented an agreement. Local 280 just wanted protection from subcontracting. Vice-Chairman Israel asked if any party considered certain benchmarks for the white labels that would kick into effect staffing levels relative to the union. Mr. Castro stated he was not aware of any

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such discussions. Vice-Chairman Israel asked if the parties considered suggesting benchmarks to find some middle ground. He stated he was frustrated that the discussions had been going on for months, and the parties were in the same place as day one of negotiations. Mr. Castro stated the irritation was longer than that. The Board approved DelMarBets.com and OakTreeBets.com and Local 280 objected. The entities were not even in the application when the Board voted, and Local 280 did not know for six months. Vice-Chairman Israel stated he was in favor of initiatives that benefited the industry. He stated he also understood Local 280 needed to protect its members. The parties needed to find where those lines crossed; where the ADW provider was confident the initiatives would succeed and where the union could get staffing concessions. If the ADW providers did not try to create new enterprises, there would be no jobs. The white labels were operating through existing platforms. The parties needed to be more reasonable and find a way to create new business and more jobs in a declining industry. Mr. Castro stated the union gave the industry back 22.5 percent. At that time, Local 280 asked for kiosks to be in place by September 2010. The Kiosks were little booths where one could advertise racing. The union wanted to bring ADW providers into that too. The kiosks could be places to introduce new fans to racing. They could be in malls, in supermarkets and train stations. Commissioner Choper asked if the kiosks were a part of the labor agreements the Board was unaware of. Mr. Castro said Local 280 had a side agreement with employers to establish kiosks. The concept was to bring horse racing into the community to get new fans. The deadline was September 2010. Commissioner Choper asked if the kiosks were authorized by state law. Mr. Castro stated Local 280 believed they were legal. Vice-Chairman Israel asked if a wager could be placed at a kiosk. Mr. Castro stated what would happen with the kiosks was not finalized, but Local 280 wanted to bring in the ADW providers. Commissioner Choper asked what the pari-mutuel employees

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would do at the kiosks if they did not place wagers. Mr. Castro said it would be a marketing effort. He stated there would be at least one union employee in the kiosk north and south. That was what Local 280 agreed to when it gave back 22.5 percent, and it still did not have telephone jobs. When a California resident placed a telephone wager with XpressBet the wager was placed in Oregon. Local 280 was being displaced. It wanted wagering in California. The union thought the industry would rally behind it, but that did not happen. Commissioner Choper asked if the kiosks were in the contract at question. Mr. Castro stated Local 280 wanted to bring the ADW providers into the kiosks. Commissioner Choper stated his understanding of the issue was that Local 280 wanted veto power over subcontracting. Jake White representing Local 280 stated the union was trying to protect its jobs. It was asking the Board to allow the union to have the subcontracting language so it could protect the union and protect jobs. Commissioner Choper said both XpressBet and TwinSpires signed the agreement, which stated it was the obligation of the ADW provider to recognize and bargain. It extended to employees of ADW providers or any employees of subcontractors to ADW providers. Commissioner Choper asked if TwinSpires did, or did not agree to extend its obligations to subcontractors. Mr. Blackwell stated TwinSpires was in a difficult position because it had been brought into a issue that was between the union and XpressBet. TwinSpires did not offer a white label to California residents. The issue addressed by Commissioner Choper was in TwinSpires previous labor agreement, which TwinSpires agreed to. Commissioner Choper asked if XpressBet signed the agreement. If it had employees who were working for a subcontractor to the ADW provider, were they covered by the contract? Scott Daruty, representing XpressBet, said "yes" the employees were covered by the contract. Commissioner Choper asked why the agreement did not cover what Local 280 wanted. Mr. Castro stated it did not bring jobs to California. If a customer decided to use the

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ADW provider, he would not be calling a person in California. He would be calling someone in Oregon or Pennsylvania. When Local 280 agreed to the ADW enabling legislation it understood the industry would promote jobs in California. Commissioner Choper said the statute specifically stated it applied to employees of ADW providers, whether in California or outside the state. The statute provided to such coverage, and the contract provided for such coverage. The statute did not state employees had to be in California. He said he did not understand why there would be a statutory obligation on the part of the ADW providers to bring employees to California. Mr. Castro stated the union was not looking at the ADW providers as business; it was concerned with its members. The union's concerns went beyond what the agreement stated. It was concerned with the white label issue, because what was to prevent an ADW provider from opening a company in India? Commissioner Choper asked if the ADW providers could answer Local 280's concerns. Local 280 stated all the employees were outside California, and they could be outside the United States, where they would not even be subject to the statute. Mr. Daruty stated XpressBet was owned by the same parent company that owned Santa Anita and Golden Gate Fields. As such, it was the largest employer of pari-mutuel clerks in California. He added that the ADW wager handled by employees in Oregon helped to support live racing in California – so there continued to be pari-mutuel clerks at such facilities. Commissioner Choper asked if the Oregon employees were unionized. Mr. Daruty said they were not, but the statute allowed Local 280 to go to Oregon without interference to organize those employees. XpressBet had lived up to that statutory obligation. Commissioner Choper said it was a hollow right; the right of a California union, pursuant to state law, to organize employees in Oregon. Commissioner Choper stated it would have cost more to have phone operators in California. Mr. Daruty said it would have cost considerably more. Chairman Brackpool said the issue at hand



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was to make sure the ADW providers had labor agreements in place, or allow an exemption to the provider. He stated he was disappointed to learn, only eight days after the January 2011 Regular Board Meeting, that Local 280 would not meet to resolve the issue. The Board was attempting to get at the heart of the issue, not revisit the past or resolve whose view of history was correct. At its March 2011 Regular Meeting the Board would be forced to make a determination that either imposed the condition on the ADW providers, or state it believed the providers were within their rights. That was why the Board strongly encouraged the parties to meet and resolve the issue. If Local 280 wanted the Board to rule on a fairly narrow issue rather than the broader set of issues, one of the two sides would not like the ruling. That was why the Commissioners were trying to figure out if something could be done, and why the parties had been given so much time. Vice-Chairman Israel said he did not believe DelMarBets.com or OakTreeBets.com had hit a point where they needed additional employees. When the entities did reach a threshold some accommodation should be made for pari-mutuel jobs. The businesses should be able to establish themselves and to grow. If that were allowed, there would be more jobs in the long run. The parties needed to find a compromise to allow for the growth needed to create the jobs the union was looking for. Chairman Brackpool said Vice-Chairman Israel was asking the parties to do what the Board requested at its January 2011 meeting. That was to see if there was something the parties could resolve, or the Board would be forced to vote on the narrow issue at its March 2011 Regular Meeting. Commissioner Choper commented the ADW providers did pretty much all they had to do legally, while the union's request sounded pretty modest. Vice-Chairman Israel's suggestion was appealing, and was consistent with what was needed. The parties should meet again and find someone who could mediate the issue. Mr. Castro stated Local 280 did file a grievance against Del Mar Thoroughbred Club (DMTC). It

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was supposed to be heard December 16, 2010, but was canceled. DMTC did open its books to the union, and the parties reached the conclusion that it would probably be fair to add one clerk. When Local 280 realized it could not resolve the issue, it wrote a letter to the Board that stated just that. However, the parties continued to meet and talked about a possible compromise, but the Local 280 executive board was so angry it did not want to compromise. It decided to let the CHRB decide the issue. Commissioner Choper asked why Local 280 had not gone to an arbitrator for a breach in a collective bargaining agreement. Mr. Castro said Local 280 tried, but it was not the party that broke the agreement. Mr. Blackwell stated the hearing would not take place until after the March 2011 Regular Board Meeting. Commissioner Choper stated the Board's decision would not preempt a grievance hearing, or the result. Chairman Brackpool said there were three basic things the Board could do at its March 2011 Regular Meeting. It could rule that the issue should be resolved by an arbitrator and allow the ADW providers to continue operating until that hearing, or it could rule for either side of the issue. Commissioner Harris commented he did not believe the Board could compel an ADW provider to not do business in other states. Commissioner Choper stated the statute provided that the jurisdiction extended beyond the state lines. Everyone should know that was seriously vulnerable to constitutional challenge. Mr. Daruty said TwinSpires was not going to challenge the statute. It agreed that Local 280 could go to Oregon and attempt to organize those workers. Steve Gressett of Local 280 said the problem was that there were three ADW providers in California. TVG did not have telephone operators, so it was in its interest to seek competitive advantage against the other providers that did have live operators by entering into an agreement about subcontracting. TVG was never going to subcontract. XpressBet contracted with other entities to provide telephone operators. That was why Local 280 filed a grievance. The grievance stated DMTC and Oak

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Tree Racing Association could have operated ADW themselves, but they chose to subcontract with XpressBet. TVG would like the Board to deny XpressBet, as it would leave the market open. TwinSpires was right when it stated it was not subcontracting, so Local 280 was not sure why it did not wish to sign the agreement. On the other hand, XpressBet was undercutting Local 280's job jurisdiction. If the Board voted on the narrow issue, it would give competitive advantage to XpressBet. Commissioner Choper asked if Local 280 felt the collective bargaining agreement was undercut through XpressBet's subsidiary. Mr. Gressett said "yes" Local 280 felt the collective bargaining agreement was being undercut by a signatory through its subsidiary. In 2001 when ADW was approved the ADW providers told the Legislature they would create jobs in California. The Legislature did not approve ADW so that jobs could be created in Oregon. Commissioner Choper asked if Local 280 would use that argument before the arbitrator. Mr. Gressett said the union could not use that argument. It was using the argument before the Board because the Board was supposed to protect the interests of horse racing, its participants and of workers. Commissioner Choper asked if the problem would be taken care of if Local 280 won its arbitration. Mr. Gressett said it might be taken care of, but if the Board granted the ADW licenses, the providers would say they had a license to operate. Commissioner Harris said one problem was the lack of growth in the voice operator segment. The shift was to computer-based operations. The parties would be better off figuring out how to take advantage of technology jobs, and keeping live operators at the tracks. Chairman Brackpool stated the issue arose because the ADW providers did not provide a labor agreement. There were three broad issues for the March 2011 Regular Board Meeting. The Board could allow no labor agreement until arbitration took place, it could state it did not want the ADW providers operating without a labor

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agreement, or the Board could state there was nothing it could do. Mr. Castro said Local 280 would commit to talking with the ADW providers.

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

Chairman Brackpool stated the Board requested a more detailed breakdown of exactly where the takeout dollar went. The information was provided only to Board members. So a detailed document would be issued to the public, and approximately 60 days after it was issued, the agenda item would appear on a future Regular Board Meeting.

MEETING ADJOURNED AT 12:55 P.M.

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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.

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Chairman

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Executive Director

**CALIFORNIA HORSE RACING BOARD**

**MARCH 14, 2011**  
**REGULAR BOARD MEETING**

**There is no board package material for Item 2**

## STAFF ANALYSIS

March 17, 2011

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE HOLLYWOOD PARK RACING ASSOCIATION, LLC AT HOLLYWOOD PARK APRIL 21, 2011 THROUGH JULY 17, 2011.

Hollywood Park Racing Association, LLC filed its application to conduct a thoroughbred horse racing meeting at Hollywood Park:

- o April 21 through July 17, 2011, or 54 days. The association proposes to race a total of 464 races, or 8.59 per day. In 2010 they raced 8.75 races per day with an average of 7.68 runners per race. In 2010 they were allocated to race 57 days the (actual) average daily purse for the meet was \$383,300. The (estimated) average daily purse for this meet is \$443,400.
- o The race dates proposed are the dates the Board allocated.

April - 2011						
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 - 2011						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	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				

June - 2011						
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 - 2011						
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						

- o Racing 4 days per week, Thursday through Sunday, with 8 races on Thursdays and Fridays. 9 or 10 races on a selected basis on Saturdays, Sundays and holidays, with 9 races on April 22, 11 races on May 7, 21, June 11 (Triple Crown).
- o First post 1:00 p.m. daily.
  - o 7:05 p.m. post Fridays with the exception of May 6.
  - o 11:00 a.m. post Saturday, May 7<sup>th</sup> Kentucky Derby, May 21<sup>st</sup> Preakness and June 11<sup>th</sup> Belmont Day.
  - o May 7, 21 and June 11<sup>th</sup> post times will be adjusted to coordinate with Triple Crown races.
- o Business and Professions Code section 19464(b) specifies no application for license to conduct a horse racing meeting shall be granted unless the applicant has deposited with the Board a surety bond in the amount of \$100,000, or a greater amount, as determined by the Board, which is sufficient to ensure payment of employees wages and benefits including, but not limited to, health, welfare and pension plans. The surety bond shall be maintained during the period of the meeting that all payments are made. In the event of a dispute over the amount owed, the dispute shall be resolved through the grievance

procedures set forth in the labor agreement of the union representing the class of employees affected.

This subdivision does not apply to any person or association licensed to operate a horse race meeting prior to January 1, 2001, which has conducted a race meeting in each of the immediate three previous consecutive calendar years.

- Hollywood Park Racing Association, LLC's initial race meeting was conducted after 2001. Therefore, it is subject to the provisions of the Business and Professions Code section 19464(b).
- Pursuant to Business and Profession Code 19464(b) Hollywood Park Racing Association is required to submit a \$100,000 surety bond payable to the Treasurer of the State of California to ensure payment of employee wages and benefits. The Hollywood Park \$100,000 surety bond on file will expire March 31, 2012.
- Request 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 meeting.
- Wagering program will use CHRB rules.
  - Early wagering 8:30 a.m. on the day of racing and advance-day wagering.
  - \$1 trifecta in any race that complies with Rule 1979 and a \$ .10 superfecta in any race that complies with Rule 1979.1.
  - Pick 6 on last 6 races - 70% of net pool to be retained for the jackpot and no cap be set.
  - Pick 4 on first 4 races and last 4 races - designate the major share as 0%.
  - Offering option of an alternate selection in the place pick all, pick 6 and pick 4.
  - Super High Five on the last race in accordance with ARCI Pick(n) Position(x) pools rules.
- The Advance Deposit Wagering (ADW) providers are TVG, Xpressbet and Twinpires.

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

*Summary of B&P code 19604*

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

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



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

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

Documents received in compliance with Business and Professions code 19604:

- ODS Technologies, L.P. d/b/a TVG Network has submitted all document required in compliance with Business and Professions code 19604.
- XpressBet LLC. dba XpressBet.com, DelMarBets.com and OakTreeBets.com – Labor Agreement is outstanding.
- Churchill Downs Technology Initiatives Company, dba Twinpires – Labor Agreement and written agreement allowing them to accept Hollywood Park wagers is outstanding.

Note: XpressBet and Twinpires are licensed contingent upon completion of their labor agreement.

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

Specific information still needed to complete this application includes:

1. Pertinent contract and/or agreements required pursuant to Business and Professions Code section 19604 that allows Hollywood Parks designated ADW provider Twinpires to accept wagers on races conducted in and outside of California for the applied license term.
2. Horsemen's Agreement
3. CTT Agreement
4. 2010 Audited Financials

#### RECOMMENDATION:

Staff recommends that the application for license not be heard until the outstanding items have been received.

If the application is considered for approval, staff recommends a contingent approval pending the submission of outstanding items. Including, requiring the applicant to return before the Board to report on the status of the outstanding documents.

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. Hollywood Park Racing Association, LLC  
1050 South Prairie Avenue  
Inglewood, California 90301  
(310) 419-1500 phone (310) 671-4460 fax

B. Breed of horse:  TB  QH  H

C. Racetrack name: Hollywood 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. 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: April 20 through July 17, 2011.

B. Actual dates racing will be held: April 21, 22, 23, 24, 28, 29, 30 May 1, 5, 6, 7, 8, 12, 13, 14, 15, 19, 20, 21, 22, 26, 27, 28, 29, 30, June 2, 3, 4, 5, 9, 10, 11, 12, 16, 17, 18, 19, 23, 24, 25, 26, 30, July 1, 2, 3, 4, 7, 8, 9, 10, 14, 15, 16, 17

C. Total number of days or nights of racing: 54

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

Racing Monday, May 30 and Monday, July 4. Simulcast wagering only - Wednesdays, April 20, 27, May 4, 11, 18, 25, June 8, 15, 22, 29, July 6 & 13.

E. Number of days or nights of racing per week: 4 (except as noted above)

3. RACING PROGRAM

A. Total number of races: 464

B. Number of races for each day or night: 8 races on Thursdays and Fridays;  
9 or 10 races on a selected basis on Saturdays and Sundays and holidays, with 9 races on Friday, April 22; 11 races on Saturdays May 7, May 21, June 11 (Triple Crown days).

CHRB CERTIFICATION

Application received: 1/20/11  
Deposit received: on file  
Reviewed: [signature]

Hearing date: 3/14/11  
Approved date:  
License number:

- C. Total number of stakes races: 32 stakes - 13 overnight stakes: total 45
- D. Attach a listing of all stakes races and indicate the date to be run and the added money or guaranteed purse for each. Note the races that are designated for California-bred horses. Attached
- E. Will provisions be made for owners and trainers to use their own registered colors?  
 Yes     No      If no, what racing colors are to be used:
- F. List all post times for the daily racing program:

<i>Race</i>	All days except (Friday nights, Saturdays May 7, 21, & June 11)	Friday Nights (May 6 is day racing)	**Saturday May 7 (Kentucky Derby Day) Saturday May 21 (Preakness Day) Saturday June 11 (Belmont Day)
1 <sup>st</sup>	1:00 pm	7:05 pm	11:00 am
2 <sup>nd</sup>	1:30 pm	7:35 pm	11:30 am
3 <sup>rd</sup>	2:00 pm	8:05 pm	12:00 noon
4 <sup>th</sup>	2:30 pm	8:35 pm	12:31 pm
5 <sup>th</sup>	3:00 pm	9:05 pm	1:02 pm
6 <sup>th</sup>	3:30 pm	9:35 pm	1:34 pm
7 <sup>th</sup>	4:00 pm	10:05 pm	2:06 pm
8 <sup>th</sup>	4:30 pm	10:32 pm	2:44 pm
9 <sup>th</sup> *	5:00 pm	10:59 pm	3:40 pm
10 <sup>th</sup> *	5:30 p.m.		4:11 pm
11 <sup>th</sup> *			4:40 pm

\* When applicable

\*\* May 7, May 21 & June 11 post times will be adjusted to coordinate with the Triple Crown tracks races

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
- C. CORPORATION – N/A
- D. LLC
  - 1. Registered name of the LLC:      Hollywood Park Racing Association, LLC
  - 2. State where articles of organization are filed:      Delaware

HOLLYWOOD PARK  
2011 SPRING/SUMMER STAKES SCHEDULE

<u>DATE</u>	<u>STAKE</u>	<u>PURSE/DISTANCE</u>
***** GOLD RUSH *****		
Saturday April 23	SNOW CHIEF STAKES Three Year Olds, Bred in California	\$150,000 One Mile & One Eighth
	MELAIR STAKES Fillies, Three Years Old, Bred in California	\$125,000 @ One Mile & One Sixteenth
	B. THOUGHTFUL STAKES Fillies & Mares, Four Year Olds & Upward Bred in California	\$125,000@ Seven & One Half Furlongs
	TIZNOW STAKES Four-Year-Olds & Upward, Bred in California	\$125,000@ Seven & One Half Furlongs
	GREY MEMO STAKES Three-Year-Olds & Upward, Bred in California Which have not won \$3,000 O/T M, C or S	\$70,000 Seven Furlongs
	WARRENS THOROUGHBREDS STAKES F&M, Three-Year-Olds & Upward, Cal-Bred Which have not won \$3,000 O/T M, C or S	\$70,000 Seven Furlongs
	NTRA STAKES Maiden Colts & Geldings, 3&Up, Cal-Bred	\$60,000 Six & One-Half Furlongs
	ALPHABET KISSES STAKES Maiden Fillies & Mares, 3&Up, Cal-Bred	\$60,000 Six & One-Half Furlongs
*****		
Sunday April 24	INGLEWOOD HANDICAP (GRADE III) Three Year Olds & Upward	\$100,000 One Mile & One Sixteenth (Turf)
Saturday April 30	WILSHIRE HANDICAP (GRADE III) Fillies & Mares, Three Year Olds & Upward	\$100,000 One Mile (Turf)
Saturday May 7	MERVYN LEROY HANDICAP (GR. II) Three Year Olds & Upward	\$150,000 One Mile & One Sixteenth
	SEÑORITA STAKES (GRADE III) Fillies, Three Years Old	\$100,000 One Mile (Turf)

Saturday May 14	JIM MURRAY HCP. (GRADE II) Three year Olds & Upward	\$150,000 One Mile & One Half (Turf)
Sunday May 15	LAZARO S. BARRERA MEM. STKS (GIII) Three Year Olds	\$100,000 Seven Furlongs
Saturday May 21	MILADY HANDICAP (GII) Fillies & Mares, Three Year Olds & Upward	\$150,000 One Mile & One Sixteenth
	RAILBIRD STAKES (GRADE III) Fillies, Three Years Old	\$100,000 Seven Furlongs
Saturday May 28	AMERICAN HANDICAP (GR II) Three Year Olds & Upward	\$150,000 One Mile (Turf)
Monday May 30	THE GAMELY STAKES (GRADE I) Fillies & Mares, Three Years Old & Upward	\$250,000 One Mile & One Eighth (Turf)
	LOS ANGELES HANDICAP (GR. III) Three Year Olds & Upward	\$100,000 Six Furlongs
Saturday June 4	THE CALIFORNIAN (GRADE II) Three Year Olds & Upward	\$150,000 One Mile & One Eighth
Saturday June 11	CHARLES WHITTINGHAM MEMORIAL HCP (GR I) Three Year Olds & Upward	\$250,000 One Mile & One Quarter (Turf)
	HONEYMOON HCP (GRII) Fillies, Three Years Old	\$150,000 One Mile & One Eighth (Turf)
	AFFIRMED HANDICAP (GRADE III) Three Year Olds	\$100,000 One Mile & One Sixteenth
Saturday June 18	VANITY HANDICAP (GRADE I) Fillies & Mares, Three Year Olds & Upward	\$250,000 One Mile & One Eighth
Saturday June 25	HOLLYWOOD OAKS (GII) Fillies, Three Years Old	\$150,000 One Mile & One Sixteenth
Sunday June 26	BEVERLY HILLS HANDICAP (GRADE III) Fillies & Mares, Three Year Olds & Upward	\$100,000 One Mile & One Quarter (Turf)

Saturday July 2	SHOEMAKER MILE (GRI) (Breeders' Cup "Win And Your In") Three Year Olds & Upward	\$300,000  One Mile (Turf)
	TRIPLE BEND HCP. (GI) Three Year Olds & Upward	\$250,000 Seven Furlongs
Monday July 4	ROYAL HEROINE MILE (GII) Fillies & Mares, Three Year Olds & Upward	\$150,000 One Mile (Turf)
Saturday July 9	HOLLYWOOD GOLD CUP (GRADE I) (Breeders' Cup "Win And Your In") Three Year Olds & Upward	\$500,000  One Mile & One Quarter
	SWAPS STAKES (GR. II) Three Year Olds	\$150,000 One Mile & One Eighth
Saturday July 16	AMERICAN OAKS (GRADE I) Three Year Old Fillies (Invitational)	\$250,000 One Mile & One Quarter (Turf)
	A GLEAM HANDICAP (GR. II) (Breeders' Cup "Win And Your In") Fillies & Mares, Three Year Olds & Upward	\$200,000  Seven Furlongs
	LANDALUCE STAKES Fillies, Two Years Old	\$100,000 Six Furlongs
Sunday July 17	HOLLYWOOD JUVENILE CHAMPIONSHIP (GR III) Two Year Olds	\$100,000 Six Furlongs
Sunday July 17	SUNSET HCP (GRADE III) Three Year Olds & Upward	\$100,000 One Mile & One Half (Turf)

@ \$25,000 from California Bred Fund.

## HOLLYWOOD PARK 2011 SPRING/SUMMER STAKES SCHEDULE

<u>DATE</u>	<u>STAKE</u>	<u>PURSE/DISTANCE</u>
Thur. April 21	HARRY HENSON STAKES Three Year Olds	\$70,000 Added Six Furlongs (Turf)
Sunday May 1	TIME TO LEAVE STAKES Fillies & Mares, Three Years Old & Upward	\$70,000 Added Five Furlongs
Saturday May 7	COOL FRENCHY STAKES Three Years Old & Upward	\$70,000 Added Five Furlongs
Sunday May 8	ALYDAR STAKES Three Year Olds	\$70,000 Added One Mile and One Eighth
Sunday May 22	FRAN'S VALENTINE STAKES Fillies & Mares, Three Year Olds & Upward Bred In California	\$70,000 Added One Mile (Turf)
Sunday May 29	THE GREAT LADY M STAKES Fillies & Mares, Three Year Olds & Upward	\$70,000 Added Six Furlongs (Turf)
Sunday June 5	REDONDO BEACH STAKES Fillies & Mares, Three Year Olds & Upward Non-winners of a Grade I or II in 2011 at one mile or over	\$70,000 Added One Mile (Turf)
Saturday June 11	CINDERELLA STAKES Fillies, Two Years Old	\$70,000 Added Five & One Half Furlongs
Sunday June 12	WILLARD L. PROCTOR MEM. STAKES Two Years Old	\$70,000 Added Five & One Half Furlongs
Saturday June 18	MANHATTAN BEACH STAKES Fillies, Three Years Old	\$70,000 Added Six Furlongs (Turf)
Sunday June 19	DESERT STORMER HANDICAP Fillies & Mares, Three Year Olds & Upward	\$70,000 Added Six Furlongs
Sunday July 3	ROBERT K. KERLAN MEMORIAL HCP. Three Year Olds & Upward	\$70,000 Added Six Furlongs (Turf)
Sunday July 10	LE CLE STAKES Fillies, Three Years Old	\$70,000 Added One Mile (Turf)

3. Registry or file number for the LLC: 3993456
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
- |                                       |   |
|---------------------------------------|---|
| Terrence Fancher, Chairman & Director | 0 |
| Jack Liebau, President                | 0 |
| Kristin Renaudin, Secretary           | 0 |
| Charlene Kiley, Vice President        | 0 |
| Eual Wyatt, Vice President            | 0 |
| Barbara Helm, Vice President, Finance | 0 |
| Martin Panza, Vice President          | 0 |
| Bernie Thurman, Vice President        | 0 |
| Dyan Grealish, Vice President         | 0 |
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each: N/A
6. Are the shares listed for public trading?  Yes  No  
 If yes, on what exchange and how is the stock listed:
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:  
 Stockbridge Real Estate Partners III, LLC is the general partner of the Fund which owns the Applicant
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. 2009 Balance sheet on file with the CHRB.

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:
- F. Jack Liebau, President
  - Eual G. Wyatt, Jr., Vice President & General Manager
  - Charlene Kiley, Vice President
  - Dyan Grealish, Vice President Sales & Marketing
  - Barbara Helm, Vice President, Finance
  - Martin Panza, Vice President-Racing
  - Bernie Thurman, Vice President
  - Don Barney, Director of Security & Safety
  - Benoit & Associates, Inc., Track Photographers
  - Cleon Bounds, Property Manager
  - Marcus Crunk, Director of Marketing & Sales
  - Bernie Eastridge, Turf Course Superintendent
  - Diane Hudak, Horsemen's Liaison
  - Russell Hudak, Timer, Morning Line Maker
  - Bob Mieszerski, Director of Media Relations
  - Dennis Moore, Track Surface Consultant
  - Robert Poole, Director of Pari-Mutuels
  - Roger Roman, Director of Broadcasting



## F. Management and Staff (continued)

Vic Stauffer, Track Announcer  
 Mark Tomes, Plant Superintendent  
 Bob Vella, Quick Official  
 Susan Winter, Paymaster of Purses  
 Cole Younger, Operations Manager  
 Kerlan-Jobe Orthopedic, Jockeys' 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:

F. Jack Liebau, President, 1050 So. Prairie Avenue, Inglewood, CA 90301

5. PURSE PROGRAM Please note that there were 57 race days during the prior meeting compared to 54 race days for the current meeting. Numbers rounded to the nearest 00

## A. Purse distribution:

1. All races other than stakes

Current meet estimate: \$16,318,900

Prior meet actual: \$14,256,100

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

Current meet estimate: \$302,200

Prior meet actual: \$250,000

2. Overnight stakes:

Current meet estimate: \$910,000

Prior meet actual: \$660,000

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

Current meet estimate: \$16,800

Prior meet actual: \$11,600

3. Non-overnight stakes:

Current meet estimate: \$4,550,200

Prior meet actual: \$4,451,100

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

Current meet estimate: \$84,300

Prior meet actual: \$78,100

## B. Stakes races:

1. Purse distribution for all stakes races:

Current meet estimate: \$5,460,200

Prior meet actual: \$5,111,150

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

Current meet estimate: \$101,100

Prior meet actual: \$89,700

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

Current meet estimate: 11%

Prior meet actual: 13%

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

Current meet estimate: \$1,666,451  
Prior meet actual: \$1,933,000

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:
TOC	\$176,500	\$196,800
CTT - Pension	176,500	196,800
CTT - Admin	88,300	98,400
NTRA	<u>56,700</u>	<u>56,700</u>
 Total	 \$498,000	 \$548,700

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

Current meet estimate: \$23,943,500  
Prior meet actual: \$21,848,900

Average Daily all sources amount (5E ÷ number of days):

Current meet estimate: \$443,400  
Prior meet actual: \$383,300

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

Current meet estimate: \$15,161,700  
Prior meet actual: \$13,413,000

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

Current meet estimate: \$280,800  
Prior meet actual: \$235,300

G. Purse funds to be generated from interstate handle:

Current meet estimate: \$6,368,900  
Prior meet actual: \$5,716,300

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

Current meet estimate: \$117,900  
Prior meet actual: \$100,300

H. Bank and account number for the Paymaster of Purses' purse account: Union Bank of CA #On file

I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meet: Bowen & Mc Beth Inc. 10722 Arrow Highway, Suite 110, Rancho Cucamonga, Ca. 91730 909/944-6465

NOTICE TO APPLICANT: All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, shall not be deemed as income to the 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: 1,950
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: 2,000
- D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site:
 

Santa Anita	1,500
San Luis Rey Downs	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. 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: 2,000
- G. Estimated cost to provide off-site stalls for this meeting: \$1,513,000. Show cost per day per stall:  
Average cost: \$11.33
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse: \$325,000
 

Roundtrip from:	Santa Anita	\$180
	San Luis Rey	\$320
	Los Alamitos	\$180

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<sup>14</sup> for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Race #1 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PPN	CHRB 1976.8 (Covering Races 1 - 10)
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$1 PNP (Pick 4)	CHRB 1976.9
Please note: We will also offer a \$1 Trifecta (CHRB 1979) and a \$.10 Superfecta (CHRB 1979.1) in all races when we can comply with the respective CHRB rule.		
Race #2 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
Race #3 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2 PNP (Pick 6 when 8 races)	CHRB 1976.9
Race #4 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2 PNP (Pick 6 when 9 races)	CHRB 1976.9
Race #5 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2PNP (Pick 6 when 10 races)	CHRB 1976.9
	\$.50 PNP (Pick 4 when 8 races)	CHRB 1976.9
Race #6 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2PNP (Pick 6 when 11 races)	CHRB 1976.9
	\$.50 PNP (Pick 4 when 9 races)	CHRB 1976.9
Race #7 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3 (when 9 or more races)	CHRB 1977
	\$2Q	CHRB 1958
	\$.50 PNP (Pick 4 when 10 races)	CHRB 1976.9
Race #8 *	\$2 DD (when 9 or more races)	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3 (when 10 races)	CHRB 1977
	\$2Q	CHRB 1958
	\$.50 PNP (Pick 4 when 11 races) <sup>+</sup>	CHRB 1976.9

7. PARI-MUTUEL WAGERING PROGRAM (continued)

Race #9 *	\$1E	CHRB 1959
	\$2Q	CHRB 1958
	\$2 DD (when 10 races)	CHRB 1957
	\$1PK3 (when 11 races) <sup>+</sup>	CHRB 1977
Race #10*	\$1E	CHRB 1959
	\$2Q	CHRB 1958
	\$2 DD (when 11 races) <sup>+</sup>	CHRB 1957
+ Race 11		
	\$1E	CHRB 1959
	\$2Q	CHRB 1958

\* \$1 Trifecta in any race when we can comply with CHRB Rule 1979. 10 cent Superfecta in any race when we can comply with CHRB Rule 1979.1. The Pick 6 [P(n)P] will be offered on the last 6 races of the card. In accordance with CHRB Rule 1976.9 we designate that seventy percent (70%) of the net Pick 6 pool be retained for the jackpot and that no cap be set on the jackpot. A \$.50 Pick 4 (PnP) will be offered on the first 4 races and on the last 4 races of the card. In accordance with CHRB Rule 1976.9 we designate that major share of the Pick 4 pool be designated as 0%. Additionally, we will offer our patrons the option of an alternate selection pick in the place Pick All and Pick 6 and Pick 4. We will also offer \$.50 Super High Five on the last race of the card in accordance with the ARCI Pick(n) Position(x) pools rule.

NOTE: Applicant reserves the right to offer or substitute additional wagers approved prior to or during its meeting.

- B. Maximum carryover pool to be allowed to accumulate before its distribution OR the date(s) designated for distribution of the carryover pool: Closing day, July 17, 2011
- C. List any options requested with regard to exotic wagering: B & P Code Section 19611.5
- D. Will "advance" or "early bird" wagering be offered?  Yes  No  
If yes, when will such wagering begin: 8:30 am on the day of and advance-day wagering.
- E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract: Sportech, Inc., September 2012

8. ADVANCE DEPOSIT WAGERING (ADW)

- A. Identify the ADW provider(s) to be used by the association for this race meeting: TVG, Xpress Bet & Twinpires.com (Television provider will be TVG)

9. SIMULCAST WAGERING PROGRAM

- A. Simulcast organization engaged by the association to conduct simulcast wagering: Southern California Off-Track Wagering, Inc. (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 with CHRB
- 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
- Golden Gate Fields, Albany
- Jockey Club at San Mateo, San Mateo
- Kern County Fair, Bakersfield
- Monterey County Fair, Monterey
- San Joaquin County Fair, Stockton
- Santa Clara County Fair, San Jose
- Shasta District Fair, Anderson
- Solano County Fair, Vallejo
- Sonoma County Fair, Santa Rosa
- Stanislaus County Fair, Turlock
- Tulare County Fair, Tulare

SOUTHERN CALIFORNIA

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

And any other similar site that becomes duly licensed by the California Horse Racing Board

- D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:  
See E - Common Pool Sites, Separate Pool, Flat Fee Sites (Attachment "A")
- E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association:  
Attachment "A"
- 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": See Attachment "B"

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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- F. 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
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- G. 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

Attachment A - Section 9D and E			
Commingled			
Locations			
AmWest Entertainment	ADW	Lien Games	
Riders Up (SD)		Lien Games - Chips Lounge and Casino	
Time Out Lounge (SD)		Lien Games - Howard Johnsons OTB and Turf Club	
Triple Crown (SD)		Lien Games - Rumors OTB	
Arapahoe-Mile High		Lien Games - Skydancer Casino OTB	
Arima Race Club		Lien Games - BetAmerica and Win2wager	ADW
Arlington I		Lincoln Racecourse	
Atlantic City Racecourse		Lone Star	
Atokad		Louisiana Downs	
Balmoral		LVDC	
Bangor Raceway		Atlantis Paradise Casino	
Batavia		Avatar Ventures	
Bet America		Pojoaque Cities of Gold Sports Bar	
Bet Pad Ltd.		Foxwoods Resort Casino	
Bet Pad LTD. International		Meskwaki Bingo & Casino	
Bet Fair Games Limited	Intl	The Stables	
Beulah Park		Magna Bet	Intl-ADW
Birmingham		Maryland Jockey Club	
Bluffs Run Greyhound		Maywood	
Bordertown - Remington		Meadowlands	
Buffalo Raceway		Meadows The	
Bwin International Ltd.	Intl ADW	Meadows The (ADW)	ADW
Calder Racecourse		Millers OTB	
Canterbury Day		Mohegun Sun	
Capital District OTB		Monmouth Park	
Cashpoint Limited	Intl ADW	Montana OTB	
Catskills OTB		Monticello	
Charles Town Race Course		Mountaineer Park	
Chester Downs & Marina LLC		Mt. Pleasant Meadows	
Chester Downs Acct Wagering		Mystique Dubuque Greyhound	
Churchill Downs		Nassau Regional OTB	
Coeur d' Alene Casino		Nebraska State Fair	
Coeur d' Alene Account Wagering	ADW	Nevada Pari-Mutuel Assoc.	
Colonial Downs		New Jersey Casino Assoc.	
Colonial Downs Phone Bet	ADW	Newport Jai Alai	
Columbus Raceway		NJ Mobile	ADW
Connecticut OTB		Northfield	
Connecticut OTB - Bradley Teletheater		Cedar Downs OTB	
Connecticut OTB - Bristol		Northville	
Connecticut OTB - New Britain			
Connecticut OTB - Norwalk		NYRA	
Connecticut OTB - Millford		NYRA Account Wagering	
Connecticut OTB - East Haven		Oaklawn	
Connecticut OTB - Hartford		Ocean Downs	
Connecticut OTB - Shoreline Star		Penn National	
Connecticut OTB - Sports Haven		Penn National Telebet	ADW
Connecticut OTB - Torrington		Philadelphia Park	
Connecticut OTB - Waterbury		Philly Park Phone Bet	ADW
Connecticut OTB - Putnam		Phumelela Gold	
Connecticut OTB - Manchester			
Connecticut OTB - New London		Plainridge Race Course	
Connecticut OTB - Willimantic		Plainridge Telephone Wagering	
Connecticut OTB - John Martin's Manor Restaurant		Pocono Account Wagering	ADW
Connecticut OTB - ADW (CT only)		Pocono Downs and OTB	
Connecticut OTB - Paragon Casino		Portland Meadows	
Connecticut OTB - Ho-Chunk Casino and Racebook		Potawatomi Casino/ OTB	
Connecticut OTB - Mohegan Sun Casino		Prairie Meadows	
Connecticut OTB - Oneida Bingo and Casino		Premier Turf Club	
Connecticut OTB - Pony Bar Simulcast Center		Presque Isle Downs	
Connecticut OTB - Tote Investment Racing		Racebets	ADW
Connecticut OTB - Randall James Racetrack		Raceway Park	
Connecticut OTB - Millenium Racing		Racing World	
Connecticut OTB - Royal Beach Casino		Racing2Day LLC	ADW
Connecticut OTB - Divi Carina Bay Casino		Remington Park (and OTB's)	
Corpus Christi Greyhound		Retama	

Cypress Bayou OTB		Racing & Gaming Services	ADW
Delaware		River Downs	
Delta Downs		Rockingham Park	
Dover Downs			
Ebet Online	ADW	Royal River Racing (Bettor Racing)	
Elite Turf Club 5		Royal Turf Club	
Elite Turf Club 6		Ruidoso Downs	
Elite Turf Club 7		Running Aces Harness Park	
Elite Turf Club 9		Sam Houston	
Ellis Park		Valley Greyhound Park	
Emerald Downs		Saratoga Harness Raceway	
Euro Off Track		Scarborough	
Evangeline Downs		Scioto Downs	
Fair Chance		Seabrook Greyhound	
Fair Grounds		Shoreline Star Greyhound Park	
Fair Meadows		Sol Mutuel	
Finger Lakes		Southland Greyhound	
Fonner		Sports Creek Raceway	
Freehold		State Fair (Lincoln Race Course, NE)	
Gillespie County Fair		Suffolk District OTB	
Greenetrack		Suffolk Downs	ADW
Greyhound @ Post Falls		Pat's Pizza	
Gulf Greyhound		Sunland Park	
Gulfstream Park		SunRay Park & Casino	
GWS German Tote	ADW	Tampa Bay Downs	
Harrington Raceway		Taunton Acct Wagering	ADW
Hawthorne Race Course		Taunton Dog Track Inc.	
Hawthorne ADW		The Downs at Albuquerque	
Hazel Park		Thistledown	
		Tioga Downs	
Hipodromo Presidente Remon (Panama)		Tri-State GH (Mardi Gras)	
Hoosier Park		Turf Paradise	
Horseman's Park		Turfway Park	
Indiana Downs		TVG Network	ADW
	Evansville OTB	TVG Yonkers Acct. Wagering	
	Clarkesville OTB	Twin River Greyhound	
Intl Betting Assoc. Ltd		TwinSpires	ADW
Jackson Harness Raceway		Valley Greyhound Park	
Keeneland		Venezuela OTB	
Kentuck Downs		Vernon Downs	
Kentucky OTB		Western Regional OTB	
Lebanon		Wheeling Downs	
Les Bois (Sandy Downs)		Will Rogers Downs	
Lewiston OTB		Wonderland Greyhound	
		Woodlands	
		Wyoming	
		XpressBet	ADW
		Yavapia Downs	
		Yonkers Raceway	
		Yonkers Account Wagering	
		Youbet Group 1	ADW
		Youbet Illinois	ADW
		Zia Park	
		<b>Separate Pool</b>	
		<b>Locations</b>	
		Caymanas Park (Jamaica)	
		Hippodromo Camarero	
		Maronas Race Track	
		MIR/Caliente	
		Panama	



**Attachment A****Commingled  
Canadian Locations**

Assiniboia Downs	Kawartha Downs
Barrie Raceway	Marquis Downs
Charlottetown	Mohawk Racetrack
Clinton Teletheatre	New Brunswick
Dresden	Northlands Park - Edmonton
Elmira Raceway	Picov Downs
Evergreen Park Grande Prairie	Quinte Raceway
Exhibition Park	Rideau Carlton
Flamboro Downs	Rocky Mountain Turf Club
Fort Erie	Royal Britiana Hub
Fraser Downs	St. John's
Fredericton Raceway	Sudbury Downs
Georgian Downs	Summerside - PEI
Grand River	TBC Sandown
Hanover Raceway	TBC Teletheaters
Hastings Park	Truro Raceway
Hiawatha	Western Fair Raceway
Inverness Raceway	Windsor Raceway
	Woodbine
	Woodstock - Ontrario

## 2011 Import Tracks

Track	Race Dates	Full or Partial Cards and Stakes
Arlington	April 20 to July 19, 2011	Full or Partial Cards
Assiniboia	April 20 to July 19, 2011	Full or Partial Cards
Australia Racing	April 20 to July 19, 2011	Full or Partial Cards
Beulah	April 20 to July 19, 2011	Full or Partial Cards
Calder	April 20 to July 19, 2011	Full or Partial Cards
Canterbury	April 20 to July 19, 2011	Full or Partial Cards
Churchill Downs	April 30 to July 19, 2011	Full or Partial Cards
Delaware Park	April 20 to July 19, 2011	Full or Partial Cards
Ellis Park	April 20 to July 19, 2011	Full or Partial Cards
Emerald	April 20 to July 19, 2011	Full or Partial Cards
Evangeline	April 20 to July 19, 2011	Full or Partial Cards
Fort Erie	April 20 to July 19, 2011	Full or Partial Cards
Gulfstream	April 20 to April 24, 2011	Full or Partial Cards
Hastings Park	April 20 to July 19, 2011	Full or Partial Cards
Hawthorne	April 20 to July 19, 2011	Full or Partial Cards
Indiana Downs	April 20 to July 19, 2011	Full or Partial Cards
Keeneland	April 20 to April 29, 2011	Full or Partial Cards
Lone Star	April 14 to July 10, 2011	Full or Partial Cards
Louisiana Downs	April 20 to July 19, 2011	Full or Partial Cards
Monmouth	April 20 to July 19, 2011	Full or Partial Cards
Mountaineer Park	April 20 to July 19, 2011	Full or Partial Cards
Northlands	April 20 to July 19, 2011	Full or Partial Cards
NYRA - Aqueduct	April 20 to July 19, 2011	Full or Partial Cards
NYRA - Belmont	April 20 to July 19, 2011	Full or Partial Cards
Penn National	April 20 to July 19, 2011	Full or Partial Cards
Philadelphia Park (Parx)	April 20 to July 19, 2011	Full or Partial Cards
Pimlico	April 20 to May 21, 2011	Full or Partial Cards
Prairie Meadows	April 20 to July 19, 2011	Full or Partial Cards
Presque Isle	April 20 to July 19, 2011	Full or Partial Cards
River Downs	April 20 to July 19, 2011	Full or Partial Cards
South America Racing	April 20 to July 19, 2011	Full or Partial Cards
Suffolk Downs	April 20 to July 19, 2011	Full or Partial Cards
Sunray Park	April 20 to July 19, 2011	Full or Partial Cards
Tampa Bay	April 20 to May 8, 2011	Full or Partial Cards
Thistledown	April 20 to July 19, 2011	Full or Partial Cards
Turf Paradise	April 20 to May 8, 2011	Full or Partial Cards
United Kingdom	April 20 to July 19, 2011	Full or Partial Cards
Woodbine	April 20 to July 19, 2011	Full or Partial Cards
Yavapai Downs	May 28 to July 19, 2011	Full or Partial Cards

H.

**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: Wagering will be offered on all races conducted or imported by Los Alamitos (Quarter Horse) and Cal Expo (Harness)

**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:** 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, 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: Hollywood Park Racing Charities, 1050 South Prairie Avenue Inglewood, California 90301 310-419-1518

- B. Names and addresses of the trustees or directors of the distributing agent:

Tirso del Junco, M.D.  
Chairman & President  
761 Terminal St. #1  
Los Angeles, CA 90021

Miss Angie Dickinson  
Treasurer  
P. O. Box 369  
Inglewood, CA 90306

Mr. Willie D. Davis  
Vice-President  
P. O. Box 369  
Inglewood, CA 90306

Mrs. Barbara Knight  
Secretary  
P. O. Box 369  
Inglewood, CA 90306

Rick Baedeker  
c/o Hollywood Park  
1050 South Prairie Ave  
Inglewood, CA 90301

Alvin Segel, Esq.  
Irell & Manella  
1800 Avenue of the Stars, #900  
Los Angeles, CA 90067

- 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)	Dana Stead, D.V.M.
Clerk of Scales/Film Specialist	Ruben Hernandez
Clerk of the Course	Melanie Stubblefield
Horse Identifier	Jennifer Paige
Horseshoe Inspector	Louis Damore
Paddock Judge/Patrol Judge	Ken Goldberg
Patrol Judge	Heather Correa
Placing Judges	Bob Moreno
	Kevin Colosi
Starter	Gary Brinson
Timer	Russell Hudak

B. Management officials in the racing department:

Director of Racing	N/A
Racing Secretary	Martin Panza
Assistant Racing Secretary	Richard Wheeler and Daniel Eidson
Paymaster of Purses	Susan Winter
Others (Asst. 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: Weinstein Court Reporters, 9582 Hamilton Avenue, Suite 265 Huntington Beach, California 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, USA 12/31/11
- 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. Association provides its own service and equipment. Equipment utilized is described in Attachment "C"

VIDEO EQUIPMENT

CAMERAS

Eight DXC-35 Sony Cameras  
Six DXC-637 Sony Cameras  
One BRC-H700 Sony remote control camera  
Pan (Wide) w/44X1 Fuji Lens  
Pan (Close up) w/55X1 Fuji Lens  
7/8 Dirt Tower w/45X1 Canon Lens  
7/8 Turf Tower w/22X1 Fuji Lens  
1/4 Tower w/26X1 Angenieux Lens  
3/16 Sony robo cam 16x1 Lens  
3/8 Dirt Tower w/45X1 Canon Lens  
3/8 Turf Tower w/33X1 Canon Lens  
One Autodome PTZ Day/Night Color Camera 23X 1 lens for Turf Chute Backside  
Winner's Circle w/18X1 Canon Lens  
Paddock view Camera w/18X1  
Ground Level Finish w/18X1 Canon Lens  
Gate Start Camera w/15X1 Fuji Lens  
Horse Tunnel Camera w/15X1 Canon Lens  
Studio Camera w/15X1 Canon Lens  
Paddock view Camera w/15X1

VIDEO TAPE RECORDING EQUIPMENT

12 - Channels Leitch 300 Video Servers  
2 - BVW - 75 Beta SP (slo-mo)  
4 - PVW - 2800 Beta Sp  
1- DPS Velocity video edit system

DISTRIBUTION/SWITCHING EQUIPMENT

Utah 132X132 A/V Router  
Ross Synergy 3 Production Switcher  
Ross "Squeeze & Tease" four Channel Digital Video Effects Unit

OTHER

Four "Autotote" VGS Units - Betting Screens  
Data links wagering system  
Dekocast Graphic System with Pegasus Datalinks software  
Clear-com "Matrix" Intercom System  
Approximately 1,100 Color Televisions

- CHRB 17 (REV. 12/00) 3-24
- 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: American Teletimer, 12/31/11

## 12. SECURITY CONTROLS

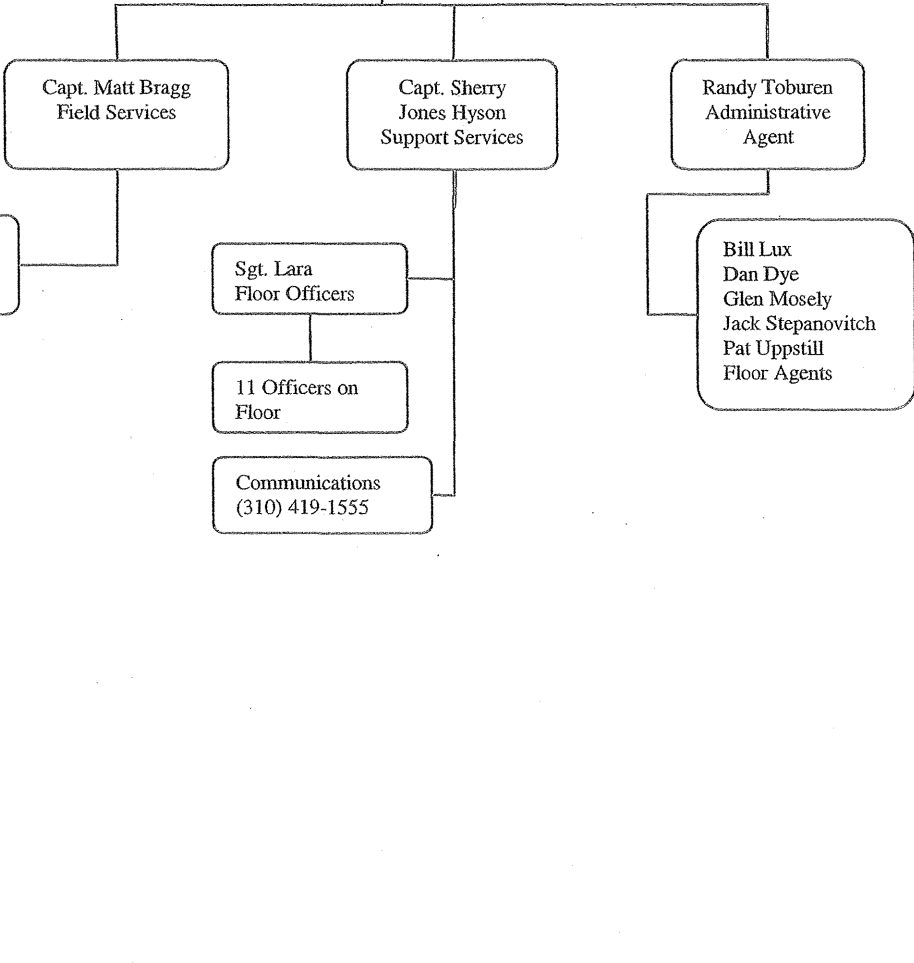
- A. Name and title of the person responsible for security controls on the premises. Include an organizational chart of the security department and a list of the names of security personnel and contact telephone numbers. Don Barney, Director of Security 310/419-1395 – organizational chart attached.
- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis:
- 30 Uniformed Officers
  - 3 Agents
  - 1 Firemen
  - 10 Gatemen
  - 3 Communication Operators
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. The security for stakes races will be deployed in accordance with our agreement with TOC.
2. Detention Barns:
- A. Attach a plan for use of graded stakes or overnight races.  
Detention barn is to be used as directed by the CHRB.
  - B. Number of security guards in the detention barn area during a 24-hour period.  
As needed at the direction of the CHRB.
  - C. Describe number and location of surveillance cameras in detention barn area.  
There are currently 10 cameras over the stalls and 2 covering the shedrow.
3. TCO2 Testing:
- A. Number of races to be tested, and number of horses entered in each race to be tested.  
Will follow CHRB staff directives.
  - B. Plan for enhanced surveillance for trainers with high-test results Will follow CHRB directives.
  - C. Plan for detention barns for repeat offenders. Will follow CHRB directives.
  - D. Number of security personnel assigned to the TCO2 program.  
As needed per the advice of CHRB staff.
- C. Describe the electronic security system:
1. Location and number of video surveillance cameras for the detention barn and stable gate.  
Camera at each of our two stable gates, also see 2C above

# Hollywood Park Security Department

Richard Welsh  
Fire Chief

Don Barney  
Director of Security & Safety  
(310) 419-1395

27 Uniformed  
Officers  
Allotted Manpower



D. For night racing associations: Describe emergency lighting system: The track lighting system, which is used primarily for Friday night racing is on a preferred electrical current provided by Southern California Edison. Additionally we have an emergency lighting system powered by two karolite 125 k.w. 277/480 volt generators which are activated and placed on line during the running of every race run after dark.

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, Box 145 Sunset Beach, California 562/904-1550

B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites: Santa Anita- Huntington Ambulance Service, Box 145 Sunset Beach, California 562/904-1550; San Luis Rey Downs- North County Fire Protection District, Fallbrook, California-760/723-2006 While Los Alamitos is not named as an auxiliary site, let it be known that its ambulance provider is Huntington Ambulance Service.

C. Describe the on-track first aid facility, including equipment and medical staffing: Our first aid facility is located on the ground level in the hallway between the paymaster of purses and the track photographer offices. The rear entrance to the first aid facility opens to tunnel 1A and is approximately 12ft from the Jocks' room entrance. During training hours two certified EMTs are stationed in an ambulance located on the backstretch just off the main track. They have access to the first aid facility should the need arise. During racing hours two certified EMTs staff and maintain the first aid facility with an addition team of two EMTs stationed in an ambulance on the race track. Also during racing hours there is a medical doctor on duty who provided through Kerlan-Jobe clinic.

The facility is equipped with the following: beds, stethoscope, otoscope, flash light, forceps, clamps, scissors, scalpel, tourniquet, sterile syringes, blood pressure kit, oxygen, eye flushes, splints, bandages, trauma dressing, hydrogen peroxide etc., nasal packing, topical anesthetic, thermometer, Silver nitrate sticks (AgNO3), ice packs, backboards for spinal precautions, cervical collars, immobilization straps hare traction splints for closed femur fractures, KED splints, bag valve mask for CPR, Automated external defibrillator., oxygen masks, cannula tubing and a variety of addition supplies and over the counter drugs (aspirin etc.)

D. Name and emergency telephone number of the licensed physician on duty during the race meeting: Dr. John Goff 310/419 1562 There will be other doctors who will be pre scheduled to relieve Dr. Goff from time to time during the race meeting . That schedule will be provided to the CHRB when it becomes available.

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: Centinela Hospital, 555 East Hardy Street, Inglewood, Ca- Dr Lee Wise - Chief of staff 310/697-9180

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: Refer to Attachment "D"

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): Don Barney Safety Manager- Randy Touburen, Assistant Safety Manager



MEMORANDUM

From: Don Barney, Director of Security & Safety  
Subject: Emergency Medical Action Plan for Injured Jockeys

Since May 1, 2003 we at Hollywood Park have had in place an emergency medical action-plan for injured jockeys. There is now a new law requiring such an action plan. Pursuant to the Business and Professions Code section 19481.3 (b) each racing association shall adopt and maintain an emergency medical action plan for injured jockeys and shall be posted in English and Spanish within the jockeys room.

The system we have in effect follows the exact guidelines required by the above statute. The emergency action plan we deploy goes as follows:

“Upon the observed or reported injury of a jockey, medical assistance will be immediate. The responding medical technician, track doctor or security will contact communications (via hand held radio or calling 310 4191555). Security will then activate the emergency contact procedure. This procedure will be the responsibility of the Safety Director or his designee. The Safety Director will contact the Chief of Medical Staff at Centinela Hospital and prepare for the injured jockeys arrival. The phone number of Centinela Hospital is 310- 4198636 and is located at 555 East Hardy Street, Inglewood.

The Chief of Staff will ensure that his personnel are standing by to receive the injured jockey. The Chief of Staff will also contact any specialists who are contracted for the care of an injured jockey. This will lay the foundation for a rapid admittance and treatment of the injured Jockey. A Security Agent will also be dispatched to respond to the emergency room to assist family members of the injured jockey and to also maintain the integrity of the injured jockeys needs. It will also be the responsibility of the Security Agent to keep the Director of Safety informed as to the condition and progress of the injured jockey. It will be the responsibility of the Security Agent to obtain a copy of the accident from the T.V. department. The Security Agent will prepare a report as to the accident and treatment. The agent will also ensure that all workers compensation information pertaining to the jockey is accurate and current.”

From: Don Barney, Director of Security & Safety  
Subjecto: Emergencia Medica Accion de plan para el Jinete Lastimado

Desde Mayo 1, 2003 Hollywood Park a tenido un plan de Emergencia Medica para los jinetes lastimados. Hay nueva ley que requiere accion de plan. Siguiendo las leyes del negocio y Profesion Codigo seccion 19481.3(b) cada asociado de carrera tiene que adaptar y mantener el plan de emergencia en el cuarto de los jinetes.

El sistema en efectivo que tenemos sigue exactamente todas las reglas y guias. El plan de emergencia se dirige asi:

“Asistencia medica sera inmediata al observar o reportar un jinete lastimado. El medico tecnico, el doctor de hipodromo o seguridad se comunicara via radio o llamara (310)419-1555. Seguridad activara el proceso de el contacto de emergencia. Este proceso sera la responsabilidad de el Director de Seguridad o su designado. El Director de Seguridad contactara al Jefe Medico de Centinela Hospital localizado en la 555 East Hardy

El Jefe de Estafa se asegurara que su personal se encargue de recibir al jinete herido y contactar a otros especialistas en el contrato y cuidado de el jinete. Este fundamento sera rapido para admitir y tartar al jinete herido. Un agente de seguridad sera despachado al cuarto de Emergencia para asistir a la familia y mantener la integridad y necesidades de el jinete herido. Sera la responsabilidad del agente, reportar e informar al Director de Seguridad de la condicion y el progreso de el jinete. Es la responsabilidad del agente de obtener copia del accidente de el Departamento de Television. El agente se asegurara que toda la informacion de compensacion de trabajo que pertenezca a el jinete sea fija y corriente.”

- H. Attach a fire clearance from the fire authority having jurisdiction over the premises.  
See attached
- I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): Commerce & Industry Insurance Company WC#069862262
- 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

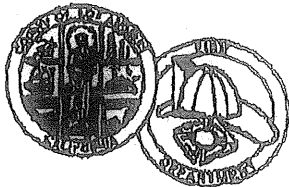
Names and addresses of all persons to whom a concession or service contract has been given, other than those already identified, and the goods and/or services to be provided by each: See Attachment "E"

#### 15. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

- A. Describe any promotional plans:  
See Attachment "F"
- B. Number of hosts and hostesses employed for meeting: During the meet, we will employ up to 14 hosts and hostesses to handle group business and between 12 and 15 guest service personnel. We add another 15-20 people on promotional days for giveaways and sign-ups for the Hollywood Park Gold Club.
- C. Describe facilities set aside for new fans:
  - o On Friday nights, we will again utilize the spacious North Park Lawn as the location for concerts after the races. The North Park Lawn was first used for this purpose during the Spring 2009 meet. It proved to be a very successful concert venue, and allowed much larger crowds (than we had been able to host in the past) to attend concerts featuring popular bands. The North Park Lawn is located on the far turn so people can view races and stay on track afterwards for the concert. During the races we will be staff customer service representatives to answer racing related questions that fans may have.
  - o Saturday Handicapping Seminar with Kurt Hoover
  - o Sunday Handicapping Seminar with George Ortuzar

Week #	Week Dates	Thursday	Friday	Saturday	Sunday	Monday
1	Apr 21-Apr 24	21	22	23	24	25
		Opening Day	Opening Friday Night	Gold Rush	Easter Sunday Brunch	DARK
		Harry Henson Stakes		Giveaway #1 - HP Sweat Pants	Inglewood Handicap gIII 100k	
		Senior discount/\$5 GA	Snoop Dogg after the races			
		Free Box Seats				
Round #1 Spring Handicapping Challenge						
2	Apr 28-May 1	28	29	30	1	2
		Senior discount/\$5 GA	Friday Night Racing	MMV #1	Time to Leave Stakes 70k	DARK
		Free Box Seats	\$1 Beer/Soda/Hot Dogs	Wilshire Handicap gIII 100k (t)		
			Gin Blossoms			
3	May 5-May 8	5	6	7	8	9
		Senior discount/\$5 GA	Kentucky Oaks	Kentucky Derby	Mother's Day Buffet	DARK
		Free Box Seats	Day Racing	Mervyn Leroy Handicap gII 150k	Alydar Stakes 70k	
				Senorita Stakes gIII 100k		
				Cool Frenchy Stakes 70k		
				1st Round Triple Crown HCP Contest		
4	May 12-May 15	12	13	14	15	16
		Senior discount/\$5 GA	Friday Night Racing	Jim Murray Handicap gII 150k (t)	Laz S. Barrera Mem Stks gIII 100k	DARK
		Free Box Seats	\$1 Beer/Soda/Hot Dogs			
			Steele Pulse after the races			
5	May 19-May 22	19	20	21	22	23
		Senior discount/\$5 GA	Friday Night Racing	Preakness	Fran's Valentine Stakes 70k(t)	DARK
		Free Box Seats	\$1 Beer/Soda/Hot Dogs	Milady Handicap gII 100k		
			Atomic Punks after the races	Railbird Stakes gIII 100k		
				2nd Round Triple Crown HCP Contest		
6	May 26-May 30	26	27	28	29	30
		Senior discount/\$5 GA	Friday Night Racing		The Great Lady M Stakes 70k	Memorial Day
		Free Box Seats	\$1 Beer/Soda/Hot Dogs	The American Hcp gII 150k (t)		The Gamely Stakes gI \$250k
			TBA after the races			Los Angeles Hcp gIII 100k
						Giveaway #2 Grab Bag Day
Round #2 Spring HCP Challenge						
7	Jun 2-Jun 5	2	3	4	5	6
		Senior discount/\$5 GA	Friday Night Racing	The Belmont	Hollywood Oaks gII 150k	DARK
		Free Box Seats	\$1 Beer/Soda/Hot Dogs	The Californian gII 70k	Redondo Beach Stakes 70k	
			Iration after the races-cannot announce publicly before 4/4	3rd Round Triple Crown HCP Contest		
8	Jun 9-Jun 12	9	10	11	12	13
		Senior discount/\$5 GA	Friday Night Racing	Chas Whittingham Memorial Hcp gI 250k	Willard Proctor Mem Stakes 70k	DARK
		Free Box Seats	\$1 Beer/Soda/Hot Dogs	Honeymoon Hcp gIII \$150k (t)		
			TBA after the races	Affirmed Hcp gIII 100k		
				Cinderella Stakes 70k		
9	Jun 16-Jun 19	16	17	18	19	20
		Senior discount/\$5 GA	Friday Night Racing	Vanity Handicap gI 250k	Father's Day Buffet	DARK
		Free Box Seats	\$1 Beer/Soda/Hot Dogs	Manhattan Beach Stakes 70k	Desert Stormer Hcp 70k	
			Cali Swag District w/DJ after races			

Round #3 Spring HDOP Challenge						
10	Jun 23-Jun 26	23	24	25	26	27
	Senior discount/\$5 GA	Friday Night Racing	MIMV #2	Beverly Hills Hcp gIII 100k	DARK	
	Free Box Seats	\$1 Beer/Soda/Hot Dogs	Hollywood Oaks gII 150k			
		TBA after the races				
11	Jun 30-Jul 4	30	1	2	3	4
	Senior discount/\$5 GA	Friday Night Racing	Shoemaker Mile gl 300k	Robert K Kerlan Memorial Hcp gl 250k	Fourth of July	
	Free Box Seats	\$1 Beer/Soda/Hot Dogs	Triple Bend Hcp gl 250k		Royal Heroine Mile gII 150k	
		TBA after the races				
			NHC Firecracker HDOP Challenge	NHC Firecracker HDOP Challenge		
12	Jul 7-Jul 10	7	8	9	10	11
	Senior discount/\$5 GA	Friday Night Racing	Hollywood Gold Cup gl 500k	Le Cle Stakes 70k	DARK	
	Free Box Seats	\$1 Beer/Soda/Hot Dogs	Swaps Stakes gII 150k			
		Rebellion after the races-cannot announce publicly before 4/4	3rd Annual Gold Cup Hat Contest			
13	Jul 14-Jul 17	14	15	16	17	18
	Senior discount/\$5 GA	Friday Night Racing	American Oaks gl 250k (t)	Hollywood Juv Championship gIII 100k	DARK	
	Free Box Seats	\$1 Beer/Soda/Hot Dogs	A Gleam Handicap gII 200k	Sunset Hcp gIII 100k (t)		
		Purple Reign after the races	Landaluce Stakes 100k	Fan Appreciation Day		



COUNTY OF LOS ANGELES

FIRE DEPARTMENT
FIRE PREVENTION DIVISION
4475 W. El Segundo Blvd.
Hawthorne, CA 90250
(310) 283-2732
Fax(310) 283-2735

OFFICIAL INSPECTION REPORT

March 1, 2011

Hollywood Park Land Co., LLC
Inglewood, CA 90301
Attn: Glenn Bounds, Property Mgr.

On February 23, 2011 a fire safety inspection of the racetrack facilities was conducted. The overall condition of the facility was found to be good, and appears to conform to applicable fire and safety standards at this time.

We therefore approve the use of the facility for the 2011 Spring and Fall Thoroughbred meeting and until our next fire safety inspection in 2012. Thank your staff for their cooperation and if I may be of further assistance, please feel free to contact me at the phone number below.

Thank you,

[Handwritten signature]

Greg Doko - Fire Inspector
County of Los Angeles Fire Department



# CERTIFICATE OF LIABILITY INSURANCE

3-33  
DATE (MM/DD/YYYY)  
09/20/2010

Page 1 of 2


<b>PRODUCER</b> 877-945-7378  Willis Insurance Services of California, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	<b>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.</b>	
	<b>INSURERS AFFORDING COVERAGE</b>	<b>NAIC#</b>
<b>INSURED</b> Stockbridge Capital Group, LLC dba Hollywood Park 4 Embarcadero Center, Suite 3300 San Francisco, CA 94111	<b>INSURER A:</b> Commerce & Industry Insurance Company	19410-100
	<b>INSURER B:</b>	
	<b>INSURER C:</b>	
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	

## COVERAGES

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

INSR ADD'L LTR	INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
		<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$	
		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$  BODILY INJURY (Per person) \$  BODILY INJURY (Per accident) \$  PROPERTY DAMAGE (Per accident) \$	
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$  OTHER THAN EA ACC \$ AUTO ONLY: AGG \$	
		<b>EXCESS / UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$	
A		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y/N <small>(Mandatory in NH)</small> If yes, describe under SPECIAL PROVISIONS below <b>OTHER</b>	WC069862262	9/23/2010	9/23/2011	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER	E.I. EACH ACCIDENT \$ 1,000,000 E.I. DISEASE - EA EMPLOYEE \$ 1,000,000 E.I. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

<b>CERTIFICATE HOLDER</b>  CHR8 1010 Hurley Way Suite 300 Sacramento, CA 95825	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 
-----------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Concessionaires and Service Contractors

Hollywood Park Catering, Inc.  
1050 S. Prairie Ave.  
Inglewood, CA 90301

Food, Beverage, Liquor

Harry Aqurarelli  
Duke Racing Selections  
6632 West 87<sup>th</sup> Street  
Los Angeles, California 90045

Tip Sheet

Winners  
Toby Turrell  
14112 Enfield Circle  
Westminster, California 92683

Tip Sheet

Bob's Card, Inc.  
Tiffany Boland  
6288 Highland Meadows  
Medina, Ohio 44256

Tip Sheet

Today's Racing Digest  
P. O. Box 85007  
San Diego, California 92138

Thorograph  
541 Hudson Street  
New York City, New York 10014

New World Service, Inc.  
1050 South Prairie  
Inglewood, California 90301

Janitorial

Miscellaneous

Ann Roper Silks  
c/o Ann Roper  
P. O. Box 3547  
Lennox, CA 90304

Western Saddlery  
c/o A. Liederman  
206 E. Hillsdale Blvd.  
San Mateo, CA 94403



- o Customer Service Booths – Throughout the facility there are Customer Service booths staffed to assist patrons with any requested information
- o Group Events – The track hires handicappers each day there are groups attending the races to educate new fans regarding handicapping.

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

1. Horsemen
2. Fans - New Group Sales Area within the Turf Club. New food service provider: Hollywood Park Catering, Inc.
3. Facilities in the restricted areas

16. SCHEDULE OF CHARGES

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

1) General Admission	\$ 8.00
a. 17 yrs. old and under	Free
b. Wed & Thurs Senior Citizens	\$ 5.00
(2) Turf Club	\$ 20.00
(3) Reserved seating	\$ 2.00
(4) General Parking	Free
(5) Preferred (Premium) Parking	\$ 5.00
(6) Valet Parking	\$10.00
(7) Programs	\$2.25

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

Box Seats	*Turf Club Membership		
4 seat Box	\$1,280	Single Turf Club	\$ 640
6 seat Box	\$1,600	Double Turf Club	\$ 1,000
8 seat Box	\$2,080	Corporate Membership	\$ 1,920
8 seat SuperBox	\$2,400		

\*Includes Spring/Summer, Fall Meets and Simulcast

C. Describe any "package" plans such as combined parking, admission and program:  
Admission includes parking and program.

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	80
<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: Separate quarters including restroom facilities, showers, cubicles, scale, televisions, couch, food services, etc.

18. BACKSTRETCH EMPLOYEE HOUSING

- A. Inspection of backstretch housing has been requested and will be completed prior to the beginning of the race meet.
- B. Number of rooms used for housing on the backstretch of the racetrack: Approximately 450
- C. Number of restrooms available on the backstretch of the racetrack: 77 including: 155 toilets, 81 urinals and 167 sinks.
- D. Estimated ratio of restroom facilities to the number of backstretch personnel: Minimum of 1 to 10 including non-resident personnel.

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: Main Track - 1 mile & 1/8 - 5,940 feet, Turf Track - 1 mile 165 feet - 5,445 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. Main Track - aluminum gooseneck post, aluminum railing, as well as aluminum safety panels covering the gooseneck post. Turf Course - inner rail - Fontana turf rail 40" in height, outer rail - metal uprights.
- C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: Dennis Moore
- D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. On file
- E. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing. 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. To be submitted under separate cover.
- C. Attach a lease agreement permitting the association to occupy the racing facility during the entire term of the meeting. (In the absence of either a lease agreement or a horsemen's agreement, a request for an extension pursuant to CHRB Rule 1407 shall be made). On File.
- D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state): No exceptions
- E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state): No exceptions

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

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.

Eual G. Wyatt  
Print Name

\_\_\_\_\_  
Signature

Vice President & General Manager  
Print Title

\_\_\_\_\_  
Date

## STAFF ANALYSIS

March 14, 2011

Issue: APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY OF THE CALIFORNIA COMMERCE CLUB INC.

The California Commerce Club Inc. d/b/a Commerce Casino filed an application for a license to operate a minisatellite wagering site at its facility, the Commerce Casino in Commerce, California, for a period of up to two years. It is currently licensed through April 24, 2011 as a minisatellite wagering facility.

At the February 17, 2011, Board meeting Commerce Club sought the approval of the Board for a proposed building expansion. This application submitted for a license to operate a minisatellite wagering site does not include the proposed building expansion information. The applicants' representative has indicated they will submit the building expansion details at a later time.

- Commerce Casino is a card club located in the southern zone. Its card club license is valid through March 31, 2011. The proposed minisatellite wagering site will be located in the California Commerce Club (facility).

Business and Professions Code section 19605.25 (a) (1) provides no minisatellite may be within 20 miles of a racetrack, a satellite wagering facility, or a tribal casino that has a satellite wagering facility. If the proposed facility is within 20 miles of one of the above-referenced satellite facilities, then the consent of each facility within a 20-mile radius must be given before the proposed facility may be approved by the board.

- Racetrack(s), satellite wagering facility or tribal casino that have a satellite wagering facility located within 20 mile of applicant are:
  - Santa Anita Park – 17.2 miles
  - Hollywood Park – 20.0 miles
  - Los Alamitos – 18.4 miles
- Commerce Casino has contracts/agreement with the following racing associations:
  - California Authority of Racing Fairs
  - Cal State Fair and Exposition
  - Del Mar Thoroughbred Club
  - Hollywood Park Racing Association
  - Los Alamitos Quarter Horse Racing Association
  - Los Angeles County Fair Association
  - Los Angeles Turf Club
  - Oak Tree Racing Association
  - Pacific Racing Association
- The simulcast organization engaged by the contracted association(s) to conduct simulcast wagering is Southern California Off Track Wagering, Inc. (SCOTWINC).

- o Applicant proposes to operate minisatellite wagering site when signals are available. Opening 11:00 a.m. - 9:00 p.m. The minisatellite wagering room will be open to patrons 60 minutes before the first race and 30 minutes after the last race.

Commerce Club has submitted an email amendment to their minisatellite wagering application. The applicant has asked that the email be considered as the amendment to the application. This is in lieu of submitting an updated application reflecting the changes. The email has been labeled as exhibit D and states that there have been no patio improvements made or planned for Commerce Club located in this building (6131 East Telegraph Road). The email amendment affects Part III section IV, V and VI of the application. The applicant has also certified *“that the signatures obtained from the racing associations giving their consent were all obtained within the last 45 days.”*

- o Seating Capacity is 54 in the main area and 64 in the patio; the number of tables in the minisatellite wagering area is nine (main) and eight (patio). The overall square footage is 900 (main) and 1,200 (patio). The 2009 application does not identify patio seating or square footage.
- o Staffing (Days): Mutuel Supervisor, utility clerk, two clerks on weekdays, three clerks on weekends or clerks to be determined by attendance. Staffing (Nights): Mutuel Supervisor, one clerk on Thursday, two clerks on Friday, Saturday and Sunday. Staffing will be determined by level of business.

Specific information still needed to complete this application include:

1. Horsemen’s written approval
2. Pari-mutuel terminal machines
3. Detailed scale plan of the facility

RECOMMENDATION:

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

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

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: Commerce Casino		
The applicant is:		
<input type="checkbox"/> Racing Association	<input checked="" type="checkbox"/> Card Room/Gambling Establishment	
<input type="checkbox"/> Fair	<input type="checkbox"/> Restaurant/Bar	
<input type="checkbox"/> Federally Recognized Indian Tribe	<input type="checkbox"/> Other Business Entity	
Facility street address: 6131 East Telegraph Road, Commerce, CA 90040		
Mailing address (if different from above): 6131 East Telegraph Road, Commerce, CA 90040		
E-mail address: a.schneiderman@commercecasino.net		
City: Commerce	State: CA	Zip Code: 90040
Phone: (323) 838-3257	Fax: (323) 838-3478	Website: www.commercecasino.net
County: Los Angeles		Zone Location: North <input type="checkbox"/> South <input checked="" type="checkbox"/> Central <input type="checkbox"/>
(To be completed by CHRB staff).		

**CONTACT PERSON**  
 (Authorized Representative)

Name and title of the contact person: Andrew Schneiderman		
Business street address: 6131 East Telegraph Road		
Mailing address (if different from above):		
City: Commerce	State: CA	Zip Code: 90040
County: LA	E-mail: a.schneiderman@commercecasin o.net	Fax: 323-838-3478
Phone: 323-838-3257		

## California Horse Racing Board

## Application for License to Operate a Minisatellite Wagering Facility

CHRB-88 (New 11/08)

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

April 25, 2011 - April 24, 2013

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

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

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

If yes to either question above, provide the following:

Valid licensure period: Begin Date: April 1, 2009

End Date: March 31, 2011

Facility name and address: Commerce Casino, 6131 East Telegraph Road

City: Commerce

State: CA

Zip Code: 90040

County: Los Angeles

Zone Location:

North  South  Central

(To be completed by CHRB staff)

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

If yes, provide the following if different from above:

Facility name and address:

City:

State:

Zip Code:

Racing Jurisdiction:

#### BUSINESS STRUCTURE

Corporation

Public

Private

Sub-S

Sub-C

Limited Partnership

Limited Liability Company

Partnership & Joint Venture

Sole Proprietorship

Other

If you have listed your company as other please identify your company structure:

Registered Business Name: California Commerce Club, Inc.

Fictitious Business Name: Commerce Casino

Address: 6131 East Telegraph Road

E-mail Address: a.schneiderman@commercecasino.net

City: Commerce

State: CA

Zip Code: 90040

Phone: 323-838-3257

Fax: 323-838-3478

State where registered or

Articles of Organization are filed:

Registry or File number: CIA53506

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

Entity/Individual Name and Title	Entity's Business Address/ Individual's Address of Record	Ownership% (if any)	Compensation Agreement
See Exhibit "A":			

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

If more than 50 percent of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity.

All entities that own 5 percent or more must fulfill the instructions for Full Disclosure Statement. All 5% owners have gambling licenses issued by the California Gambling Control Commission.

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

**MANAGEMENT AND STAFF**  
 (Minisatellite Wagering Facility)

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

Name	Title
Haig Papaian, Jr.	President & Chairman
Tom Malkasian	Vice President/Strategic Planning
Ralph Wong	Vice President/Chief Admin. Officer
Dante Oliveto	Vice President/Chief Financial Officer
Andrew Schneiderman	Vice President/General Counsel

**ASSOCIATION CONTRACT/AGREEMENT**

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

Southern California Off-Track Wagering, Inc.

Addresses of racing association(s):

4961 Katella Avenue, Los Alamitos, CA 90720

Racing association(s) phone numbers: (714) 761-1660



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Proposed contract dates: From: June 22, 2011 To: June 21, 2013 (inclusive).


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

CHRB CERTIFICATION

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

CERTIFICATION BY APPLICANT

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

Name	Signature of Applicant Representative
Andrew Schneiderman	
Title	Date:
Vice President/General Counsel	2-2-11



State of California  
California Horse Racing Board  
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PART II

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

Name and mailing address of association:

California State Fair & Exposition 1600 Exposition Blvd. Sacramento, CA 95815

Telephone:  
(916) 263-3000

Fax number: (916) 263-3230

Racetrack name:

Cal Expo

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:

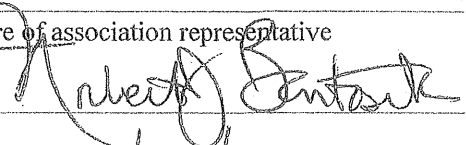
Name

Norbert J. Bartosik

Title

General Manager

Signature of association representative



Date:

1/27/11

State of California  
California Horse Racing Board  
Application for License to Operate a Minisatellite Wagering Facility  
CHRB -88 (New 7/08)

PART II

CONTRACTED ASSOCIATION INFORMATION

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

Name and mailing address of association:

Los Angeles County Fair Association 1101 W. McKinley Ave. Pomona, CA 91768

Telephone:  
(909) 865-4203

Fax number: (909) 865-2940

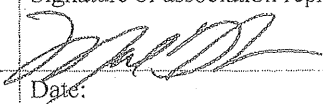
Racetrack name:  
Fairplex Park

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

Name

Signature of association representative

Mike Seder



Title

Date:

CFO

State of California  
California Horse Racing Board  
Application for License to Operate a Minisatellite Wagering Facility  
CHRB -88 (New 7/08)

PART II

CONTRACTED ASSOCIATION INFORMATION

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

Name and mailing address of association:  
California Authority of Racing Fairs  
1776 Tribute Rd. Suite 205 Sacramento, CA 95815

Telephone: (916) 263-3348	Fax number: (916) 263-3341
------------------------------	----------------------------

Racetrack name:  
C.A.R.F.

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 Christopher Korby	Signature of association representative <i>Christopher Korby</i>
Title Executive Director	Date: <i>C</i>

State of California  
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PART II

CONTRACTED ASSOCIATION INFORMATION

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

Name and mailing address of association:

Del Mar Thoroughbred Club 2260 Jimmy Durante Blvd. Del Mar, CA 92014

Telephone:  
(858) 792-4221

Fax number: (858) 794-1007

Racetrack name:

Del Mar

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

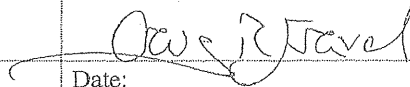
Name

Craig Fravel

Title

Executive Vice President

Signature of association representative



Date:

State of California  
California Horse Racing Board  
Application for License to Operate a Minisatellite Wagering Facility  
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PART II

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

Name and mailing address of association:

Los Angeles Turf Club, Inc. 285 W. Huntington Dr. Arcadia, CA 91007

Telephone:  
(626) 574-7223

Fax number: (626) 254-1351

Racetrack name:

Santa Anita Park

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

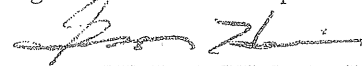
Name

George Haines

Title

President

Signature of association representative



Date:

1/19/2011

State of California  
California Horse Racing Board  
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PART II

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

Name and mailing address of association:  
Golden Gate Fields  
1100 Eastshore Hwy. Albany, CA 94706

Telephone:  
(510) 559-7223

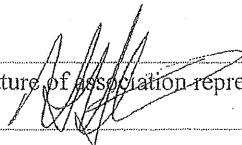
Fax number: (510) 559-7474

Racetrack name:  
Golden Gate Fields

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

Name  
Robert Hartman

Signature of association representative



Title  
General Manager

Date:

1/19/11

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PART II

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

Name and mailing address of association:

Oak Tree Racing Association 285 W. Huntington Dr. Arcadia, CA 91007

Telephone:  
(626) 574-6435

Fax number: (626) 447-2940

Racetrack name:

Oak Tree Racing Association

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

Sherwood C. Chillingworth



Title

Date:

Executive Director

1/19/11



State of California  
California Horse Racing Board  
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CHRB -88 (New 7/08)

PART II

CONTRACTED ASSOCIATION INFORMATION

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

Name and mailing address of association:

Hollywood Park Racing Association 1050 S. Prairie Ave. Inglewood, CA 90301

Telephone:  
(310) 419-1520

Fax number: (310) 671-4460

Racetrack name:

Hollywood Park

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

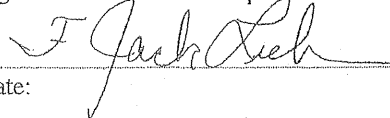
Name

F. Jack Liebau

Title

President

Signature of association representative



Date:

State of California  
 California Horse Racing Board  
 Application for License to Operate a Minisatellite Wagering Facility  
 CHRB -88 (New 7/08)

PART II

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

Name and mailing address of association:


Los Alamitos Quarter Horse Racing Assoc. 4961 Katella Ave. Los Alamitos, CA 90720

Telephone:  
 (714) 820-2810

Fax number: (714) 820-2811

Racetrack name:  
 Los Alamitos

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
Rick English	
Chairman	Date: 1/20/11

**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 it's 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: 24 hours per day.

Hours for operation of the minisatellite wagering site:  
11:00 a.m. to 9:00 p.m.

Time periods during the calendar year the facility will not be utilized as a minisatellite wagering facility (explain why):

None anticipated.

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

Los Alamitos	Hollywood Park	Del Mar
Santa Anita	Cal Expo	Pomona Fairplex

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:

<b>Name and Title</b> Edgar Wai-mun Wong	<b>CHRB License No. and Expiration Date</b> #103861; Expires April 2012
---------------------------------------------	----------------------------------------------------------------------------

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.



FPD 486  
04/03

COUNTY OF LOS ANGELES FIRE DEPARTMENT  
FIRE PREVENTION DIVISION

Fire Prevention Engineering  
5823 Rickenbacker Road  
Commerce, CA 90040-3027  
Telephone (323) 890-4125 Fax (323) 890-4129

APPROVAL OF FIRE DEPARTMENT REQUIREMENTS

TO: BUILDING AND SAFETY

On MARCH 4, 2011 an inspection was made at:

Name of Business COMMERCE CASINO

Address 6131 E. TELEGRAPH ROAD, COMMERCE, CA

Tract - Parcel - Legal Description COMMON NAME: OFF TRACK  
BETTING - RACE BOOK

Sufficient compliance with Fire Department requirements has been made to permit occupancy of premises upon your approval.

Captain Marcel Espinosa  
Captain/Inspector

3/4/2011  
Date

c: File  
Fire Prevention Engineering



FPD 486  
04/03

# COUNTY OF LOS ANGELES FIRE DEPARTMENT FIRE PREVENTION DIVISION

Fire Prevention Engineering  
5823 Rickenbacker Road  
Commerce, CA 90040-3027  
Telephone (323) 890-4125 Fax (323) 890-4129

## APPROVAL OF FIRE DEPARTMENT REQUIREMENTS

TO: BUILDING AND SAFETY

On MARCH 4, 2011 an inspection was made at:

Name of Business COMMERCE CASINO

Address 6131 E. TELEGRAPH ROAD, COMMERCE CA

Tract - Parcel - Legal Description COMMON NAME: ARENA PATIO  
OFF TRACT BETTING - RACE BOOK

Sufficient compliance with Fire Department requirements has been made to permit occupancy of premises upon your approval.

Captain Marcel Espinosa  
Captain/Inspector

3/4/2011  
Date

c: File  
Fire Prevention Engineering



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

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.

Mike Sana, Dir. Security, (323) 721-2100 ext. 3201, Total Security Officers = 105; LA County Sheriff Dept.

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

If yes, describe.

Two Emergency Backup Generators 1,000 KVA and 250 KVA

### III. MINISATELLITE WAGERING SITE

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

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

### IV. FACILITY DESCRIPTION

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

The seating capacity in the minisatellite wagering facility is: Main = 54; Patio = 64

The number of tables in the minisatellite wagering area is: Main = 9; Patio = 8

Overall square footage in the minisatellite wagering area is:

Main = 900 square feet; Patio = 1,200 square feet

Attach a photograph of the minisatellite wagering area.

Describe occupancy restrictions, if any, imposed by the fire authority having jurisdiction: The LAFD has rated the Main Room for 104 and the Smoking Patio for 174.

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

3,850

Describe any other activities to be scheduled on or near the facility premises that may have a negative impact on available parking: Operation of the Commerce Casino, Crowne Plaza at Commerce Casino and related business activities.

### V. EQUIPMENT PROVIDED BY THE MINISATELLITE WAGERING FACILITY

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

Dish satellite receivers (RTN) / 37+ Displays

---

Describe the television equipment (satellite receivers, decoders, controls, monitors, etc.) to be utilized at the facility: Dish satellite receivers (RTN) / 37 + Displays

---

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

#### VI. ADVERTISING AND PATRON DEVELOPMENT

---

Describe any advertising or promotional plans:

General Advertising. Advertising in various card club publications and bill board.

---

Describe any improvements to the facility that will directly benefit minisatellite wagering: Patio improvements

---

**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.

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## Exhibit D

**From:** Rod Blonien [mailto:rblonien@aol.com]  
**Sent:** Monday, March 07, 2011 10:50 AM  
**To:** Ogden, Andrea  
**Subject:** Re: Commerce Application - Review 2

Good Morning Ms Ogden:

We have been working dilligently on the outstanding items. We are of the opinion that we have provided you wit he requieents for items 1,3,5. The public adress system consists of a microphone and three speakers in the main room, and two in the patio area. There have been no patio improvements, and non are intended in the future, in ths building. However we plan a smoking patio in the adjacent building, once the construction is finished. The patio is for the new building, not the one which is the subject of this application.

Thanks you,

**VII. ADMISSIONS, CHARGES AND SERVICE FEES**

Complete if applicable and note N/A if not

Admissions charges, if any, are:	None
Parking charges, if any, are:	None for Self Park; \$3.00 for Valet
Program charges, if any, are:	\$3.00 each
Seating charges, if any, are:	None

**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? 18 months

**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.

State of California  
California Horse Racing Board  
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CHRB-88 (New 11/08)

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

CERTIFICATION BY APPLICANT

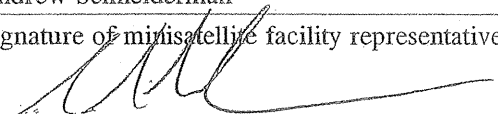
I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the applicant to attest to this application on its behalf.

Print name of minisatellite facility applicant representative:

Andrew Schneiderman

Date:

Signature of minisatellite facility representative:



Date: 2-2-11

Print name of association representative:

Date:

Signature of association representative:

Date:

Print name of simulcast organization representative:

Date:

Signature of simulcast organization representative:

Date:

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

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

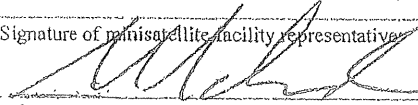
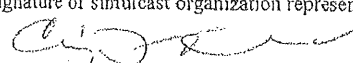
All service contractors and concessionaires have valid State, County or City licenses authorizing each to engage in the type of service to be provided and have valid labor agreements (when applicable) which remain in effect for the entire term of the license except as follows (if there are no exceptions,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

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

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

**CERTIFICATION BY APPLICANT**

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

Print name of minisatellite facility applicant representative: Andrew Schneiderman	Date: February 3, 2011
Signature of minisatellite facility representative: 	Date:
Print name of association representative: Del Mar Thoroughbred Club	Date:
Signature of association representative: CRAIG J. CRAMPTON, President	Date:
Print name of simulcast organization representative: CRAIG J. CRAMPTON	Date:
Signature of simulcast organization representative: 	Date: 2/2/11

CALIFORNIA COMMERCE CLUB, INC.

Page 1 of 2

## SHAREHOLDER/DIRECTORS/OFFICERS LIST

UPDATED: Jan. 2011

SHAREHOLDERS/DIRECTORS/OFFICER	TITLE	TRUST	OWNERSHIP INTEREST %
RUDY ADELSHIAN	SHAREHOLDER		0.68%
SONIA ADELSHIAN	SHAREHOLDER		0.68%
ANTER FAMILY TRUST	SHAREHOLDER		0.68%
SUSAN AVDALIAN	SHAREHOLDER		0.68%
SURVIVORS TRUST UNDER THE WILL OF WILLIAM GEORGE BAILEY	SHAREHOLDER		10.92%
MARY LOUISA BODNAR TRUST	SHAREHOLDER		1.37%
CONTRUCCI FAMILY IRREVOCABLE LIVING TRUST	SHAREHOLDER		2.05%
JAMES & KATHLEEN DUTCHESS	SHAREHOLDER		0.68%
FEDERICO FAMILY TRUST	SHAREHOLDER		6.83%
PATRICIA GRIBSKOV	SHAREHOLDER		1.37%
FRANKLIN AND FRANCINE HANDLER 1975 TRUS	SHAREHOLDER		0.68%
LESLIE K. HARRIS	SHAREHOLDER / DIRECTOR		1.37%
COMMERCE CLUB TRUST	SHAREHOLDER		1.37%
VICTOR HOVSEPIAN	SHAREHOLDER		2.05%
IBOSH FAMILY TRUST	SHAREHOLDER		1.37%
HAIG KELEGIAN	SHAREHOLDER		1.37%
ARSEN MALKASIAN	SHAREHOLDER		0.68%
TOM MALKASIAN	SHAREHOLDER / DIRECTOR/VICE PRESIDENT		0.68%
SELMA MASSMAN TRUST	SHAREHOLDER		1.37%
JASMINE MGRDICHIAN LIVING TRUST	SHAREHOLDER		22.53%
KAIZAK & ZEPHYR MOSIKIAN	SHAREHOLDER		0.34%
ZOYA MOSIKIAN	SHAREHOLDER		0.34%
L.T. MURRAY, JR.	SHAREHOLDER		4.10%
EDGAR E. PANKEY AND ELIZABETH PANKEY TRUST	SHAREHOLDER		1.37%
JANICE PANKEY	SHAREHOLDER		1.37%
PETER PANKEY	SHAREHOLDER		1.37%
VICTOR PANKEY	SHAREHOLDER		1.37%
HAIG PAPAIA, JR.	SHAREHOLDER / DIRECTOR/PRESIDENT-CEO		5.80%
SUZANNE PAPAIA, JR. DECLARATION OF TRUST DTD 12/30/03	SHAREHOLDER		5.80%
MICHAEL ROOS	SHAREHOLDER		0.68%
HARVEY & LINDA ROSS FAMILY TRUST	SHAREHOLDER		4.10%
JODI LEE ROSS	SHAREHOLDER		0.34%
ARAM SAATCHIAN TRUST AGREEMENT	SHAREHOLDER		0.34%
SAATCHIAN REVOCABLE TRUST	SHAREHOLDER		1.02%
ARLENE SCHWARTZ LIVING TRUST	SHAREHOLDER		0.68%
KENNETH SLATER	SHAREHOLDER		1.37%
STREISFIELD TRUST	SHAREHOLDER		1.37%
GEORGE AND IRENE TUMANJAN TRUST	SHAREHOLDER		6.83%
JEANNE TUMANJAN	SHAREHOLDER		1.37%
MELISSA WALKER	SHAREHOLDER		0.67%

UPDATED: Jan. 2011

<b>MING ESTABLISHMENT DIRECTORS AND OFFICERS</b>			
CALIFORNIA COMMERCE CLUB, INC. DBA: COMMERCE CASINO			
GEORGE TUMANJAN - DIRECTOR	TRUSTEE	GEORGE AND IRENE TUMANJAN TRUST	
GARY HAMPAR - DIRECTOR	CO-TRUSTEE	JASMINE MGRDICHIAN LIVING TRUST	
DANTE OLIVETO	VP/CFO		0.00%
DEBORAH PAYNE	SECRETARY		0.00%
ANDREW SCHNEIDERMAN	VP/LEGAL COUNSEL		0.00%
RALPH WONG	VP/CAO		0.00%
			100.0%

Exhibit "C"

California Racing Associations

Cal Expo  
C.A.R.F. (Pleasanton, Santa Rosa, Ferndale, Fresno, Stockton, Vallejo, etc.)  
Del Mar Thoroughbred Club  
Fairplex Park  
Golden Gate Fields  
Hollywood Park (Spring/Fall)  
Los Alamitos  
Oak Tree  
Santa Anita

Out-of-State Import Races

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

\*\*\*Schedule and Other Signals to be determined by California Host Racing Association

The current staffing is as follows for the Commerce Casino satellite facility:

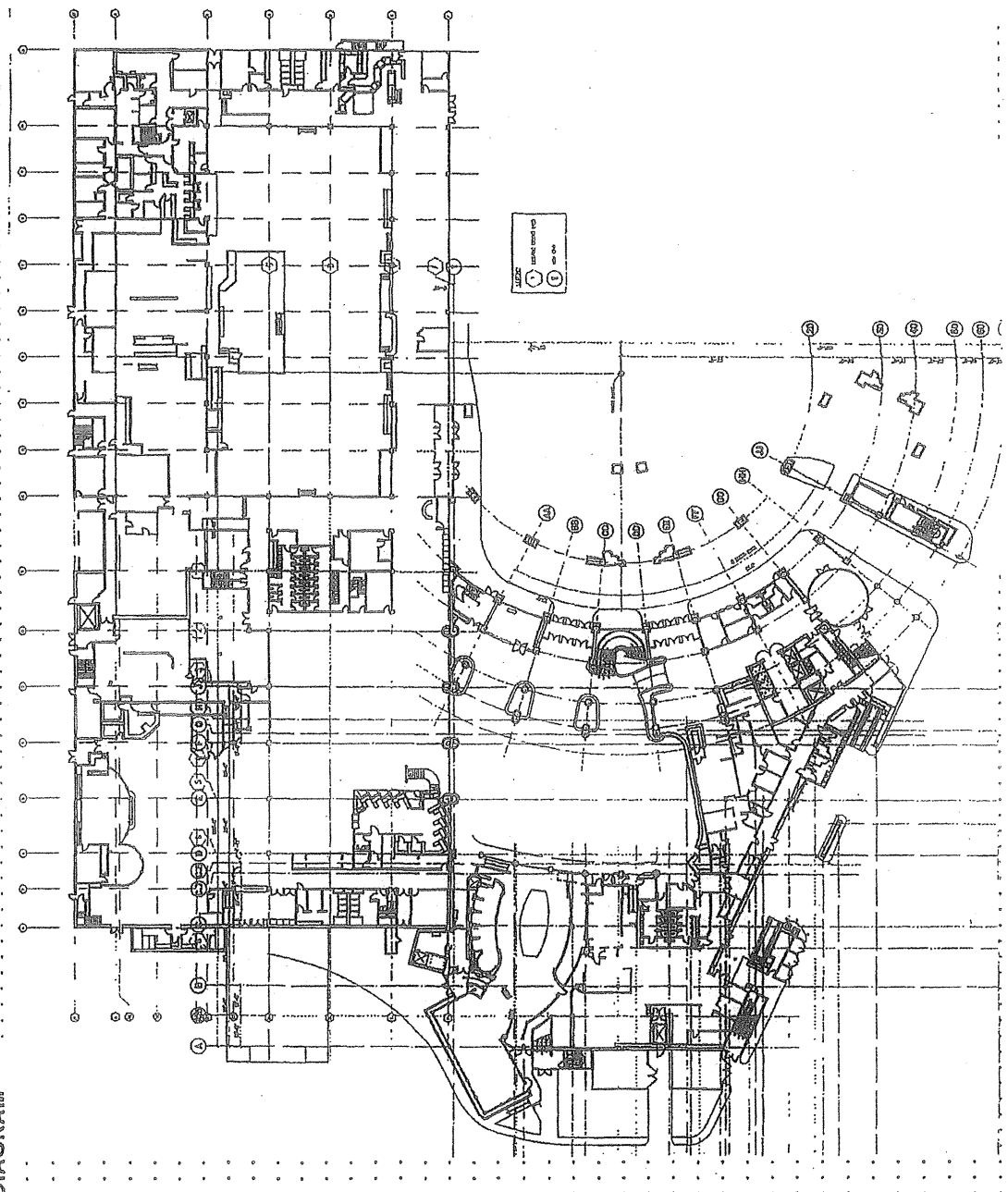
Days - mutual supervisor, utility clerk, two clerks on weekdays, three clerks on weekends

Nights - mutual supervisor, one clerk on Thursdays, two clerks on Friday, Saturday, and Sunday

I think it is important to note on application that staffing is determined by level of business.



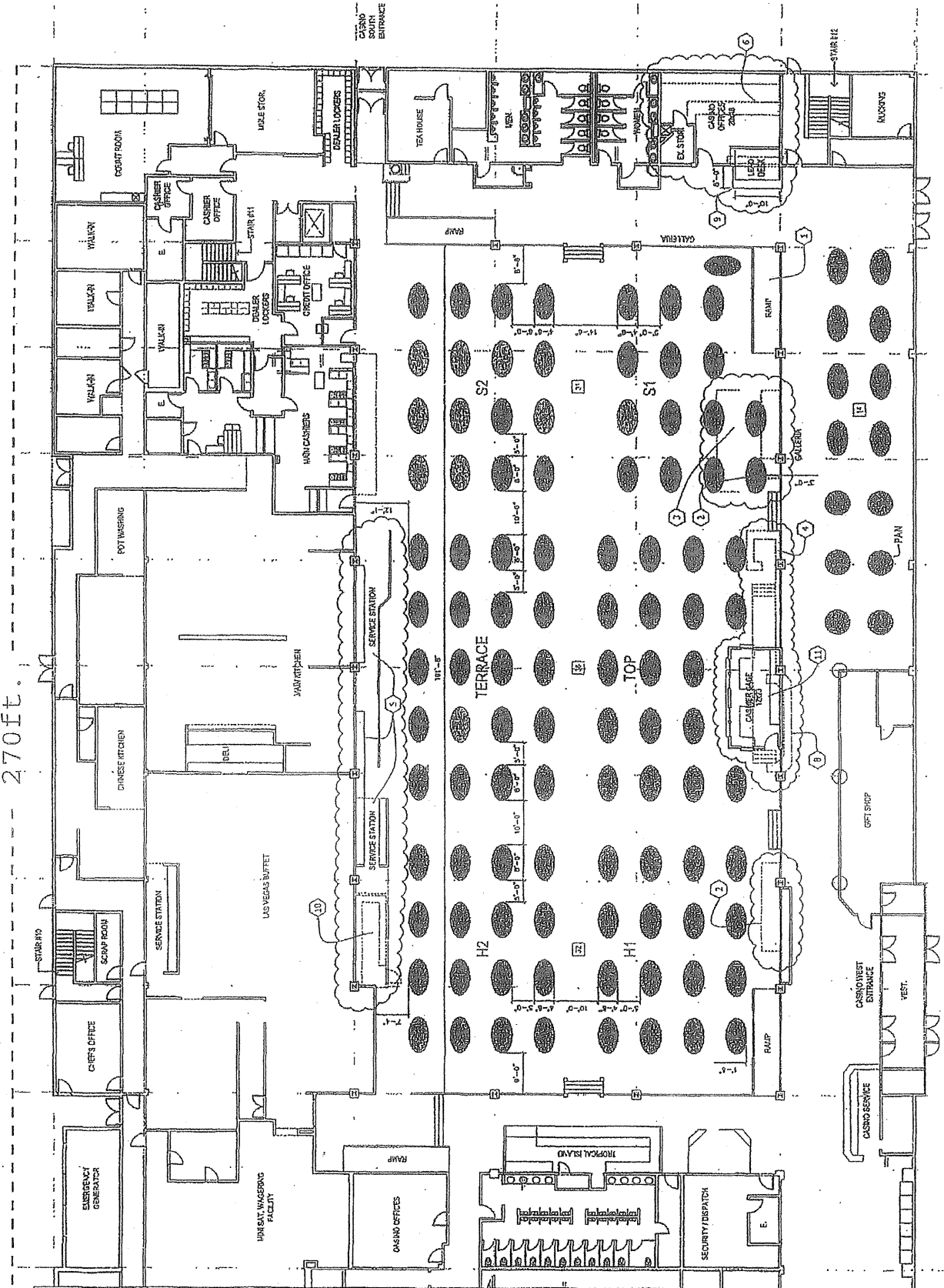
DIAGRAM



DIAGRAM

270ft.

200ft







STAFF ANALYSIS  
DISCUSSION AND ACTION BY THE BOARD REGARDING  
AN UPDATE FROM SAN LUIS REY DOWNS  
CONCERNING THE SUBSIDY FROM  
SOUTHERN CALIFORNIA OFF-TRACK WAGERING, INC. (SCOTWINC)  
STABLING AND VANNING FUND

Regular Board Meeting  
March 14, 2011

## BACKGROUND

Business and Professions Code section 19607 provides that when satellite wagering is conducted on thoroughbred races at associations or fairs in the central or southern zone, an amount not to exceed 1.25 percent of the total amount handled by the satellite wagering facilities shall be deducted from the funds otherwise allocated for distribution as commissions, purses and owners' premiums, and instead distributed to an organization formed and operated by thoroughbred racing associations, fairs conducting thoroughbred racing, and the organization representing thoroughbred horsemen, with each party having meaningful representation on the board of the organization, to administer, pursuant to supervision of the board, a fund to provide reimbursement for offsite stabling at Board-approved auxiliary training facilities for additional stalls beyond the number of useable stalls the association or fair is required to make available, and for the vanning of starters from those additional stalls on racing days for thoroughbred horses. Business and Professions Code section 19607.1(d) states that upon the request of any party within the organization, the Board shall adjudicate any dispute regarding costs or other matters relating to the furnishing of offsite stabling or vanning. The Board may, if necessary, appoint an independent auditor to assist in the resolution of disputes.

At the July 22, 2010 Regular Board Meeting a representative of San Luis Rey Downs (SLRD) spoke about her organization's concerns with the distribution of the Southern California Off-Track Wagering, Inc. (SCOTWINC) vanning and stabling funds. SLRD horsemen were not receiving vanning and stabling subsidies, while horsemen at Santa Anita (SA) and Hollywood Park (HP) were receiving funds. Prior to the Del Mar meeting it was reported that a total of 2,877 horses were stabled at SA and HP; however, racing secretaries reported the active inventory (which SLRD assumed included horses stabled at its facility) was between 1,800 and 2,000 horses. That meant between 877 and 1,077 horses were being subsidized at SA and HP while horsemen at SLRD – who continued to contribute to the vanning and stabling fund – shouldered the entire cost of stabling their inventory.

In August 2010, SLRD sent a letter to the CHRB about the SCOTWINC vanning and stabling fund. The SLRD letter reiterated the comments that were made at the July 22, 2010 Regular Board Meeting and it requested that the CHRB respond in accordance with Business and Professions Code section 19607.1, which provides that upon the request of any party within SCOTWINC, the Board shall adjudicate any dispute regarding the furnishing of offsite stabling or vanning. The CHRB responded in writing to the SLRD and informed it that under Business and Professions Code section 19607.1 any request for adjudication by the Board must come from



a party within SCOTWINC, and absent such a request the Board had no authority. The horsemen at SLRD are represented by Thoroughbred Owners of California (TOC); therefore, a request for arbitration on their behalf would have to come from the TOC.

At the September 23, 2010 Regular Board Meeting an SLRD representative again raised the issue of SCOTWINC vanning and stabling funds. The representative stated SLRD horsemen received subsidies from 1989 through January 2010 when subsidies were cut off at Pomona and SLRD. When SCOTWINC reconsidered subsidies, only Pomona was chosen to receive funds. SLRD contended the issue was equality, as SLRD horsemen ran horses and participated in the fund, yet only certain horsemen were receiving benefits. In addition, the SLRD contended that between 1988 and 2001 the Board intervened twice on its behalf. Commissioner Moss responded that in 2001 the Board may have indicated its preferences regarding vanning and stabling, but it did not intervene with SCOTWINC. Staff Counsel Robert Miller agreed the CHRB had no authority over distribution of the vanning and stabling funds. SLRD was informed the issue would be placed for discussion on a future Regular Board Meeting agenda.

On October 14, 2010 SLRD filed a California Victim Compensation and Government Claims Board (VCGCB) action against the CHRB and SCOTWINC. The claim asked for \$1,700,000 as the annual amount necessary to provide reimbursement for offsite stabling for horses at SLRD. According to the SLRD claim, the SCOTWINC board "...voted abitrarily [sic] and capriciously to exclude SLRD TTC from receiving \$1.7 million in subsidy funds intended to provide reimbursement for offsite stabling of thoroughbred horses at CHRB-approved auxiliary training facilities." In its claim the SLRD asserted the CHRB "supervises" SCOTWINC, a "...quasi-state agency..." On November 18, 2010, the VCGCB held a hearing regarding the SLRD claim, and on November 24, 2010, the VCGCB rejected the claim. Under Government Code section 945.6, the SLRD has six months from the date of the VCGCB rejection notice to file a court action on its claim.

At the November 9, 2010 Regular Board Meeting a SLRD representative spoke about the SCOTWINC vanning and stabling fund. The SLRD representative reiterated that SLRD did not intend to close and that the SLRD horsemen deserved to receive benefits because they were active contributors to the vanning and stabling fund. The SLRD requested that the Board direct SCOTWINC to retroactively distribute to SLRD the sum of \$4,600 per day for the period of March 16, 2010 through October 31, 2010. The funds would be used to reimburse SLRD horsemen for stall costs and to cover SLRD incremental stall costs.

At its December 2011 Regular Meeting the Board heard a report from SLRD concerning the subsidy from SCOTWINC vanning and stabling fund. After discussion of the issue, Chairman Brackpool put the item over until early 2011 to give the parties an opportunity to develop a short term solution. The Board asked that the parties return with answers to a number of questions, including: statistics reflecting the number of horses that started from SLRD in 2008 and 2009; suggestions for a short term resolution of the issue raised by SLRD; and an explanation of the model currently used by SCOTWINC to determine disbursement of vanning and stabling funds.

At the February 2011 Regular Board meeting Commissioner Rosenberg reported that the SCOTWINC board met in December 2010 and formed a committee to work with SLRD to try

and solve the problem of possible inequity in the distribution of the vanning and stabling funds. SCOTWINC subsequently wrote a letter for distribution to interested parties and the Board about its December 2010 meeting, the formation of the committee and issues that were raised during its December meeting. Chairman Brackpool stated Commissioner Rosenberg had agreed to take the lead for the Board, and the issue would be heard at a future Regular Meeting.

#### RECOMMENDATION

This item is presented for Board discussion and action.

STAFF ANALYSIS  
DISCUSSION AND ACTION BY THE BOARD  
REGARDING THE STATUS OF THE LABOR NEGOTIATIONS WITH THE  
ADVANCE DEPOSIT WAGERING PROVIDERS

Regular Board Meeting  
March 14, 2011

BACKGROUND

Business and Professions Code section 19440 states the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include, but not be limited to administration and enforcement of all laws, rules, and regulations affecting horse racing and pari-mutuel wagering, as well as adjudication of controversies arising from the enforcement of those laws and regulations dealing with horse racing and pari-mutuel wagering. Business and Professions Code section 19460 states all licenses are subject to all rules, regulations and conditions from time to time prescribed by the Board. Business and Professions Code section 19461 provides that every license granted under this chapter is subject to suspension or revocation by the Board in any case where the Board has reason to believe that any condition regarding it has not been complied with, or that any law, including the Labor Code and the regulations adopted thereunder, or any rule or regulation of the Board affecting it has been broken or violated. Business and Professions Code section 19604(d)(1)(B) states the Board shall not approve an application for an original or renewal license as an advance deposit wagering (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.

At the December 16, 2010 Regular Board Meeting, the application for approval to conduct Advance Deposit Wagering (ADW) of ODS Technologies, L.P., dba TVG Network (TVG); Churchill Downs Technology Initiatives Company, dba Twinpires and Youbet; XpressBet LLC. dba XpressBet.com, DelMarBets.com and OakTreeBets.com for an out-of-state multi-jurisdictional wagering hub, for a period of up to but not exceeding two years was presented for approval. The Youbet in state application for approval to conduct ADW was also presented for approval. The Board discussed the labor requirements and the ongoing negotiations between the ADW providers, horsemen and tracks. The Board determined there were too many outstanding items and unresolved issues to provide license approvals, so it granted the ADW providers a 30-day conditional license extension. The exception was TVG, which submitted a complete application, and was approved for a one-year license through December 2011.

At the January 2011 Regular Meeting the Board approved a one-year license for Twinpires and XpressBet subject to conditions (The Youbet ADW applications were withdrawn by the Churchill Downs Representative). The Twinpires application was approved contingent upon the submission of a hub agreement, an agreement with the horsemen, and an agreement with the pari-mutuel labor union. The XpressBet application was also approved contingent upon completion of the labor agreement.



Following the January 2011 Regular Board Meeting, staff received the Twinpires hub agreement and horsemen's agreement. Prior to the February 2011 Regular Board Meeting staff contacted Twinpires and XpressBet to obtain a status update of the labor negotiations. XpressBet stated it did not believe the parties would resolve the current labor dispute within the 21-day timeframe set by the CHRB. Twinpires indicated that they had just contacted the union representative again and would follow up." On January 31, 2011, the Pari-Mutuel Employees Guild (Local 280) informed the Board by letter that it had not reached an agreement with Twinpires or XpressBet.

At the February 17, 2011 Regular Board Meeting the ADW providers informed the Board that they had met with Local 280, but the parties were unable to reach an agreement. Chairman Brackpool continued the item until the March 2011 Regular Board Meeting. If the parties did not come to an agreement by March 2011, he indicated the Board would be forced to make a determination. Chairman Brackpool stated there were three alternatives: the Board could allow the ADW providers to operate until arbitration took place, or it could rule for either side of the labor issue.

Representatives of Twinpires, XpressBet and Local 280 are prepared to address the Board regarding the status of the labor agreements.

#### RECOMMENDATION

This item is presented for discussion and action.

DISCUSSION AND ACTION BY THE BOARD  
ON THE APPLICATION FOR APPROVAL TO CONDUCT  
ADVANCE DEPOSIT WAGERING (ADW) OF  
CHURCHILL DOWNS TECHNOLOGY INITIATIVES COMPANY,  
DBA TWINSPIRES.COM, FOR AN OUT-OF-STATE  
MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF  
UP TO BUT NOT EXCEEDING TWO YEARS

Regular Board Meeting  
March 14, 2011

BACKGROUND

Business and Professions Code section 19604(d)(1)(B) through 19604(d)(1)(B)(iv) provides that:

(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 bonafide 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 racing 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.

Business and Professions Code section (C)(i) through (C)(ii) provides that:

(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 pari-mutuel wagers on races for which an ADW license is required whether the facility is located within or outside of California.

ANALYSIS

At its January 2011 Regular Meeting the Board approved a one-year license for the advance deposit wagering (ADW) provider Churchill Downs Technology Initiatives Company, dba

TwinSpires.com (TwinSpires). The license was conditioned on submission of a hub agreement, a horsemen's agreement and an agreement with the Pari-Mutuel Employee's Union, Local 280 (Local 280). Following the January 2011 Regular Board Meeting staff received the TwinSpires hub agreement and the horsemen's agreement, but not the labor agreement. TwinSpires indicated it was unable to reach an agreement with Local 280. At the February 2011 Regular Board Meeting TwinSpires reported it still had not come to an agreement with Local 280. The item was continued until the March 2011 Regular Meeting, at which time Chairman Brackpool indicated the Board would take action to move the issue forward.

Should TwinSpires and Local 280 have not concluded a labor agreement, the Board may choose to take one of the following actions:

1. Revoke TwinSpires license. The TwinSpires license is conditioned on submission of a labor agreement. If TwinSpires fails to submit such an agreement, its license may be revoked.
2. Declare a labor agreement is not required because Local 280 failed to make a request to TwinSpires 90 days prior to licensing.
3. Allow TwinSpires to continue to operate until the DelMarBets.com/Local 280 mediation regarding the "subcontracting" issue is resolved.

#### RECOMMENDATION

This item is presented for discussion and action. The Board may wish to hear from the parties.

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: **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:  
**Rohit Thukral, President**  
**Mike Cody, Vice President**  
**Brad Blackwell, Vice President, Licensed by the CHRB (304449)**  
**Richard Broadbent, Vice President**  
**Jeremy Clemons, Vice President**
- 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. **Attached at Tab 2**

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted: **Every day except December 25**
- B. Hours Advance Deposit Wagering will be conducted: **24 hours a day**

3. BUSINESS STRUCTURE

- A.  Corporation (complete subsection B)

<b>CHRB CERTIFICATION</b>	
Application received: <u>9/9/10</u>	Hearing date: <u>1/20/11</u>
Reviewed: <u>[Signature]</u>	Approval date:

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:
  - Rohit Thukral, President**
  - Mike Cody, Vice President**
  - Brad Blackwell, Vice President**
  
  - Robert Evans, Director**
  - William Carstanjen, Director**
  - Rebecca Reed, Director**
  - Rohit Thukral, 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 the 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 3 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 4**

## 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 attached at TAB 5, which complies with Rule 2074**
  - B. If an application form is used to establish an Account attach a copy of the form. **Attached at TAB 5 is the form of application available online at [www.twinspires.com](http://www.twinspires.com).**
  - 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 6.
- 
- B. List the type of deposits you will accept: ACH, credit card, debit card, Green Dot Money Pack, cash at specified locations, check and money order by mail.
- C. Identify any fees or transaction-related charges and the amount that will be assessed: 3.98% is applied to credit/debit card transactions and 4.5% is charged for credit card cash advance transaction processed over the phone. \$25 fee for returned checks.

## 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 uses 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 Plan of Operations attached at TAB 6.
  2. Description of the technology to ensure confidentiality of the Means of Personal Identification: See Section 2.1.5 of the Plan of Operations attached at TAB 6.
  3. Methods and locations available for Account Holders to withdraw funds from their Account: Requests for withdrawal may be made online or by phone. Checks are mailed to the address on record within five (5) business days. For more details, see the Plan of Operations attached at TAB 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: Records are maintained at: U.S. Off-Track, 6130 NE 78<sup>th</sup> Court, Suite C4, Portland, OR (phone: (503) 253-0234; fax: (503) 253-0140) with hours of operation of 8:30 a.m. to 10:30 p.m. – 12:00 a.m. PST, depending on the time of the last race for the day. Records are also maintained at 801 Corporate Drive, Lexington, Kentucky (phone: (877)-774-7371) with hours of operation of 9:00 a.m. to 1:00 a.m. EST.

- A. Name, address and telephone number of the pari-mutuel audit firm: PricewaterhouseCoopers LLP, 500 W. Main St., Suite 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 are provided by AmTote International, Inc. The contract expires November, 2012.
- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted: See the tracks listed at TAB 7 which are subject to annual simulcast agreements.

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:  
 Paymentech, 1601 Elm St., Dallas, TX 75201  
 Global Cash Access, 3525 E. Post Rd., Suite 120, Las Vegas, NV 89120  
 Green Dot Corporation, 605 E. Huntington Dr., Suite 205, Monrovia, CA 91016  
 Roberts Communications Network, Inc., 4175 Cameron St., 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: 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.

Brad Blackwell  
 Print Name  
VP  
 Print Title

Brad Blackwell  
 Signature  
9/2/10  
 Date



DISCUSSION AND ACTION BY THE BOARD  
ON THE APPLICATION FOR LICENSE TO CONDUCT  
ADVANCE DEPOSIT WAGERING (ADW) OF  
XPRESSBET, LLC, DBA XPRESSBET.COM,  
DELMARBETS.COM AND OAKTREEBETS.COM FOR A CALIFORNIA  
MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF  
UP TO BUT NOT EXCEEDING TWO YEARS

Regular Board Meeting  
March 14, 2011

BACKGROUND

Business and Professions Code section 19604(d)(1)(B) through 19604(d)(1)(B)(iv) provides that:

(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 bonafide 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 racing 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.

Business and Professions Code section (C)(i) through (C)(ii) provides that:

- (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 pari-mutuel wagers on races for which an ADW license is required whether the facility is located within or outside of California.

At its January 2011 Regular Meeting the Board approved a one-year license for the advance deposit wagering (ADW) provider XpressBet, LLC, dba XpressBet.com, OakTreeBets.com and DelMarBets.com (XpressBet). The license was conditioned on submission of an agreement with the Pari-Mutuel Employee's Union, Local 280 (Local 280). Following the January 2011 Regular

Board Meeting XpressBet indicated it was unable to reach an agreement with Local 280. At the February 2011 Regular Board Meeting XpressBet reported it still had not come to an agreement with Local 280. The item was continued until the March 2011 Regular Meeting, at which time Chairman Brackpool indicated the Board would take action to move the issue forward.

On March 2, 2011 XpressBet sent Local 280 a letter with a revised labor agreement for Local 280's consideration. To date, staff has no knowledge of whether Local 280 responded to the XpressBet letter and revised labor agreement.

#### ANALYSIS

If XpressBet and Local 280 have not concluded a labor agreement, the Board may choose to take one of the following actions:

1. Allow XpressBet to continue operating as a California licensed ADW provider until arbitration is through.
2. Revoke XpressBet's license. The XpressBet license is conditioned on submission of a labor agreement. If XpressBet fails to submit such an agreement, its license may be revoked.
3. Rule for either side of the labor issue.

#### RECOMMENDATION

This item is presented for discussion and action. The Board may wish to hear from the parties.

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

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

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

Application must be filed not later than 90 days in advance of the date scheduled to conduct advance deposit wagering and must be accompanied by a bond or other form of financial security in the amount of \$500,000.

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

A. Name, mailing address, telephone and fax numbers:  
XpressBet, LLC dba XpressBet.com, DelMarBets.com, OakTreeBets.com  
200 Race Track Road  
Washington, PA 15301  
Telephone: (412) 232-6916  
Facsimile: (412) 232-6917

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

*Please note that under Oregon law, the following individuals are not required to hold a license issued by the Oregon Racing Commission, but each individual does hold a license issued by the CHRB.*

<u>Name</u>	<u>Title</u>	<u>CHRB License No.</u>
Ronald W. Luniewski	President	275875
Dan Newman	Vice President	305020
Jane Lynn	Secretary	302888
Scott Fischer	Vice-President, Finance	302873

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: 9/13/10	Hearing date: 1/20/11
Reviewed: <i>ape</i>	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/ Cal Fair
California Expo	Sacramento Harness Association
Sacramento	California State Fair
Stockton	San Joaquin Fair
Fresno	Fresno County Fair
Pleasanton	Alameda County Fair
Vallejo	Solano County Fair
Santa Rosa	Sonoma County Fair
Del Mar	Del Mar Thoroughbred Club
Fairplex Park	Los Angeles County Fair Association
Humboldt	Humboldt County Fair
Los Alamitos Race Course	Los Alamitos
Los Angeles Turf Club	Oak Tree Racing Association
Hollywood Park	Hollywood Park Racing Association, LLC

## 2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:  
XpressBet, LLC will conduct advance deposit wagering January 1, 2011 up to and including December 31, 2011.
- 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

- Registered name of the corporation:
- State where incorporated:

3. Registry or file number for the corporation:
4. Name of all officers and directors, titles, and number of shares of the corporation held by each;
5. Names (true names) of all entities and persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
6. Number of outstanding shares in the corporation:
7. Are the shares listed for public trading?      Yes    No  
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
10. Attach the most recent annual audited financial statements for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.
11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

C. LLC

1. Registered name of the LLC:  
**XpressBet, LLC**
2. State where articles of organization are filed:  
**Delaware**
3. Registry or file number for the LLC:  
**3373240**

4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:

<u>Name</u>	<u>Title</u>	<u>Number of Shares Owned</u>
Ronald W. Luniewski	President	None
Dan Newman	Vice President	None
Jane Lynn	Secretary	None
Scott Fischer	Vice-President, Finance	None

5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:  
MI Developments Investments Inc. holds 100% of the membership interests in the LLC

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

7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity: N/A

8. Attach the most recent annual audited financial statements for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.  
Enclosed is a copy of MID's most recent audited quarterly report which XpressBet is a component of the results.

9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.  
XpressBet's business plan for 2011 is being provided under separate confidential cover, and it is requested that such business plan remain confidential at all times to the CHRB

D. OTHER - Not Applicable

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

4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2075

A. List the procedures to establish an Account:  
Included in the attached Exhibit 2, Plan of Operation, is the Applicant's Account Opening Procedures.

B. If an application form is used to establish an Account, attach a copy of the form.

Attached as Exhibit 3 is a copy of the application form, similar forms are used for on-site or in-person applications.

- C. Name and address of the third party you will use to confirm identity, residence and age verification:

In respect of wagers placed through the Applicant's internet and telephone account wagering products, the Applicant will make use of the services of Equifax Information Services LLC and/or TransUnion, LLC to provide identity, residence and age verification services. The address of Equifax Information Services LLC and TransUnion, LLC are set forth below:

Equifax Information Services LLC  
1550 Peachtree N.W.  
Atlanta, Georgia 30348

TransUnion, LLC  
555 W. Adams Street  
Chicago, IL 60661

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

- A. Submit a copy of your plan for operation.  
Attached as Exhibit 2 is Applicant's *Plan of Operation*.

- B. List the type of deposits you will accept:  
In respect of internet and telephone account wagering, the Applicant will accept the following types of deposits: cash deposits made directly, personal checks, cashier's checks, money orders made directly or mailed, debits to an Account Holder's credit card or debit card, and wire and other electronic transfers from a monetary account controlled by Account Holder. The Applicant is currently working with Green Dot to offer Green Dot Money Paks.

- 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 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.

Customer's 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.

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 4 for Items 1 – 4.

1. Description of the technology to ensure identity, residence, and age verification when an Account is established.
2. Description of the technology to ensure confidentiality of the Means of Personal Identification.
3. Methods and locations available for Account Holders to withdraw funds from their Account.
4. If the Account Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation.

7. PARI-MUTUEL

A. Name, address and telephone number of the pari-mutuel audit firm:

**Bowen & McBeth**  
**10722 Arrow Route, Suite 110**  
**Rancho Cucamonga, California 91730**  
**Telephone: 909-944-6465**  
**Facsimile: 909-980-4788**

B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

(i) Types of pari-mutuel or totalizator equipment to be used.

Totalizator equipment and services will be provided to Applicant by AmTote International, Inc. In addition to standard totalizator equipment and services, Applicant will be utilizing (a) IVR – “interactive voice response technology” (an automated touch-tone betting system), provided by AmTote International, Inc. (b) on-line computer wagering technology (c) IVR – natural language voice recognition system provided by AmTote International, Inc. and Applicant is currently operating under an agreement with AmTote International, Inc. which expires on October 31, 2012.

(ii) Simulcast Organization

Roberts Communications Network, Inc., and AmTote International, Inc.

(iii) Name of entity supplying equipment, and expiration date of the service contract.

Equipment to be supplied by:

AmTote International, Inc.

Expiration date: October 31, 2012

11200 Pepper Road

Hunt Valley, MD 21031-1324



- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

Attached as Exhibit 5 is the list of racing venues on which the Applicant currently intends to accept Advance Deposit Wagering. The applicant will update the website as racing venues are confirmed or added.

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 21.

## 8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you contracted with to facilitate Advance Deposit Wagering:

AmTote International, Inc.  
11200 Pepper Road  
Hunt Valley, MD 21031-1324

- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed: N/A

## 9. ADVERTISING

Name and address of the advertising agency you will use:

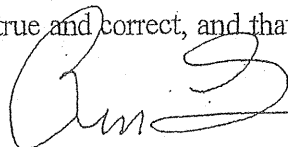
Candelaria Advertising  
1545 Idlewood Rd.  
Glendale, California 91202

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

10. CERTIFICATION

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

Ron Luniewski  
Print Name:

  
Signature:

President  
Print Title:

9-8-2010  
Date: