

State Race Track Leasing Commission

NOTICE OF MEETING

State Race Track Leasing Commission Meeting
August 28, 2026, at 11:00 a.m.

Del Mar Fairgrounds
Board Room
2260 Jimmy Durante Boulevard
Del Mar, CA 92014

While the State Race Track Leasing Commission meeting will be conducted in person per Government Code Section 11133, the Commission will also provide for remote participation by Commissioners and members of the public. If you prefer to participate remotely, please check the 22nd DAA's website ([Public Information](#)) for the ZOOM link and/or ZOOM dial-in instructions on how to participate and/or view this meeting.

STATE RACE TRACK LEASING COMMISSIONERS

Michele Perrault, Chair, Commissioner Department of Finance	Ana M. Lasso, Commissioner Department of General Services
Mark Arabo, Commissioner, 22 nd DAA	Michael Flores, Commissioner Department of Food & Agriculture
Lisa Barkett, Commissioner, 22 nd DAA	Kathlyn Mead, Commissioner, 22 nd DAA

Joshua Caplan, Office of the California Attorney General, Counsel

Persons wishing to attend the meeting and who may require special accommodations pursuant to the provisions of the Americans with Disabilities Act are requested to contact the office of the Chief Executive Officer, (858) 755-1161, at least five working days prior to the meeting to insure proper arrangements can be made.

Items listed on this Agenda may be considered in any order, at the discretion of the chairperson. This Agenda, and all notices required by the California Bagley-Keene Open Meeting Act, are available at www.delmarfairgrounds.com. Public comments on agenda items will be accepted during the meeting as items are addressed.

STATE RACE TRACK LEASING COMMISSION (SRTLCL) AGENDA
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Friday, August 28, 2026
11:00 a.m.

Items listed on this Agenda may be considered in any order, at the discretion of the chairperson.

1. Roll Call

2. Approval of Minutes [Action Item]

A. March 9, 2026

3-6

3. Reports [Information Item]

- Del Mar Thoroughbred Club (DMTC) 2026 Summer Race Meet

Verbal

4. Public Comment on Matters Not Appearing on the Agenda

This item is for Public comment on issues **NOT** on the current Agenda. However, no debate by the Board shall be permitted on such public comments and no action will be taken on such public comment items at this time, as law requires formal public notice prior to any action on a docket item. Speaker's time is limited to **two** minutes and may be modified based on the number of public speakers. No speaker may cede their time to another speaker.

5. Recess to convene and hold the Del Mar Race Track Authority meeting

6. Reconvene back into open session

7. General Business

- A. [Information/Action] Discussion and vote on extension of the Del Mar Racetrack Operating Agreement

7-57

8. Adjournment

STATE RACE TRACK LEASING COMMISSION (SRTL) MEETING
Minutes – Friday, March 9, 2026

The State Race Track Leasing Commission met on Friday, March 9, 2026, in the Board Room hosted by the 22nd District Agricultural Association (District) 2260 Jimmy Durante Blvd., Del Mar, CA.

ROLL CALL

Commission Chair Michele Perrault called the meeting to order at 11:02 a.m. with all Commissioners present except Mead who arrived late:

Michele Perrault, Chair, Department of Finance
Michael Flores, Department of Food & Agriculture
Ana M. Lasso, Department of General Services
Mark Arabo, 22nd District Agricultural Association
Lisa Barkett, 22nd District Agricultural Association
Kathlyn Mead, 22nd District Agricultural Association

OTHERS PRESENT

Joshua Caplan, Counsel, Office of the Deputy Attorney General
Carlene Moore, 22nd DAA Chief Executive Officer and Authority Secretary-Controller
Michael Sadegh, 22nd DAA Finance Director and Authority Treasurer

APPROVAL OF MINUTES – September 5, 2025

Commissioner Barkett moved to approve the meeting minutes from September 5, 2025. Commissioner Flores seconded the motion. Chair Perrault and Commissioners Flores, Lasso, Arabo, Barkett, and Mead were all in favor. The motion carried 6-0.

REPORTS

Del Mar Thoroughbred Club (DMTC) recap of the 2025 live horse race meets, including the Breeders' Cup World Championships

Chair Perrault referred to the reports beginning on page 6 of the meeting packet and introduced DMTC President and Chief Operating Officer Josh Rubinstein, who reported that the summer and fall race meets, along with the Breeders' Cup, generated just over \$10 million for the District and Race Track Authority, ahead of projections. The two-day Breeders' Cup, which drew more than 65,000 fans on October 31 and November 1, 2025, accounted for \$1.5 million of that net revenue.

2026 Operating Budget of the Del Mar Thoroughbred Club

DMTC President Rubinstein referred to the budget report on pages 6-28 of the meeting packet. The 2026 DMTC budget projects a combined return of \$8.92 million from the summer and fall race meets, including \$3.38 million in payments to the District and RTA and \$5.54 million in food and beverage net revenues. The 2026 summer meet will expand from 31 to 32 race days, and the fall meet will include racing on Thanksgiving.

Del Mar Race Track Authority Revenue Bonds, Series 2015 Projects

The list of projects can be found on pages 29-30 of the meeting packet.

Public Comment on Reports (see page 16 of transcript)

None

PUBLIC COMMENT ON MATTERS NOT APPEARING ON THE AGENDA

Martha Sullivan, Jane Cartmill

RECESS TO CONVENE AND HOLD THE DEL MAR RACE TRACK AUTHORITY MEETING

The Commission recessed to the Del Mar Race Track Authority meeting at 11:20 a.m.

RECONVENE BACK INTO OPEN SESSION OF THE COMMISSION MEETING

The Commission resumed Open Session at 12:19 p.m.

GENERAL BUSINESS

Item 7-A: Consideration and vote on direction to allocate the Commission's clerical and administrative support needs and options for providing such services to the Commission

Chair Perrault referred to the document on pages 31-32 of the meeting packet and explained that the statutory language lacks clarity about who is responsible for providing clerical and administrative work for the Commission.

Public Comment on Item 7-A (see pages 41-42 of transcript)

None

Chair Perrault recommended a motion to authorize the Department of Finance, Department of Food and Agriculture, and Department of General Services work together to modify the statutory language regarding clerical and administrative oversight for the Commission. Commissioner Lasso moved to approve the motion as stated by Chair Perrault. Commissioner Arabo seconded the motion. Chair Perrault and Commissioners Flores, Lasso, Arabo, Barkett and Mead were all in favor, and the motion carried 6-0.

Item 7-B: Consideration and vote to authorize representatives on the Del Mar Capital Improvement Account as defined in Section 2 of the Operating Agreement

District CEO Moore referred to the report on pages 33-35 of the meeting packet and explained that the District maintains the Del Mar Capital Improvement Account on behalf of the Commission for payments from the Del Mar Thoroughbred Club, but requires direction regarding who may act as authorized representatives for the account.

Public Comment on Item 7-B (see pages 84-85 of transcript)

None

Commissioner Mead moved to designate the Commission Chair, District Finance Director, and District CEO as authorized representatives to act on behalf of the

Commission in matters pertaining to the Del Mar Capital Improvement Account. Commissioner Arabo seconded the motion. Chair Perrault and Commissioners Flores, Lasso, Arabo, Barkett and Mead were all in favor, and the motion carried 6-0.

Item 7-C: Consideration and vote to support trailer bill language for the Commission's legal expenses provided by the Office of the Attorney General

Chair Perrault explained that legal fees for the Commission are expected to increase with a larger workload. Office of the Attorney General Counsel Josh Caplan reported that typically 10-15 hours of work per year is billed to the Commission, and the payment has historically been made by the District. The statute does not specify which agency is obligated to cover legal expenses.

Chair Perrault recommended a motion to (1) authorize the Office of the Attorney General to proportionally bill the four state entities that make up the Commission (Department of Finance, Department of Food and Agriculture, Department of General Services, and the District); and (2) authorize the Department of Finance, Department of Food and Agriculture, and Department of General Services to work together to develop statutory language regarding long-term legal support.

Public Comment on Item 7-C (see page 97 of transcript)

None

Commissioner Lasso moved to approve the motion as stated by Chair Perrault. Commissioner Arabo seconded the motion. Chair Perrault and Commissioners Flores, Lasso, Arabo, Barkett and Mead were all in favor, and the motion carried 6-0.

Item 7-D: Discussion on Commission's historical financial data and on the Commission's obligations under the Operating Agreement

Chair Perrault referred to the background materials on pages 38-87 of the meeting packet. District CEO Moore explained that the Del Mar Thoroughbred Club's Operating Agreement expires in 2030.

Public Comment on Item 7-D (see page 100 of transcript)

None

Item 7-E: Consideration and vote to explore legal options available to extend the term of the Del Mar Race Track Operating Agreement so that the Agreement remains in effect until the Del Mar Race Track Authority's Series 2015 Bonds have been fully paid off
DMTC's Operating Agreement expires December 31, 2030, with no remaining options to renew. The RTA's Series 2015 bonds are not scheduled to be fully paid until October 1, 2038.

Public Comment on Item 7-E (see page 101 of transcript)

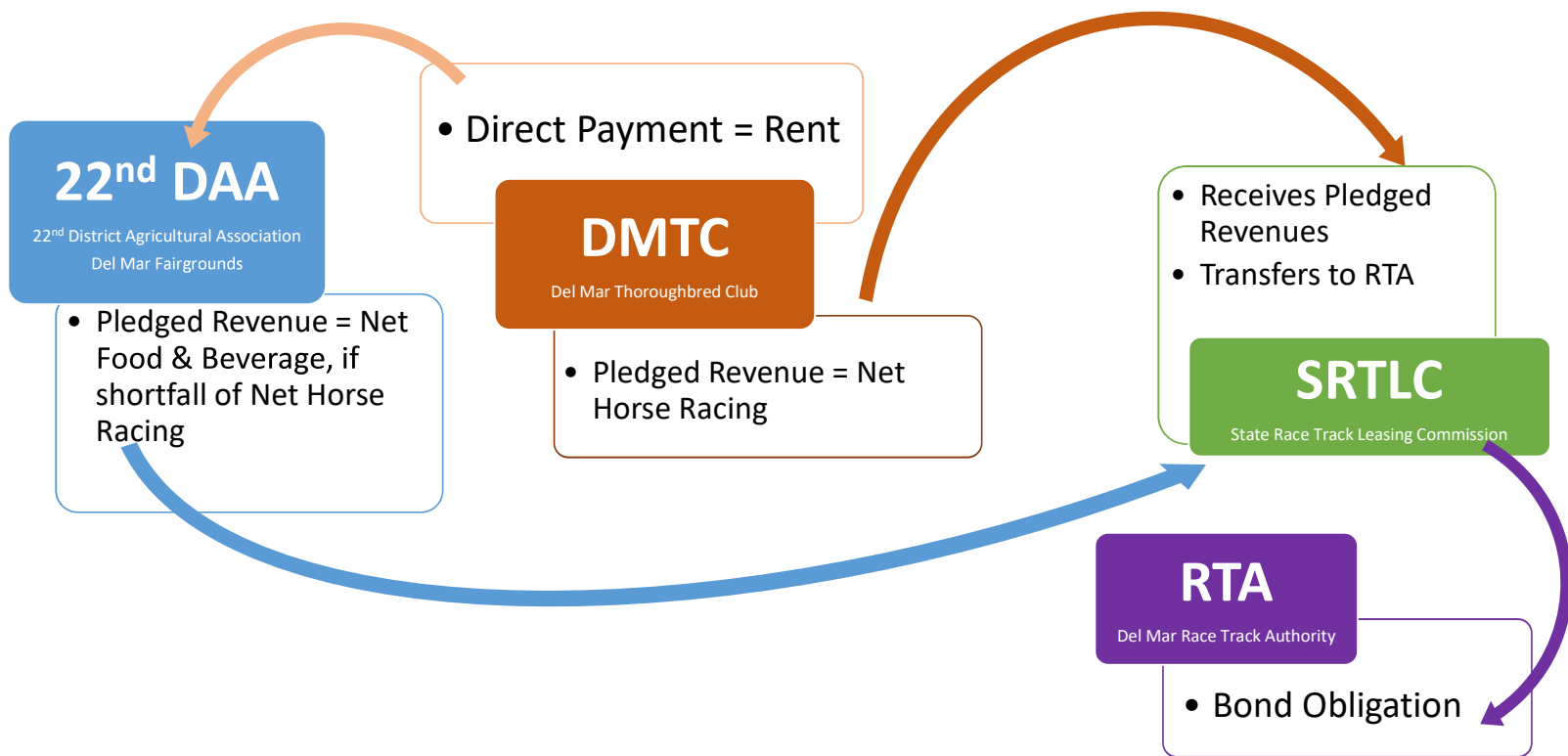
None

Commissioner Barkett moved to allow the Commission to explore legal options available to extend the term of the Del Mar Race Track Operating Agreement so that

the agreement remains in effect until the Del Mar Race Track Authority's Series 2015 bonds have been fully paid off in 2038. Commissioner Mead seconded the motion. Chair Perrault and Commissioners Flores, Lasso, Arabo, Barkett and Mead were all in favor, and the motion carried 6-0.

ADJOURNMENT

Chair Perrault adjourned the meeting at 12:55 p.m.



DEL MAR RACE TRACK OPERATING AGREEMENT

This DEL MAR RACE TRACK OPERATING AGREEMENT ("Agreement") is entered into effective January 1, 2011, between the STATE RACE TRACK LEASING COMMISSION, ("Commission"), acting on behalf of the 22ND DISTRICT AGRICULTURAL ASSOCIATION, ("District"), and the Del Mar Thoroughbred Club, a California corporation ("Operator").

RECITALS

A. The District owns and maintains property that is the site of the annual San Diego County Fair which was inaugurated in 1935, satellite wagering, and a variety of other annual and interim events authorized by the District; and

B. The District's property is also the site of the annual Del Mar thoroughbred horse race meet, which was initially run in 1937; and

C. The annual Del Mar thoroughbred horse race meet has generated significant revenues for the development and capital improvement of the District's property; and

D. It is in the best interests of the people of the State of California that all of the authorized events conducted on the District's property, including the Del Mar thoroughbred horse race meet, continue as successful operations through cooperative use of the District's property; and

E. The Commission and the Operator have agreed to enter into this Agreement under the authority of, and for the purposes set forth in, Food and Agricultural Code section 4351, *et seq.*; and

F. Under the authority of Food and Agricultural Code section 4353, the District continues in control of its property subject to the terms and conditions of this Agreement or any other agreement entered into by the Commission on behalf of the District.

NOW, THEREFORE, in consideration of, and in reliance on, the covenants and conditions contained in this Agreement, and for other valuable consideration, the parties agree as follows:

1. Relationship of the Parties.

This Agreement shall govern the relationship of the Parties to this Agreement relating to the operation of the Premises and the Premise's associated facilities. The Premises are more fully described in Paragraphs 2 and 3, and Exhibits A-2 and A-3 of this Agreement.

1.1. The Commission. The Commission enters into this Agreement on behalf of the District and retains the authority to renegotiate, amend or terminate the Agreement in accordance with the terms and provisions of this Agreement.

1.2. The District. The District will continue in control of its property, including, but not limited to, the Del Mar Fairgrounds identified on Exhibit "A-1", subject to the terms and

conditions of this Agreement and subject to the authority conferred upon the Commission by law.

1.3. Operator. In performing its obligations under this Agreement, the Operator is engaged solely in the capacity of an independent contractor. It is expressly understood that no relationship between the District, the Commission or the State of California and the Operator, other than that of independent contractor, has been or is intended to be created by this Agreement. This Agreement does not constitute, and the parties to it do not intend it to create, a partnership or a joint venture, or the relationship of master and servant or principal and agent.

1.4 Elimination of Duplication of Efforts. Many of the functions of operating the Race Meet and operating the Fairgrounds on a year-round basis are currently being duplicated. This Agreement is intended to eliminate or minimize all duplication of functions, duties, and/or responsibilities between the District and the Operator where practical in order to maximize efficiency and generate the greatest net revenue. The Operator will work closely with the District to continually improve all aspects of the operation. The parties agree, throughout the term of this Agreement and all extensions to identify and eliminate any unnecessary duplication of duties, functions and processes between the racing Operator and the District in order to minimize costs, maximize efficiencies and maximize net revenue. The District and the Operator agree to make every good faith effort to avoid spending funds or wasting resources on any products, internal services or outside services that can be provided by either party to this Agreement.

2. Definitions.

"Additional Payment" shall mean Final Net Earnings less the sum of (i) an amount in excess of funds then available to the Operator which, subject to the approval of the District, is sufficient to pay or provide for projected Operating Capital for the period from January 1 through the commencement of the next succeeding Race Meet, (ii) an amount equal to Direct Payment and (iii) an amount equal to Basic Payment. Additional Payment shall also include any amount paid by the Operator to the District pursuant to Section 6.6 upon expiration or earlier termination of this Agreement.

"Audited Financial Statements" shall mean the balance sheet relating to operations of the Operator pursuant to this Agreement as of December 31 of each year during the Term and the related statements of earnings and cash flows for the year then ended, prepared in accordance with generally accepted accounting principles and accompanied by a report thereon issued by an independent certified public accountant or accounting firm selected by the Operator and approved by the District in accordance with Section 8.3.

"Basic Payment" shall mean an amount equal to 100% of Estimated Net Earnings, less an amount equal to the Direct Payment paid pursuant to Section 6.1.

"Budget" shall mean income and expense projections for the Budget Year set forth on the form attached as Exhibit B.

"Budget Year" shall mean the calendar year.

"CHRB" shall mean the California Horse Racing Board.

"Commission" shall mean the State Race Track Leasing Commission established by Food and Agricultural Code section 4351.

"Del Mar Capital Improvement Account" shall mean a separate account maintained by the District and for which separate records, designated by the Commission, are maintained and into which Basic Payments and Additional Payments shall be made.

"Del Mar Fairgrounds" shall mean the entire property owned by the District, including, but not limited to, the property outlined on Exhibit A-1.

"Del Mar Race Track Authority" shall mean the Joint Powers Authority, established by the Joint Exercise of Powers Agreement dated as of August 1, 1990 and authorized by Food and Agricultural Code section 4362.

"Direct Payment" shall mean, subject to the limitations set forth in Section 4155 of the California Food and Agricultural Code, an amount currently set at \$750,000. Subject to applicable bond indenture covenants this payment is anticipated to increase to \$800,000 for year 2011 and then again to \$825,000 for years 2012, 2013, and 2014. The Direct Payment is used by the District for the Fair or any other authorized purposes.

"District" shall mean the 22nd District Agricultural Association, a California institution. (Food & Agr. Code, §§ 3873 and 3953.)

"Estimated Net Earnings" shall mean total revenue derived from the conduct of the Race Meet(s) and received or projected to be received and accrued by the Operator during the period from January 1 through December 31 of each year, less the sum of (i) expenses (which expenses shall include payments made pursuant to this Agreement), paid or incurred with respect to such period, and (ii) an amount in excess of funds then available to the Operator which, subject to the approval of the District, is sufficient to pay or provide for projected Operating Capital for the period from October 31 through the commencement date of the next succeeding Race Meet.

"Fair" shall mean the annual San Diego County Fair.

"Final Net Earnings" shall mean total accrued revenues as set forth in the December 31 Financial Statements for the immediately prior calendar year, less total accrued expenses, (which expenses shall include payments made pursuant to this Agreement).

"Gross Revenues" shall mean total revenues as set forth in the Audited Financial Statements.

"Hazardous Material" shall have the meaning set forth in Section 20.3.

"Hazardous Materials List" shall have the meaning set forth in Section 20.2.

"Master Plan" shall mean the master plan for the long range comprehensive development and improvements of, and construction upon, the property of the District. (Food & Agr. Code, § 4156.)

"Net to Gross Ratio" shall mean the ratio of Final Net Earnings to Gross Revenues.

"Operating Capital" shall mean the amount required to meet cash flow requirements relating to operations of the Operator under this Agreement until the commencement date of the next succeeding Race Meet, including expenses to be incurred prior to and relating to such Race Meet.

"Operation Period" shall have the meaning set forth in Section 5.3.2.

"Premises" shall mean the property described and outlined on Exhibits A-2 and A-3.

"Race Meet" shall have the meaning set forth in Section 5.3.1.

"Records" shall have the meaning set forth in Section 8.1.

"Option Periods" shall have the meaning set forth in Section 4.1.

"Term" shall have the meaning set forth in Section 4.

"Operator" shall mean and refer to Del Mar Thoroughbred Club, a California corporation.

3. The Premises.

The Commission, on behalf of the District, under the authority of Food and Agricultural Code section 4353, incorporated by this reference, and in reliance upon and in consideration of the representations, warranties, covenants and conditions contained in this Agreement, grants to the Operator, and the Operator, in reliance upon and in consideration of the representations, warranties, covenants and conditions contained in this Agreement, accepts from the Commission, subject to the restrictions stated in this Agreement, the exclusive right to operate that portion of the Del Mar Fairgrounds described in this Agreement as "the Premises" and identified on Exhibits A-2 and A-3 to this Agreement for the purpose of providing thoroughbred horse racing at the Del Mar Fairgrounds. The Operator's operation of those portions of the Del Mar Fairgrounds identified on Exhibit A-3 to this Agreement shall be shared with the District, subject to the restrictions stated in this Agreement. The District shall provide advance notice to the Operator of its intention to conduct activities on any portions of the Del Mar Fairgrounds outlined on Exhibit A-2 during the Operation Period, and such activities shall not unreasonably interfere with the Operator's operation of the Premises for the purpose of conducting the annual thoroughbred race meet.

4. Term of Agreement.

The term of this Agreement shall be five years, commencing January 1, 2011 and terminating December 31, 2015, subject to the option periods and termination provisions set forth below ("Term").

4.1. Option Periods. The Commission, in its sole and exclusive discretion, may, on behalf of the District, elect to extend the term of this Agreement for three 5-year option periods upon the expiration of the initial term of this Agreement ("option periods"). Each option period may be exercised by giving the Operator written notice of extension on or before the 180th day prior to expiration of the original term or any operation period. Any and all option periods of this Agreement are subject to all of the provisions of this Agreement; provided, however, that the Commission has the sole and exclusive discretion to require renegotiation of all or part of this Agreement if the Commission elects to exercise one or more of the option periods. The Commission's failure to provide written notice to renew, or the parties' failure to mutually agree upon the terms and conditions of the Option Period of this Agreement will result in automatic termination of this agreement on December 31, 2015, or at the expiration of any extended term. In the event that the Commission gives notice of its desire to extend the term of this Agreement, it will deliver its proposed changes in writing to the other party, with simultaneous notice to the District, within ten (10) business days following delivery of the notice of the Commission's intent to extend the term of this Agreement. The parties shall begin any necessary face-to-face bargaining sessions no later than fifteen (15) business days following the date on which the

proposed changes are provided.

If, after good faith negotiations, the parties cannot reach agreement on the proposed changes either party may terminate this Agreement effective on December 31 of the year following the year in which notice of the Commission's intent to exercise its right to extend the term of this Agreement by giving notice in accordance with Section 22.9, not later than September 30 of the year in which notice was given.

4.2. Renegotiation on Financing. The parties recognize that it may be necessary and desirable to acquire funds for the purpose of reconstructing or renovating all or any portion of the works of improvement located on the Premises, or to accomplish other projects under the Master Plan, and that it may become necessary or desirable to issue bonds or utilize funding mechanisms not specifically mentioned in this Agreement in order to acquire those funds. The parties agree to negotiate amendments to this Agreement to include customary and reasonable provisions as necessary to accommodate the successful issuance and repayment of those bonds or necessary to accommodate other appropriate funding mechanisms, for the purpose of reconstructing or renovating all or any portion of the works of improvement located on the Premises, or for the purpose of accomplishing other Master Plan projects. The Operator also agrees to participate in any and all discussions on funding options for a permanent seasonal rail platform.

4.3. Other Renegotiation. In the event that any of the terms and conditions of this Agreement are deemed by the CHRB to be inconsistent with the grant of a license to the Operator for the conduct of a horseracing meet(s) or the allocation to the Operator of racing days, the parties agree to negotiate any and all amendments to this Agreement necessary to accommodate the grant of such a license or the allocation of such racing days.

4.4. Action by Government Agencies. If at any time during the term of this Agreement the United States Government or the State of California, or any of their political subdivisions, shall pass any law or take any action that makes it illegal to conduct thoroughbred horse race meets with parimutuel wagering on the Premises for more than two calendar years then either the Commission or the Operator shall have the option of canceling this Agreement by giving notice of its election to the other party during the time that such prohibition is in force. Cancellation of this Agreement under these conditions shall not change the obligation to make any unpaid payments as they become due for any period[s] before cancellation of the Agreement under this Paragraph 4.4; or, to fulfill any other obligations arising under this Agreement.

4.5 Termination On Site. In the event of legislation duly enacted by the California Legislature authorizing a sale of the Premises, the Commission shall have the option to terminate this Agreement by giving not less than 180 days written notice of an election to terminate this Agreement. Such a termination shall be effective on December 31 of the year in which such notice is given unless the notice is given less than 180 days before December 31 of the year in which notice of termination under this Paragraph 4.5 is given, in which case the termination shall be effective December 31 of the following calendar year. The Operator shall have the right, in the event of any termination under this Paragraph 4.5, to liquidate its liabilities in an orderly manner, to make provision for accrued but unpaid liabilities, and to establish reasonable severance agreements for employees.

5. Operation of the Premises.

The operation of the Premises by the Operator shall be governed by the provisions of this Section.

5.1. Operation of the Premises. The Premises shall be operated by the Operator for the purpose of conducting thoroughbred horse races as well as wagering on the outcome thereof as approved by and subject to the jurisdiction of the CHRB, and for the transmission of television simulcasts of those races to other facilities within the State of California, or elsewhere, in accordance with then applicable law. During the Race Meet, and at such other times as may be mutually agreed upon with the District, the Operator may also conduct those activities which at that time are commonly associated with thoroughbred horse racing and the operation of a thoroughbred race meet in California. The final determination as to which activities the Operator is allowed to conduct will be made at the sole discretion of the District. The Operator shall not use or permit the Premises, or any portion thereof, to be used for any purposes other than that set forth above, except as otherwise mutually agreed upon with the District.

5.2. Application for Racing Days. In accordance with the time frame established by the regulations of the CHRB, the Operator shall apply to the CHRB for its annual allocation of racing days which shall be the traditional dates for thoroughbred horse racing at the Del Mar Fairgrounds. If additional racing days become available, the Operator shall consult with the District and shall apply for such additional days as may be agreed to in advance of such application by the District and the Operator. In such event, the Operator's application shall be diligently pursued in order to obtain the optimum number of racing days requested. Upon receipt of the decision of the CHRB and an allocation of racing dates for the year, the Operator shall immediately notify the District of those dates. The Operator will conduct thoroughbred horse racing on the Premises on all the racing days allocated, subject only to force majeure or other factors over which it has no direct control and to the rules and regulations of the CHRB. It is understood and agreed that any racing days allocated to the Operator are allocated to the Operator as an independent entity pursuant to this Agreement and Section 4353 of the California Food and Agricultural code and that the Commission and the District shall have no right, claim or interest with respect to such racing days. The Operator shall not conduct racing outside of its traditional dates for Thoroughbred racing without the advance written consent of the District.

5.3. Periods of Operation.

5.3.1. During the term of this Agreement, the Operator shall operate the Premises during the traditional dates for racing at the Del Mar Fairgrounds and any additional dates approved by the District and allocated to the Operator for thoroughbred horse racing by the CHRB ("Race Meet"), and for the additional periods described below.

5.3.2. The Operator shall operate the Premises (i) for a period of ten days prior to the opening of the Race Meet to the extent that the Operator's operation does not unreasonably interfere with satellite wagering operations or clean-up operations from the Fair and (ii) for a period of 15 days following the Race Meet to the extent that such operation does not unreasonably interfere with the activities of the District on the Del Mar Fairgrounds (such periods and the Race Meet being referred to herein as the "Operation Period"). The Operator and the District will use their best efforts to cooperate so that the grandstand and other buildings and backstretch and stable areas can be opened as needed prior to the commencement of the Operation Period of all areas and returned to the District as soon as reasonably possible after the conclusion of the Race Meet.

5.3.3. Subject to the provisions of Section 9.6, the Operator shall have access to and shall be permitted to conduct activities on the Premises during other periods in the year to the extent necessary in order to permit the Operator to carry out its permitted activities and obligations under this Agreement with respect to thoroughbred horse racing. Such activities shall be coordinated in advance with the District and shall not interfere with the District's

activities or events.

5.4. Full Time Use Areas. In addition to the operation described above, the Operator shall have the right to use and possess the office space and equipment maintenance areas described on Exhibit A-4 at all times during this Agreement. The Operator shall also be entitled to the year-round use and possession of reasonably adequate storage space in locations mutually agreed upon with the District.

5.5. Off-Track Wagering and Simulcast Transmissions. During the Race Meet, the Operator shall conduct, as the host track, all forms of authorized wagering within California as authorized by the California Horse Racing Law, the rules and regulations of the CHRB, and Operator's license as issued by the CHRB and may conduct interstate and international simulcast wagering at locations in other jurisdictions to the extent permitted by law. In addition the Operator shall not conduct off-track wagering activities on the premises at times other than during the Race Meet unless, in its sole discretion, the District chooses to initiate the negotiation and execution of a separate agreement which prescribes the terms and conditions of any such involvement by the Operator.

5.6. Operator's Right of Entry. The Operator shall have the right, at reasonable times during the term of this Agreement, to enter upon the Premises to the extent necessary to conduct tours, inspect the Premises and perform maintenance and repair required of the Operator. Such functions shall be conducted by the Operator in a manner which does not unreasonably interfere with the use of the Premises by the District or by the District's lessees or licensees. The District and the Operator shall regularly advise each other of proposed activities on the Premises in order to permit scheduling of their respective activities.

5.7. State of California's Right of Inspection. The Commission and the District and their respective officers and employees, and the officers of the Department of Food and Agriculture charged with the duty of administering the provisions of the Food and Agricultural Code relating to Fairs and Expositions shall, subject only to such restrictions as are imposed by the California Horse Racing Law, have access at all times in, to and upon the Premises for the purpose of examining and inspecting it, or for the purpose of observing any activities conducted thereon, or for the purpose of exercising any right, power or privilege of the District or Commission pursuant to law or this Agreement, or for any purpose connected with the repair, improvement and management of the Premises. The Operator shall, upon request of the District or the Commission, provide suitable badges and credentials authorizing admittance of such persons to the Premises, subject only to the restrictions imposed under the California Horse Racing Law and the rules and regulations of the CHRB.

6. Payment.

As consideration for the right to operate the Premises pursuant to this Agreement, during each year of the Term, the Operator shall make the following payments to the District, at the time and in the manner specified in this Agreement.

6.1. Direct Payment. \$500,000 of the Direct Payment shall be paid annually to the District on September 15, 2011, and September 15 of each succeeding year during the Term of this Agreement. The Direct Payment balance of \$300,000 shall be paid to the District by December 31 of years 2011 and 2012. The increased Direct Payment balance of \$325,000 shall be paid to the District by December 31 of years 2013, 2014 and 2015.

6.2. Basic Payment. The Operator shall pay the Basic Payment on or before November 15 of each year during the Term of this Agreement, beginning November 15, 2011 at

which time the Operator shall furnish to the District a written statement certified by the Chief Financial Officer of the Operator, setting forth the computation of Estimated Net Earnings and the Basic Payment. The Basic Payment shall be deposited by the District in the Del Mar Capital Improvement Account.

6.3. Additional Payment. On or before May 1st of each year commencing in 2012, the Operator shall pay the District the Additional Payment.

6.4. Right to Review Payment Computation. Acceptance of any statement or any monies paid as Basic Payments or Additional Payments or of the Audited Financial Statements shall not be an admission by the District of the accuracy of any such statement or the Audited Financial Statements or of the sufficiency of the amount of the Basic Payment or the Additional Payment.

6.5. Payment Upon Termination. Upon the expiration or earlier termination of this Agreement, any remaining assets of the Operator, after payment of or provision for any liabilities of the Operator, shall be paid to the District as an Additional Payment. Such payment shall be made within a reasonable period of time following such expiration or termination sufficient to enable the Operator to wind up its affairs in an orderly manner.

6.6. Best Efforts. The Operator is required to, and will, use its best efforts in the operation of the horse race meets and any and all related activities to maximize all payments to the District and Commission for improvements to the Fairgrounds. The Operator, the District and the food service operator contracted by the District will meet on a regular basis, but in no event less than once every six months commencing 30 days after the inception of this Operating Agreement, to identify and analyze both revenue generating opportunities and cost savings or efficiencies for the purpose of enhancing the overall return from all operations conducted on the Premises.

7. Budget Approval and Expenditure Limitations.

7.1. Annual Budget Approval. The Operator shall submit a preliminary itemized Budget, in the form attached as Exhibit "B", to the Commission, the District's Board of Directors, the District's Chief Executive Office and Chief Financial Officer not later than December 1 of each year and prior to the beginning of the Budget year, together with any proposed increases or decreases in the annual salaries and bonuses of Operator's executive and management personnel as required by Paragraph 7.2.2 ("Personnel Budget"). Within forty-five (45) days of the receipt of the preliminary Budget and Personnel Budget, the District may submit comments or questions concerning the Budget and/or Personnel Budget, to which the Operator shall respond in writing within fifteen (15) days of receipt. Within thirty (30) days of the receipt of such response, the final Budget and Personnel Budget shall be considered and approved by the District and transmitted to the Commission. Preceding the date of such approval, representatives of the Operator shall meet with the District's Chief Executive Officer and staff, or their respective representative(s) as necessary in order to clarify Budget and/or Personnel Budget items and/or discuss questions raised by the District. In the event that the Operator disagrees with any action of the District, it may appeal in writing to the full Commission, which shall meet and resolve any Budget and/or Personnel Budget disputes within forty five (45) days after receipt of the Operator's appeal. Nothing in this paragraph shall preclude the Commission from exercising final budgetary approval. All parties shall endeavor to complete the approval process no later than March 1 of the Budget Year. During the period of time between January 1 and final Budget approval, the Operator shall conduct its operations in accordance with its approved Budget for the preceding fiscal year subject to the approval of the District.

It is understood and agreed that the Budget review and approval process is intended to permit input from the parties to this Agreement while recognizing the expertise of the Operator and its management in operating a thoroughbred race meet. Accordingly, the review process shall be conducted with the objective of developing a Budget which will facilitate the conduct of a first class Race Meet while maximizing the implementation of the Master Plan and the economic return to the District and the Commission.

7.2. Expenditure Limitations. The Operator agrees that the following limitations will apply to its activities as they relate to financial matters:

7.2.1. No member of the Operator's Board of Directors shall be entitled to receive any compensation for service in that capacity.

7.2.2. The Operator's annual expenditures for salaries and bonuses for the year-round executive and management personnel will be subject to the approval of the District and the Commission as described in Paragraph 7.1. Executive and management compensation including benefits and bonuses must not be excessive but reasonable in amount. Salaries and bonuses shall be based on the level of responsibility, experience; qualifications; the duties performed; the number of operation days; the scope and magnitude of the race meet(s); economic conditions; the level of risk and or investment; and the revenues generated. Any bonus programs established should be structured in a manner that rewards increased profitability and reductions in costs and expenses. Compensation must be based on performance that rewards increased profitability and reductions in cost. Concurrently with the submission of the preliminary itemized Budget required by Paragraph 7.1, the Operator shall make available for inspection an itemized list detailing the proposed annual salaries and bonuses for each member of Operator's year-around executive and management personnel. The information provided pursuant to this Paragraph 7.2.2 shall be treated by the Commission as personal and private information exempt from disclosure as provided under California law, including under the provisions of the California Public Records Act (Govt. Code, § 6250, et seq.); provided, however, that the Commission and/or the District will not be liable for any negligent, inadvertent, or accident disclosure of this information. Additionally, the information provided pursuant to this Paragraph 7.2.2 will be disclosed by the Commission and/or the District if required by any order issued by a Court of competent jurisdiction.

7.2.3. Subject to the budget approval process set forth in Section 7.1, Operator's Board of Directors shall be responsible for the evaluation of personnel performance and for decisions relating to compensation, hiring, termination, discipline and related personnel policies. Neither the District or Commission shall have any liability with respect to personnel decisions by Operator. Operator may obtain employment practices insurance coverage if obtainable on commercially reasonable terms.

7.2.4. Prior to the payment of bonus compensation attributable to any year during the term of this Agreement, the Board of Directors of Operator shall develop and approve a written bonus policy establishing criteria for the size of any bonus pool, eligibility for participation therein and the determination of actual bonus amounts, if any. The bonus policy, including amounts or percentages payable to each individual employee, shall be presented as part of the budget process outlined in Section 7.1 and any subsequent changes thereto shall be approved by the District prior to implementation thereof. The information provided pursuant to this Paragraph 7.2.4 shall be treated by the Commission as personal and private information exempt from disclosure as provided under California law, including under the provisions of the California Public Records Act (Govt. Code, § 6250, et seq.); provided, however, that the Commission and/or the District will not be liable for any negligent, inadvertent, or accident disclosure of this information. Additionally, the information provided pursuant to this Paragraph

7.2.2 will be disclosed by the Commission and/or the District if required by any order issued by a Court of competent jurisdiction.

7.2.5. Following approval of the Budget pursuant to Section 7.1, the Operator shall not make any expenditure[s] in excess of the greater of \$25,000 or 10% of any line item shown on the Budget without the advance written approval of the District, pursuant to delegation of authority by the Commission. Cumulative expenditures, other than those based on income, shall not exceed the approved Budget without the advance written approval of the District, pursuant to delegation of authority by the Commission.

7.2.6. The Operator will neither budget nor make any expenditure which is inconsistent with the usual good practices in the thoroughbred industry in Southern California. All expenditures by the Operator shall, in the best business judgment of the Operator and its management, be made for the benefit of the Premises and/or the Del Mar Fairgrounds or to support and promote thoroughbred racing at the Del Mar Fairgrounds and in California.

7.3 Quarterly Financial Reports and Business Plans. Within thirty (30) days following the last day of each quarter, the Operator shall prepare and deliver to the Commission and the District a report, in substantially the form attached as Exhibit B, comparing actual expenditures to budgeted figures, by line item, to permit periodic review of the Operator's adherence to the Budget.

8. Records, Reports and Audits.

The books and records of the Operator shall be maintained by its internal accounting staff on a calendar year accrual basis and shall be audited annually by a firm of certified public accountants approved by the District. The firm currently retained by the Operator for the year ended December 31, 2010 is deemed approved for Calendar Year 2011.

8.1. Maintenance of Records. The Operator shall maintain at its offices during the Term of this Agreement, its papers, contracts, books, ledgers, journals, accounts, and other data (collectively referred to as "Records") which (i) reflect the identity and interest of all persons having any beneficial interest, whether direct or indirect, in the Operator, (ii) reflect the identity, salary, bonus, and capacity of all officers, directors and other persons having managerial responsibility of and for the Operator and (iii) reflect all of the business activities of the Operator. These Records shall include, but not be limited to the financial and other Records which reflect all of the Operator's revenues and expenses of whatever nature from, on and after execution of the Operating Agreement.

8.2. Examination of Records. The Operator shall permit the District, the Commission and appropriate State officers authorized by law, to examine and, at their expense, to have copies made of all Records required to be maintained pursuant to this Section. Any such examination and copying shall be during reasonable business hours and upon the giving of reasonable notice to the Operator.

8.3. Operator Annual Audit. At least once during each calendar year of the term of this Agreement, the Operator, at its own expense, shall cause an audit to be made of its Records which reflect all of its business activities. That audit shall be made by a certified public accountant or accounting firm selected by the Operator, subject to the prior written approval of the District, such approval not to be unreasonably withheld. On or before May 1 of each year, the Operator shall provide the District and the Commission with a signed copy of its Audited Financial Statements. The parties agree that the certified public accountant or auditing firm engaged by the Operator for the year ended December 31, 2010 shall be deemed approved for

Calendar Year 2011 without further action by the parties.

8.4 Other Audits. The Operator shall cause the annual engagement of a certified public accountant or accounting firm to perform procedures, agreed to by the CHRB, on the parimutuel operations as required by the rules and regulations of the CHRB.

8.5. District Audit. The Operator shall permit the District, at the District's option, to cause an audit to be made of the business of the Operator by such auditor or auditors as the District may, in its sole discretion, select. All such audits shall be at the expense of the District and shall be conducted during reasonable business hours so as not to interfere unduly with the business operations of the Operator.

8.6. Location of Records. The Records shall be kept and maintained in such a manner as is usual and customary for businesses of the same type conducted in the State of California at the time. In no event, however, shall those Records be less detailed and complete than is customary or required by law for privately held businesses of the same type in the State of California at the time of the execution of this Agreement. The Operator may destroy or dispose of any Records which are five years or of age or more after such Records have been offered to the District and Commission for their retention and/or copying.

9. Maintenance, Alterations and Construction.

9.1 Facilities. During the Agreement, the District shall be responsible for all facility or infrastructure maintenance, repairs, new construction, or alterations including painting, landscaping and repair work necessary to keep the facilities and infrastructure in a safe, operational, and presentable condition. This includes the structural and operational integrity of all buildings, structures and infrastructure equipment on the property used by the Operator in the conduct of thoroughbred horse racing. Notwithstanding the foregoing, the District and the Operator may agree from time to time or as part of the annual budget process that the Operator may perform the activities contemplated by this Paragraph 9.1 or contract with a third party for such activities on the Premises.

9.1.1 Facility Cleaning The Operator shall provide all labor and supplies to properly clean all facilities, buildings, stalls, offices and grounds used by the Operator to conduct thoroughbred horse racing on a daily basis during the race meet(s).

In the event fire, earthquake, or other casualty renders the facilities unsuitable for the conduct of thoroughbred horse race meets of substantially similar quality to those previously held, it shall be the responsibility of the District, the Commission and/or the State of California to make such repairs and rebuild such portions of the facilities, including the grandstand, horse barns, paddock area, racing strips and all other buildings or structures used for or in connection with the conduct of thoroughbred horse racing, as are necessary to put the facilities in condition for thoroughbred horse racing; provided, however, that in that circumstance the Commission may choose not to repair or rebuild the Premises, but rather to terminate this Agreement pursuant to Section 13 below.

9.2. Property and Equipment. The Operator shall provide and maintain in good repair all property and equipment owned by the District and/or the Del Mar Race Track Authority which may be necessary to enable the Operator to operate the Premises for the purposes authorized by this Agreement and to fulfill its obligations under this Agreement. Certain equipment owned by either the District, the Del Mar Race Track Authority, or the Operator may be shared by the District and the Operator. All property and equipment purchased by the Del Mar Race Track Authority during the course of this agreement and used to enable the Operator to operate the

Premises for the purposes authorized by this Agreement and to fulfill its obligations under this Agreement is property and equipment owned by the Del Mar Race Track Authority.

The District and the Operator shall both provide and maintain in good repair all property and equipment which may be owned by the Operator, the District or the Del Mar Race Track Authority and shared with the Operator to operate the facilities. Both parties shall be responsible for the repair of any damage to such equipment and for the replacement of lost or destroyed equipment. The District and the Operator shall within a reasonable period of time following the execution of this Agreement jointly develop a five-year equipment replacement schedule pursuant to which such equipment will be replaced and or continued in service.

9.2.1. All significant items of property and equipment owned by the District and shared with the Operator as of October 31, 2010 have been inventoried and described in Exhibit C. As of December 31, 2011 and December 31 of each succeeding year of this Agreement, an inventory will be taken and Exhibit C will be revised as follows:

- (a) Any property or equipment taken out of service will be deleted.
- (b) Any property or equipment purchased during the calendar year will be added.

9.2.2. It is the intention of the parties that these items of property and equipment are available for use by both the Operator and the District for maintenance and repair and for related activities on the Del Mar Fairgrounds. The District and the Operator shall within a reasonable period of time following the execution of this Agreement develop written protocols for the use, tracking, and repair and maintenance of any shared equipment. Such protocols shall, to the extent practicable, evaluate insurance coverages with respect to such equipment in order to minimize any potential third-party liability.

9.2.3. Upon the expiration or earlier termination of this Agreement, any other property subsequently purchased by the Operator will be transferred and delivered to the District. Such transfer and delivery shall be conducted in an orderly manner to enable the Operator to wind up its affairs following such expiration or termination.

9.3. Racing Strips. During the Term of this Agreement, the racing strip shall be maintained by the Operator in condition for training thoroughbreds, harness horses, quarter horses or other horses. The Operator shall have the sole responsibility for, and authority to do, the maintenance on the racing strips and on the training track when used for horses. The responsibility of the Operator as to the maintenance of the racing strips shall include the chute, the racing turf, the dirt and synthetic track, the inner and outer rails and the hedges lining the racing strips. If the District permits third parties to use the racing strips or the training track during the interim between the Race Meet(s), the Operator shall be reimbursed by the District for the cost of preparation and maintenance of the racing strips for and during such use. The District may authorize or permit the use of the racing strips or training track for other events outside of horse racing with the consultation of the Operator provided such use will not adversely impact thoroughbred racing. The District shall not permit any use of the racing strips for a reasonable period prior to the commencement of the Race Meet(s). The District recognizes the importance of maintaining the integrity of racing strips and will consult with the Operator whenever the strips are utilized for any interim events outside of the race meet(s); e.g., the: San Diego County Fair Grandstand Staging and the Holiday of Lights.

9.4. Infield and Grandstand Landscaping and Backside Maintenance. The District shall be responsible for all landscape installation and maintenance in the infield area and

landscaped areas immediately adjacent to the Grandstand. All landscape activities shall be coordinated with the Operator to prevent unreasonable interference with events scheduled by the Operator. The District shall also be responsible for maintenance of backside areas of the Premises as indicated on Exhibit A-5. Notwithstanding the foregoing, the District and the Operator may agree from time to time or as part of the annual budget process that the Operator may perform the landscape design, maintenance, and enhancement of the Premises contemplated by this Paragraph 9.4 or contract with a third party for such activities on the Premises. The Operator and the District shall establish inspection procedures before and after the Fair, any interim events utilizing these backside areas, and the annual Race Meet to identify any need for repair and the District shall make the necessary repairs.

9.5. Reimbursable Maintenance Costs. Insofar as the District permits third parties to lease or use the Premises during the interim between Race Meets, or permits third parties to lease or use those portions of the Premises not being operated by the Operator during Race Meets, the District shall be responsible for any painting, decorating, maintenance or repair work not performed by the Operator and directly resulting from the use by that third party, and reasonably necessary to place the Premises in condition for the Race Meet. During the interim between Race Meets, day-to-day maintenance of all areas other than the racing strips and areas occupied by the Operator shall be the responsibility of the District.

9.6. Procedures for Alterations. The Operator is prohibited from temporarily or permanently demolishing, altering, modifying, rebuilding, all or any portion of the Premises, or allow or permit any demolition, alteration, modification, or rebuilding of all or any portion of the Premises, without the advance written consent of the District, which the District may grant or withhold in its sole and exclusive discretion. The Operator must submit proposed projects, other than normal maintenance and repair, to the District in connection with the submission of its preliminary Budget on December 1. The District may, at its option and at no cost or expense to the Operator, improve the Premises for purposes of the District by alteration or substitution or addition thereto, provided that such alterations, substitutions or additions shall not impair the use of the Premises for thoroughbred racing nor substantially interfere with the use of the Premises for related activities. The District will consult with the Operator concerning any potential impact of such activities on the use of the Premises for thoroughbred racing. In the event that the Operator makes temporary alterations or modifications to the Premises with the written consent of the District, the Operator shall cause the Premises to be returned to the condition prevailing prior to the Operator's Operation Period unless otherwise agreed by the District in writing.

9.7. Mechanics Liens. During the term of this Agreement, the Operator will not in any way encumber or cloud the title to the Premises, or any part thereof, and will promptly pay and discharge any and all debts contracted by it in reference thereto for labor, material, or services, or anything connected with or used by it upon the District's property to the end that no liens shall attach thereto.

The District shall have the right to post and keep posted such notices as it may desire in order to protect the District's property and any portions thereof against liens. If, nevertheless, any such lien shall be recorded and the Operator shall, within 60 days after notice from the District fail to pay, settle, or otherwise release such lien, or deposit in escrow with a reputable bank or trust company a sufficient sum to satisfy such lien in full in the event of the unsuccessful termination of any litigation in connection with the lien and under the terms of which it shall be obligated to pay such lien upon the unsuccessful termination of such litigation, then, upon the failure of the Operator to comply with these requirements, the District may pay or otherwise dispose of the lien, or defend, settle or compromise any suit brought to foreclose it, in its sole discretion. All amounts paid by the District or any loss sustained by it on that account, including

a reasonable amount for its attorneys' fees, shall be repaid to the District and shall be in addition to any other payments otherwise required under the terms of this Agreement. A failure to repay any such sum within 30 days after giving notice thereof, including the delivery of a copy of a bill thereof, to the Operator shall constitute a breach of this Agreement.

10. Capital Improvements.

All parties to this Agreement recognize the potential of constructing and making improvements to the Premises and to other areas of the District's property. To this end, and subject to the provisions of Section 9 of this Agreement, the Commission and the District have prepared and updated a Master Plan for the development of the District's property.

10.1. Capital Improvement Account. All funds paid into the Del Mar Capital Improvement Account as Race Track Net Revenues are transferred to the Race Track Authority and pledged for the payment of the Series 2005 Revenue Bonds. If sufficient net revenues are available to satisfy the annual debt service, the remainder may be used to finance improvements to the Premises in furtherance of the Master Plan. The Operator shall submit to the District its proposals for these improvements annually. District management will submit the proposals for capital expenditures to the Del Mar Race Track Authority Board of Directors for its approval at the first meet of each calendar year.

10.2. Dedication of Concession Income. The District shall pledge not less than \$2,000,000 per year of its income from food and beverage concession operations to the Del Mar Race Track Authority for the repayment of bonds or to such other projects as are in furtherance of the Master Plan and mutually agreed to by the Operator and the District.

10.3 Sponsorships. It is the intent of the District to develop and maximize sponsorship opportunities to the fullest extent while achieving maximum revenue, trade, in kind services, and marketing opportunities for the overall benefit of the fairgrounds, race meet(s), the annual fair and interim events. The strategy, solicitation, sales and coordination of sponsorships will be developed and coordinated by the District in consultation with the Operator as to the best strategic plan and its implementation. The District recognizes the importance of a successful and comprehensive sponsorship program as a key element to the financial success of a first-class thoroughbred race meet as well as the financial success of the District and agrees to work diligently with the Operator to optimize both revenue and marketing opportunities in a cooperative and professional manner; however, the parties agree the District will have final approval of all sponsors. It is the intent of the District to target those sponsors who will participate in all the District and Operator events throughout the year although the parties acknowledge that various potential sponsors may have interests limited to particular events. The Operator and District will meet monthly to review strategies and potential sponsors and the Operator will provide to the District a quarterly report of its sponsorship efforts.

The District intends to pursue a long-term naming rights sponsorship relating to the Premises as well as other on site facility naming rights. The District shall consult with the Operator with respect to [i] any potential conflicts, [ii] the appropriateness of any potential sponsor [race meet],[iii] the equitable distribution of sponsorship revenues, and [iv] any financial, sponsorship fulfillment or other obligations expected of operator; however, the parties agree the District will have final approval of all issues referenced in this Paragraph.

The Operator has no express or implied authority to obligate the District's food service operator to sell or distribute products that are involved in a sponsorship agreement without the express written permission by the District, which the District may grant or withhold in its sole and exclusive discretion. If any sponsorship agreement does involve the District's food service

operator, the District will be compensated from said sponsorship subject to any pledge or debt service coverage requirements of outstanding bond indebtedness. The amount will be negotiated between the District's sponsorship Contractor and the Operator. In the event an agreement cannot be reached, the District's Chief Executive Officer will be the final arbiter.

Neither the District nor Operator shall have the authority to enter into any sponsorship arrangement, including but not limited to sponsorships for all or any portion of the Premises (including private or exclusive seating areas and/or private or exclusive skyboxes) or make any similar commitment on behalf of the other party without the advance written consent of the other party, and, where the District's consent is required. The District, in its sole discretion, has the right to seek and obtain the opinion of nationally-recognized bond counsel that the exclusion from gross income of interest on the bonds will not be adversely affected by any action or actions (including, but not limited to, actions requiring the District's consent) taken pursuant to this paragraph, and this determination will be final, conclusive, and binding on the Operator.

11. Concessions and Subcontractors.

Nothing in this Agreement shall be construed to prohibit the Operator from granting concessions or contracts for the operation of one or more of the business activities permitted under this Agreement, other than concessions for food and beverage. During the Race Meet, thoroughbred horse racing on the Premises with parimutuel wagering on the results thereof, shall be conducted only under the direct supervision and management of the Operator.

11.1. Authority to Subcontract. The Operator shall not enter into any concession or subcontract, including, but not limited to private or exclusive seating areas and/or private or exclusive skyboxes, without the advance written consent of the District, and then only upon such terms and conditions as may be prescribed by the District. The District, in its sole discretion, has the right to seek and obtain the opinion of nationally-recognized bond counsel that the exclusion from gross income of interest on the bonds will not be adversely affected by any action or actions (including, but not limited to, actions requiring the District's consent) taken pursuant to this paragraph. Any person granted a concession or subcontract by the Operator shall, as a part of that concession or subcontract agreement, agree in writing (1) to be bound by all the terms and provisions of this Agreement, insofar as applicable, and (2) to permit the District to examine and, at the District's expense, have copies made of all financial records relating to the operation of the concession or subcontract and furnish the District with signed copies of all audit reports obtained in connection with the operation of the concession or subcontract. The Operator shall be responsible for the acts of its concessionaires and subcontractors and a violation of any of the terms or provisions of this Agreement by any such concessionaire or subcontractor shall have the same effect as if such violation had been committed or suffered by the Operator as well as by the concessionaire or subcontractor and shall be actionable by the District against the Operator and/or the concessionaire and/or the subcontractor, at the option of the District.

11.2. Food and Beverage Concessions. The food and beverage concession agreement for the Race Meet shall be between the concessionaire and the District with revenues paid directly to the District. It is recognized, however, by all parties to this Agreement that the performance of the concessionaire during the Race Meet is a key factor to the success of the Operator's operations. The Operator and the District shall set standards that require the concessionaire to furnish and dispense foods and beverages of the highest quality and maintain a level of service satisfactory to the Operator and the District that is at least equal to that of other racing establishments in Southern California.

11.3. Approval of Prices. The District shall have access to and the right to set, the

schedule of prices and rates for all food and beverage products sold on the Premises. In making such determinations, the District shall consult with Operator and shall take into account the potential impact of food and beverage prices on customer satisfaction and overall business. If the District shall determine, after reasonable consultation with the Operator and/or the concessionaire, that any price or prices are unreasonable or inappropriate, they shall be modified as directed by the District. Rates and prices for such products shall be displayed on signs as appropriate. The District reserves the right to prohibit the sale or rental of any item which it deems objectionable or beyond the scope of merchandise deemed necessary for proper service to the public at a thoroughbred horse race meet.

11.4 Other Revenue Generation Opportunities. The Operator agrees to comply with the District on any revenue generating project or opportunity that will benefit both parties. The District will make all reasonable efforts to insure that such project or opportunity will not interfere with race track operations but the District will have final decision or approval on any project or opportunity contemplated by this Paragraph 11.4.

11.5 Parking and Traffic Control – The District will, in coordination with the Operator, manage parking and traffic control services during the race meets, with the understanding that revenues generated from parking and traffic control will be included in the Operator's operating income statement. The District and the Operator agree to review parking and traffic control services during the race meets on a regular basis in order to insure appropriate customer service levels are met as they pertain to parking and traffic control and to insure the continuation of reasonable and customary past practices and procedures. The District agrees the services provided under this Paragraph 11.5 will be conducted in compliance with all existing labor agreements.

12. Utility Services.

The Operator will assume and pay when due all charges for natural gas, electricity, heat, power, telephone, water, light, sewer, and any other utility services accruing or payable in connection with its operation of the Premises, or any part thereof, including deposits, connection fees or charges in meter rentals required by the supplier of any such utility service. The Operator is obligated to use and employment best available management practices to minimize its use of water, sewer, energy, electricity, natural gas, energy, and other utility services. The Operator agrees to monthly monitoring of the Operator's use of water, sewer, energy, electricity, natural gas, energy, and other utility services by the District and the District shall, to the extent practicable, provide metering or other equipment sufficient to effectively monitor usage on a timely basis. If the Operator's use of water, sewer, energy, electricity, natural gas, energy, and/or other utility services exceeds 110% of the previous year's monthly usage, the Operator will investigate the usage to determine the cause of the excess and, if applicable, apply corrective measures. Additionally, Operator agrees to recycle all "grey" water to the extent permitted by law. The District shall, to the extent practicable, take any necessary actions to ensure that the food and beverage concessionaire cooperates fully with the Operator to control utility consumption.

13. Destruction of Premises.

If all or any portion of the Premises is destroyed or damaged by any casualty such that the Premises are rendered unsuitable for the conduct of thoroughbred horse race meets of substantially similar quality to those previously held, the District, the Commission, the Del Mar Race Track Authority and/or the State of California may, at their sole cost and expense and at the earliest date reasonably possible, repair such damage, subject to the availability of funds. However, in the event of such casualty, the parties may agree to suspend thoroughbred racing

operations until such damage is repaired, or the Commission may choose to terminate this Agreement. The Operator acknowledges that it has no rights by virtue of the provisions of Section 1932 and the provisions of subsection(4) of Section 1933 of the Civil Code of the State of California, but assumes no responsibility to repair or replace portions of the Premises destroyed or damaged by casualty.

14. Indemnification and Insurance.

14.1. Indemnification. To the fullest extent permitted by law, the Operator shall defend, indemnify, and hold harmless the State of California, the District, the Commission, the Del Mar Race Track Authority, the CHRB, and their respective agents, directors, and employees (collectively, "indemnitees") from and against all claims, damages, losses, and expenses, of every kind, nature and description (including, but not limited to, attorneys fees, expert fees, and costs of suit), directly or indirectly arising from, or in any way related to the performance or nonperformance of this Agreement, regardless of responsibility of negligence; by reason of death, injury, property damage, or any claim arising from the alleged violation of any state or federal accessibility law, statute or regulation, (including but not limited to, the Americans With Disabilities Act, and/or any state, local, successor, or comparable provision of law) however caused or alleged to have been caused, and even though claimed to be due to the negligence of the indemnities, or any one or more of them. Provided, however, that in no event shall the Operator be obligated to defend or indemnify the indemnitees with respect to the sole negligence or willful misconduct of the indemnities, their respective employees, or agents (excluding the Operator, or any of its employees or agents). However, the Operator shall have the right to contest the validity of any and all claims and demands and defend any and all such suits, causes of action, and claims for damages, of any kind or character and by whomsoever claimed, as the Operator may deem necessary or proper.

14.2. Insurance Coverage. The Operator, at its own cost and expense, shall maintain in full force and effect at all times during the term of this Agreement, public liability and property damage insurance protecting the legal liability of the Operator, the District, the Del Mar Race Track Authority, the Commission and the State of California and their officers, agents, servants and employees from occurrences as to bodily injury liability and property damage liability which arise from the activities and operations of the Operator, its agents, contractors, employees, concessionaires or assigns, conducted upon or in connection with the Premises or any portion thereof. The Operator shall maintain general liability on an occurrence form with limits not less than \$10,000,000 for bodily injury and property damage liability combined, automobile liability with limits not less than \$5,000,000 combined single limit per accident, and statutory workers compensation and employer's liability coverage for all its employees who will be engaged in the performance of the contract with limits of \$1,000,000, and any other insurance coverage required by the District under the terms of the Operating Agreement. With approval of the Commission, there may be a deductible feature in connection with such coverages and such coverages shall be on an occurrence basis.

14.3. Insurance Policy Format. All policies of insurance required by this Agreement shall be in standard form and written by such qualified insurance companies authorized to do business in the State of California and shall reasonably satisfy the District and the Department of General Services, State of California. Further, each policy of insurance shall set forth:

14.3.1. An endorsement that states the Operators' insurance is primary to any insurance maintained by the District, the Commission, the Del Mar Race Track Authority and the State Race Track Leasing Commission.

14.3.2. The policy must include an additional insured endorsement naming the

State of California, the 22nd District Agricultural Association, the Del Mar Race Track Authority, the State Race Track Leasing Commission, the California Department of Finance, the California Department of General Services, the California Department of Food and Agriculture, and their respective directors, officers, agents, servants and employees are named as additional insured, but only insofar as the operations under this contract are concerned.

14.3.3. Coverage Term – Coverage needs to be in force for the complete term of the contract. If insurance expires during the term of the contract, a new certificate must be received by the State at least ten (10) days prior to the expiration of this insurance. Any new insurance must still comply with the original terms of the contract.

14.3.4. Policy Cancellation or Termination & Notice of Non-Renewal – Insurance policies shall contain a provision stating coverage will not be cancelled without 30 days prior written notice to the State and the District. In the event Operator fails to keep in effect at all times the specified insurance coverage, the State may, in addition to any other remedies it may have, terminate this Contract upon the occurrence of such event, subject to the provisions of this Contract.

14.3.5. Deductible – Operator is responsible for any deductible or self-insured retention contained within their insurance program.

14.3.6. Inadequate Insurance – Inadequate or lack of insurance does not negate the Operator's obligations under the contract.

14.3.7. Premium payment is the responsibility of the Operator. Neither the District, the Commission, the Del Mar Race Track Authority, nor the State of California is liable for the payment of any premiums or assessments on said policy.

14.4. Evidence of Insurance. Evidence of insurance shall be provided by the Operator to the District prior to the commencement of the term of this Agreement and otherwise at such times and in such manner as the District shall from time to time request. The Operator will also provide certified copies of the Additional Insured Endorsement[s] required by Paragraph 14.3.2 of this Agreement.

14.5. Failure to Provide Insurance. If the Operator fails to procure or maintain the required insurance, the District, at its option, may do so and charge the cost of that insurance to the Operator. That cost shall be repaid by the Operator to the District and shall be in addition to any other payments required under this Agreement. A failure to repay any such sum within 30 days after the date a bill for payment of the required insurance is mailed by the District to the Operator, shall constitute a material breach of this Agreement. If any insurance required by this Agreement cannot be procured or maintained as the direct or indirect result of any act or omission by the Operator, the inability to procure or maintain the insurance will constitute a material breach of this Agreement by the Operator.

14.6. Operator as Additional Insured. Unless otherwise agreed by the parties, to the extent that any party hereto shall enter into contracts with contractors, subcontractors, concessionaires or others performing services on the Premises in which that entity is required to provide insurance to such party, each other party to this Agreement, the District, the Commission, the Del Mar Race Track Authority and the State of California shall be named as an additional insured on such policy. In the case of the concessionaire providing food and beverage services during the Race Meet, insurance policies shall be required and shall be subject to the approval of the District, such approval not to be unreasonably withheld.

14.7 Safety Practices. The Operator shall conduct all its activities, as required or permitted by the terms and conditions of the Agreement, in compliance with all codes, statutes, ordinances, and regulations, and in compliance with all generally accepted applicable safety practices. The Operator agrees to retain a Safety Officer or utilize the District's Safety Officer to insure all of its operations are conducted in compliance with the best and highest safety practices.

15. Assignment.

15.1. Prohibition Against Assignment. Other than concession agreements or subcontracts entered into pursuant to Section 11, the Operator shall not assign, mortgage, pledge, hypothecate or otherwise dispose of this Agreement, or any of rights, privileges, or obligations under this Agreement, or the Premises or any portion of the Premises, nor shall the Operator suffer any other person to operate the Premises or any portion thereof, without the advance written consent of the District which the District may grant or withhold in its sole and exclusive discretion, and then only upon such terms and conditions as may be prescribed by the District. The District, in its sole discretion, has the right to seek and obtain the opinion of nationally-recognized bond counsel that the exclusion from gross income of interest on the bonds will not be adversely affected by any action or actions (including, but not limited to, actions requiring the District's consent) taken pursuant to this paragraph. It is expressly understood and agreed that the District and the Commission may assign or otherwise dispose of the interest of the State of California in this Agreement, or in any part of this Agreement, without obtaining the consent of the Operator. Any consent granted under this Section 15 shall not be deemed to confer any right upon the Operator to thereafter do or suffer any of these prohibited acts.

15.2. Changes in Stock Ownership. The current stock ownership of the Operator is set forth in Exhibit D to this Agreement. Any change in stock ownership, whether voluntary, involuntary or by operation of law or otherwise, shall be deemed an assignment prohibited by this Section 15 unless the advance written consent of the District, the Department of Food and Agriculture and the Department of General Services is obtained. The District, in its sole discretion, has the right to seek and obtain the opinion of nationally-recognized bond counsel that the exclusion from gross income of interest on the bonds will not be adversely affected by any action or actions (including, but not limited to, actions requiring the consent of the District, the Department of Food and Agriculture, and/or the Department of General Services) taken pursuant to this paragraph. Such written consent shall not be unreasonably withheld nor shall any unreasonable terms or conditions in connection with its granting be imposed. Due consideration shall be given, however, to the financial responsibility, character, business ability, morality and reputation of such stockholder transferring and/or receiving the stock interest in the corporation.

As a condition of obtaining the written consent of the agencies referred to in this Section 15.2, the Operator shall immediately supply those agencies with any and all written information requested by any one or more of those agencies.

15.3 Approval of Management. Any change in the top five senior executive officers is subject to approval by the District and the Commission during the entire Term of this Agreement and any extensions of the Term resulting from the exercise of Option Periods under Paragraph 4.1 of this Agreement.

16. Default and Remedies.

The performance of each of the Operator's obligations under this Agreement is a condition as well as a covenant. The Operator's right to continue its operation of the Premises is conditioned upon such performance.

16.1. Events of Default. The occurrence of any of the following shall constitute a default and breach of this Agreement by the Operator:

16.1.1. If the Operator is denied a license to conduct thoroughbred horse racing for reasons other than suitability of the facilities at the Del Mar Fairgrounds or reasons relating to the terms and provisions of this Agreement, or if the Operator ceases to operate the Premises.

16.1.2. If the Operator fails to pay Direct Payment, Basic Payment or Additional Payment, or any other charge required to be paid as and when due, where such failure continues for ten (10) days after written notice thereof by the Commission to the Operator.

16.1.3. If (i) a general assignment or general arrangement for the benefit of creditors made by the Operator; (ii) a petition for adjudication of bankruptcy or reorganization or rearrangement is filed by or against the Operator and not dismissed within 120 days; (iii) there is appointed a trustee or receiver to take possession of substantially all of the Operator's assets located at the Premises; or (iv) substantially all of the Operator's assets located at the Premises are subjected to attachment, execution or other judicial seizure which is not discharged within 90 days.

16.1.4. If the Operator fails to perform any of its non-monetary obligations under this Agreement for a period of 30 days after written notice from the Commission specifying the non-monetary obligations remaining unperformed. If more time is required to complete such performance, the Operator shall not be in default if it commences such performance within the 30-day period and thereafter diligently pursues its completion.

16.1.5. If the Net to Gross Ratio for any two (2) consecutive years, does not equal at least fifteen percent (.15).

16.2. Rights and Remedies. Upon the occurrence of a material default by the Operator and its failure to correct or commence correction of that default upon notice thereof, and at any time thereafter, with or without further notice or demand and without limiting the Commission in the exercise of any right or remedy which it may have, the Commission shall be entitled to the following rights and remedies:

16.2.1. Terminate the Operator's right to operate the Premises by any lawful means, in which case this Agreement shall terminate and the Operator shall immediately surrender any and all use of the Premises to the District, as authorized by the Commission. In such event, the District, as authorized by the Commission shall have the immediate right to remove all persons and property and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of, the Operator, all without service of notice or resort to legal process and without becoming liable for any loss or damage which might be occasioned thereby.

16.2.2. Enter the Premises, with or without terminating this Agreement, and remove all persons and property from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of the Operator. If the Commission elects to take such action, the Commission shall not be liable for damages by reason of such action.

16.3. Procedure for Termination. The Commission shall not be deemed to have terminated this Agreement, the Operator's right to operate the Premises or the liability of the Operator to pay Direct Payment, Basic Payment or Additional Payment thereafter to accrue or its liability for damages under any of the provisions hereof, unless the Commission shall have notified the Operator in writing that it has so elected to terminate this Agreement.

16.4. Cumulative Nature of Remedies. All rights, options and remedies of the Commission contained in this Agreement shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and the Commission shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law whether or not stated in this Agreement. No waiver by the Commission of a breach of any of the terms, covenants or conditions of this Agreement by the Operator shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or condition.

16.5. No Waiver. No waiver of any default of the Operator hereunder shall be implied from any omission by the Commission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect default other than as specified in that waiver. The consent or approval by the Commission to or of any act by the Operator requiring the Commission's consent or approval shall not be deemed to waive or render unnecessary the Commission's consent to or approval of any subsequent similar acts by the Operator.

17. Letter of Credit.

17.1. Letter of Credit. During the term of this Agreement, the Operator shall obtain and file with the District an irrevocable letter of credit issued by a bank or other financial institution approved by the District. Such letter of credit shall be in the amount of \$500,000 and shall be conditioned on the faithful performance by the Operator of all of the terms, covenants and conditions of this Agreement. Such letter of credit shall be approved as to sufficiency by the Commission and as to form by the Attorney General of the State of California. The Operator, at its option, may post a \$500,000 cash deposit with the District in lieu of the irrevocable letter of credit.

17.2. Costs and Expenses. Any interest cost or expense incurred by the Operator in connection with the letter of credit shall be deemed expenses of the Operator under this Agreement.

18. Condemnation.

If any action or proceeding is commenced for the condemnation of the Premises, or any portion thereof, under the right of eminent domain, or if the Commission is advised in writing by any government, or any agency, instrumentality, department or bureau thereof, or by any person having the right or power of condemnation, of its intention to condemn the Premises, or any portion thereof, after the execution of this Agreement and prior to its termination, then and in any of said events:

18.1. Settlement by District. Subject to the approval of the Departments of Food and Agriculture and General Services, the District may, without any obligation or liability to the Operator, and without affecting the validity and existence of this Agreement other than as expressly provided, agree to sell or convey to the condemnor, without first requiring that any action or proceeding be instituted, or, if such action or proceeding shall have been instituted, without requiring any trial or hearing. The District is also expressly empowered to stipulate to a

judgment in any such action or proceeding or to the part or portion of the Premises sought by the condemnor, free from this Agreement and the rights of the Operator hereunder.

18.2. Rights to Proceeds. The Operator shall have no claim against the District or the Commission nor shall it be entitled to any part or portion of the amount that may be paid or awarded as a result of the sale or condemnation of the Premises, or any part or portion thereof. The Operator hereby assigns, transfers and sets over to the District any interest, if any, which the Operator would but for this provision have in, to, upon or against the Premises or any part or portion thereof, or the amount agreed to be paid or awarded and paid to the District.

18.3. Continuation of Agreement. If the condemnation is of a portion of the Premises only and the remainder is suitable for the conduct of thoroughbred horse race meets of substantially similar quality to those previously held, then this Agreement and all of its terms and provisions shall remain in full force and effect.

18.4. Termination. If the Premises, or such portion thereof as would render the remainder unsuitable for the conduct of thoroughbred horse race meets of substantially similar quality to those previously held, are condemned then this Agreement at the option of either the Commission or the Operator shall cease and come to an end at the time the District's ability to permit the Operator to operate the Premises ceases because of that condemnation.

19. Easements and Rights of Way.

This Agreement is subject to all existing easements and rights of way. The District may grant additional public utility easements as may be necessary during the term of this Agreement and the Operator hereby consents to the granting of any such easements. However, the public utility shall be required to reimburse the Operator for any impairment to its operation caused by any construction work on the easement area. No such easement will be granted during the Race Meet if, in the reasonable opinion of the Operator's and the District's management, the granting of the easement will unduly interfere with its operations or endanger personnel or horses during the course of its operations.

20. Hazardous Materials.

20.1. Prohibition of Storage. The Operator shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises, by the Operator, its agents, employees, contractors or invitees in a matter or for a purpose prohibited by any governmental agency or authority. If the presence of any Hazardous Material on the Premises caused or permitted by the Operator prior to or during the term of this Agreement results in any contamination of the Premises, the Operator shall promptly take all actions at its sole expense as are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material to the Premises, provided that the District's consent to such action shall first be obtained.

20.2. Business. Notwithstanding the prohibitions of Section 20.1, the Operator may operate its business according to the customs of the thoroughbred racing industry so long as the use or presence of Hazardous Materials is strictly and properly monitored according to all applicable governmental requirements. The Operator agrees to deliver to the District a list identifying each type of Hazardous Material to be present on the Premises and setting forth any and all governmental approvals or permits required in connection with the presence of Hazardous Materials on the Premises ("Hazardous Materials List"). The Operator shall deliver to the District an updated Hazardous Materials List at least once a year.

20.3. Definition of "Hazardous Material". As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 2, Chapter 6.8 (Carpenter-Presly-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance" or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) listed under Article 9 and defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (viii) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), (ix) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903), or (x) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601, et seq. (42 U.S.C. Section 9601).

21. Compliance with Law. The Commission represents and warrants to the Operator that this Agreement has been authorized and entered into in compliance with Section 4353 of the California Food and Agricultural Code and all other applicable laws.

22. Miscellaneous Provisions.

22.1. California Law Governs. This Agreement shall be governed by and construed in accordance with the laws of the State of California. The reference in this Agreement to any legislation shall be read as though the words for any statutory modifications or reenactments thereof or any statutory provisions substituted therefore, were added to such reference. Venue of any action arising directly or indirectly out of this Agreement shall be in the County of San Diego, State of California.

22.2. Meaning of Headings. The section headings of this Agreement are only to assist the parties in reading the Agreement and shall have no effect upon its construction or interpretation.

22.3. Damage. The Operator shall not damage the Premises or any part thereof, or permit any acts to be done thereon in violation of any law or which create a nuisance and shall not operate the Premises or any part thereof for any immoral purpose.

22.4. Withholding Consent. Whenever under the provisions of this Agreement a party's consent or agreement is required for action, such party shall not unreasonably delay or withhold its consent or agreement. However, if that provision states that a party may grant or withhold its approval in its sole discretion, or contains words of similar import, that party may grant or withhold its consent for any reason or for no reason.

22.5. Assignability. Subject to the provisions of Section 15, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. Notwithstanding any provision of this Agreement, this Agreement shall not be assigned or assignable by operation of law and in no event shall this Agreement be an asset of the Operator in any receivership, bankruptcy, insolvency or reorganization proceeding.

22.6. Partial Invalidity. If any term or provision of this Agreement shall be held invalid or unenforceable to any extent under any applicable law by a court of competent jurisdiction, the remainder of this Agreement shall not be affected and each remaining term and provision shall be valid and enforceable to the fullest extent permitted by law. To the extent that the provisions of applicable law may be waived, they are hereby waived to the end that this Agreement be deemed to be a valid and binding agreement and enforceable in accordance with its terms.

22.7. Giving of Consent. Whenever the Commission or the District is required or authorized to give consent or approval to or authorization of, any act of the Operator, such consent, approval or authorization may be given by such committee or person as may be designated by the Commission or the District. The action of such committee or person shall be binding on the parties for whom such action is taken.

22.8. Entire Agreement. This Agreement, along with any schedules, exhibits, attachments or other documents referred to, constitutes the entire and exclusive agreement between the Commission, the District and the Operator relative to the operation of the Premises. This instrument and such exhibits, attachments and other documents may be amended or revoked only by an instrument in writing signed by both the Commission and the Operator or their respective successors in interest. The Commission and the Operator agree that no prior agreement, understanding or representation pertaining to any matter covered or mentioned in this Agreement shall be effective for any purpose.

22.9. Notices. All notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by certified or registered mail, return receipt requested and postage prepaid. If any request, demand or notice is to be given by personal delivery it shall be given as follows: (i) In the case of the Operator, to the Chairman of the Board, the President or the General Manager; (ii) in the case of the Commission, to the Chairperson; (iii) in the case of the District, to the President of the Board of Directors and the Chief Executive Officer.

If any request, demand or notice is to be given by mail, it shall be delivered as follows:

If to the Commission:

Director of Finance
Chairperson
State Race Track Leasing Commission
State Capitol, Room 1145
Sacramento, CA 95814

With a copy to:

Deborah M. Fletcher
Deputy Attorney General
110 West A Street, Suite 1100
San Diego, CA 92101

If to the District:

President of the Board of Directors
22nd District Agricultural Association
2260 Jimmy Durante Boulevard
Del Mar, CA 92014

With a copy to:

Timothy J. Fennell, Chief Executive Officer
22nd District Agricultural Association
2260 Jimmy Durante Boulevard
Del Mar, CA 92014

If to the Operator:

Craig R. Fravel
President and General Manager
Del Mar Thoroughbred Club
PO Box 700, Del Mar, CA 92014

Any person or address set forth above may be changed, or other persons added, by giving notice in accordance with the provisions of this subsection.

22.10. Events Beyond Control of the Parties. If either party cannot perform any of its obligations due to events beyond that party's control, such failure to perform shall not constitute a breach of this Agreement and the time provided for performing such obligations shall be extended by a period of time equal to the duration of such events. Events beyond the parties control include, but are not limited to, acts of God, war, civil commotion, labor disputes, strikes, fire, flood, earthquake or other casualty, shortages of labor or material, government regulation or restriction and weather conditions. This Agreement shall not be terminated, nor shall its term be extended, by reason of any such suspension. Performance shall be resumed within a reasonable time after such cause has been removed. This Section shall not apply to destruction covered by Section 13 of this Agreement.

22.11. Non-discrimination. The Operator covenants by and for itself, its successors and assigns and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that, there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, sex, sexual orientation, age, physical handicap, disability, national origin, or ancestry in the operation of the Premises. Neither the Operator nor any person claiming under or through the Operator shall establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of the concessionaires, subcontractors or others in or on the Premises.

22.12. Waiver. No waiver by the Commission of the breach of any covenant, condition or term of this Agreement shall be construed as a waiver of any preceding or succeeding breach nor shall the acceptance of any moneys from the Operator pursuant to this Agreement during any period in which the Operator is in default be deemed a waiver of such default.

22.13. California Horse Racing Board. No right, option or privilege contained in this Agreement or conferred upon the Operator by it shall be deemed to bind the CHRB or any other agency of the State of California to exercise any discretion granted upon it by law in any particular manner.

22.14. Amendments. This Agreement may be amended only by the mutual agreement of the Commission and the Operator, evidenced by a written amendment duly executed by the Commission and the Operator and approved by the Departments of Food and Agriculture and

22.14. Amendments. This Agreement may be amended only by the mutual agreement of the Commission and the Operator, evidenced by a written amendment duly executed by the Commission and the Operator and approved by the Departments of Food and Agriculture and General Services.

22.15. Execution and Binding Effect. This Agreement shall not be binding upon the Commission until it has been duly executed by the Commission and approved by the California Departments of Food and Agriculture and General Services.

22.17 Litigation Expenses. Should litigation be necessary to enforce any term or provision of this agreement, or to collect any portion of the amount payable under this agreement, then all litigation and collection expenses, witness fees, court costs, and attorney's fees shall be paid to the prevailing party.

IN WITNESS WHEREOF, the Commission has caused this Agreement to be executed by its Chairperson, and the Operator has caused this Agreement to be executed by its President, all as of the date set forth above.

STATE RACE TRACK LEASING
COMMISSION, on behalf of the
22ND DISTRICT AGRICULTURAL
ASSOCIATION

By: Cynthia Bryant
Cynthia Bryant
Chairperson

DEL MAR THOROUGHBRED CLUB

By: _____
Joseph W. Harper
Chief Executive Officer

Approved pursuant to Food and Agricultural Code Section 4051:

DEPARTMENT OF FOOD AND
AGRICULTURE

By: _____
A.G. Kawamura
Director

Approved pursuant to Food and Agricultural Code Section 4051 and pursuant to Government Code Section 11005.2:

22.14. Amendments. This Agreement may be amended only by the mutual agreement of the Commission and the Operator, evidenced by a written amendment duly executed by the Commission and the Operator and approved by the Departments of Food and Agriculture and General Services.

22.15. Execution and Binding Effect. This Agreement shall not be binding upon the Commission until it has been duly executed by the Commission and approved by the California Departments of Food and Agriculture and General Services.

22.17 Litigation Expenses. Should litigation be necessary to enforce any term or provision of this agreement, or to collect any portion of the amount payable under this agreement, then all litigation and collection expenses, witness fees, court costs, and attorney's fees shall be paid to the prevailing party.

IN WITNESS WHEREOF, the Commission has caused this Agreement to be executed by its Chairperson, and the Operator has caused this Agreement to be executed by its President, all as of the date set forth above.

STATE RACE TRACK LEASING
COMMISSION, on behalf of the
22ND DISTRICT AGRICULTURAL
ASSOCIATION

By: _____
Ana Matosantos
Chairperson

DEL MAR THOROUGHBRED CLUB

By: _____
Joseph W. Harper
Chief Executive Officer

Approved pursuant to Food and Agricultural Code Section 4051:

DEPARTMENT OF FOOD AND
AGRICULTURE

By:  _____
A.G. Kawamura
Director

Approved pursuant to Food and Agricultural Code Section 4051 and pursuant to Government Code Section 11005.2:

General Services.

22.15. Execution and Binding Effect. This Agreement shall not be binding upon the Commission until it has been duly executed by the Commission and approved by the California Departments of Food and Agriculture and General Services.

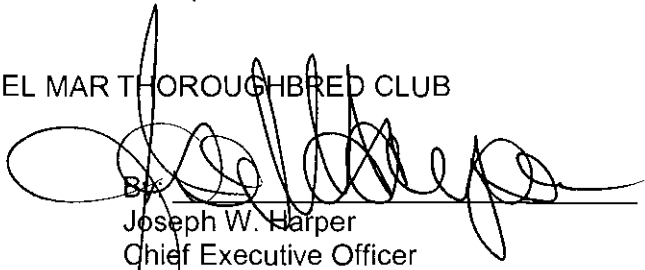
22.17 Litigation Expenses. Should litigation be necessary to enforce any term or provision of this agreement, or to collect any portion of the amount payable under this agreement, then all litigation and collection expenses, witness fees, court costs, and attorney's fees shall be paid to the prevailing party.

IN WITNESS WHEREOF, the Commission has caused this Agreement to be executed by its Chairperson, and the Operator has caused this Agreement to be executed by its President, all as of the date set forth above.

STATE RACE TRACK LEASING
COMMISSION, on behalf of the
22ND DISTRICT AGRICULTURAL
ASSOCIATION

By: _____
Ana Matosantos
Chairperson

DEL MAR THOROUGHBRED CLUB

By: 
Joseph W. Harper
Chief Executive Officer

Approved pursuant to Food and Agricultural Code Section 4051:

DEPARTMENT OF FOOD AND
AGRICULTURE

By: _____
A.G. Kawamura
Director

Approved pursuant to Food and Agricultural Code Section 4051 and pursuant to Government Code Section 11005.2:

DEPARTMENT OF GENERAL SERVICES

DEPARTMENT OF GENERAL SERVICES

By: 

Ronald L. Diedrich
Acting Director

Approved As to Form:

EDMUND G. BROWN JR.
Attorney General of the State of California

By: 

Deborah M. Fletcher
Deputy Attorney General

DAA22-103.agt.44802.1

AMENDMENT TO DEL MAR RACE TRACK OPERATING AGREEMENT

This Amendment ("Amendment") to the Del Mar Race Track Operating Agreement entered into effective January 1, 2011 ("Operating Agreement") between the STATE RACE TRACK LEASING COMMISSION ("Commission"), acting on behalf of the 22ND DISTRICT AGRICULTURAL ASSOCIATION ("District"), and the DEL MAR THOROUGHBRED CLUB, a California corporation ("Operator") is made and entered into on March 14, 2012.

RECITALS

A. An ambiguity exists in the one of the definitions in Paragraph 2 of the Operating Agreement.

B. The Commission and the Operator agree the definitions in Paragraph 2 of the Operating Agreement should be amended to more accurately reflect the intention of the parties, and that the amended definitions will not alter or impair in any way the consideration paid under the terms and conditions of the Operating Agreement.

THEREFORE, in consideration of the above recitals, the mutual obligations and agreements in this Amendment, and for other good and valuable consideration, the Commission and the Operator agree as follows:

AGREEMENT

1. The definition of the term "Net to Gross Ratio" set forth in Paragraph 2 on Page 3 of the Operating Agreement shall be revised in its entirety to read as follows:

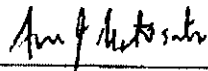
"Net to Gross Ratio" shall mean the ratio of total payments made pursuant to this Agreement to Gross Revenues.

2. Except as expressly provided in this Amendment, in all other respects the Operating Agreement is hereby republished in its entirety and remains in full force and effect.

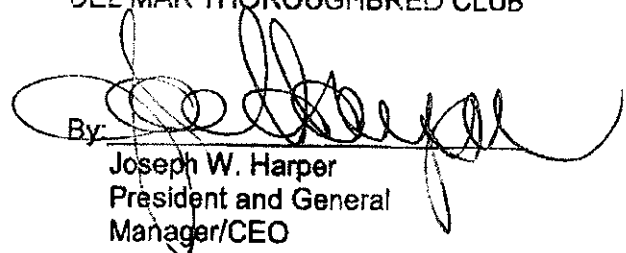
3. This Amendment may be signed in counterparts.

IN WITNESS WHEREOF, the Commission has caused this Amendment to be executed by its Chairperson, and the Operator has caused this Amendment to be executed by its President, as of the date set forth above.

STATE RACE TRACK LEASING
COMMISSION, on behalf of the
22ND DISTRICT AGRICULTURAL
ASSOCIATION

By: 
Ana Matosantos
Chairperson and Director of the
California Department of Finance

DEL MAR THOROUGHBRED CLUB

By: 
Joseph W. Harper
President and General
Manager/CEO

SECOND AMENDMENT TO DEL MAR RACE TRACK OPERATING AGREEMENT

This Second Amendment (Second Amendment) to the Del Mar Race Track Operating Agreement entered into effective January 1, 2011 ("Operating Agreement") between the STATE RACE TRACK LEASING COMMISSION ("Commission"), acting on behalf of the 22ND DISTRICT AGRICULTURAL ASSOCIATION ("District") and the DEL MAR THOROUGHBRED CLUB, a California corporation ("Operator") is made and entered into effective February 14, 2014.

RECITALS

A. The Commission and the Operator entered into the Operating Agreement for operation of the Del Mar Race Track, located on the premises of the District, effective January 1, 2011.

B. The Commission and the Operator executed an Amendment to the Operating Agreement effective March 14, 2012 ("First Amendment").

C. In or about November 2013, the California Horse Racing Board granted to the Operator the right to conduct, in addition to its traditional dates for racing, a four-week live horse race meet in November of 2014 and a five-week live horse race meet in October and November of 2015 at the Del Mar Race Track located at the Del Mar Fairgrounds.

Therefore, in consideration of the above recitals, the mutual obligations and agreements in this Second Amendment, and for other good and valuable consideration, the Commission and the Operator agree as follows:

AGREEMENT

1. The definition of "Direct Payment" in Paragraph 2 of the Operating Agreement is amended in full to read as follows:

"Direct Payment" shall mean, subject to the limitations set forth in Section 4155 of the California Food and Agricultural Code, the amount of \$1,225,000.00 for calendar years 2014 and 2015. The Direct Payment is used by the District for the Fair or any other authorized purposes.

2. Paragraph 6.1 of the Operating Agreement is amended in full to read as follows:

6.1. Direct Payment. \$500,000 of the Direct Payment shall be paid annually to the District on September 15 of each calendar year during the term of this Operating Agreement. \$400,000 of the Direct Payment shall be paid annually to the District on December 15 of each calendar year during the term of this Operating Agreement. The Direct Payment balance of \$325,000 shall be paid to the District by December 31 of each calendar year during the term of this Operating Agreement.

3. Paragraph 5.8 shall be added to the Operating Agreement to read as follows:

5.8. Breeders' Cup. If Operator enters into negotiations with Breeders' Cup Ltd., for conducting the Breeders' Cup at the Del Mar Race Track, Operator shall consult with and solicit the input of the District on a regular basis. Subject to the foregoing and the consent of the District, Operator shall negotiate with Breeders' Cup Ltd. for conducting the Breeders' Cup at the Del Mar Race Track located at the Del Mar Fairgrounds; *provided, however*, that any final agreement shall be subject to the prior approval of the Commission.

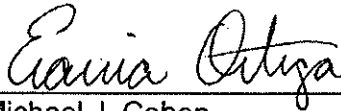
4. Except as expressly provided in this Second Amendment, in all other respects the Operating Agreement and the First Amendment are hereby republished in their entirety and remain in full force and effect.

5. This Second Amendment may be signed in counterparts.

IN WITNESS WHEREOF, the Commission has caused this Second Amendment to be executed by its Chairperson, and the Operator has caused this Amendment to be executed by its President, effective February 14, 2014.

STATE RACE TRACK LEASING COMMISSION
on behalf of the
22nd DISTRICT AGRICULTURAL ASSOCIATION

By:



Michael J. Cohen
Chairperson of the State Race Track Leasing
Commission and Director of the
California Department of Finance

DEL MAR THOROUGHBRED CLUB

By:

Joseph W. Harper
President and General Manager/CEO

3. Paragraph 5.8 shall be added to the Operating Agreement to read as follows:

5.8. Breeders' Cup. If Operator enters into negotiations with Breeders' Cup Ltd., for conducting the Breeders' Cup at the Del Mar Race Track, Operator shall consult with and solicit the input of the District on a regular basis. Subject to the foregoing and the consent of the District, Operator shall negotiate with Breeders' Cup Ltd. for conducting the Breeders' Cup at the Del Mar Race Track located at the Del Mar Fairgrounds; *provided, however*, that any final agreement shall be subject to the prior approval of the Commission.

4. Except as expressly provided in this Second Amendment, in all other respects the Operating Agreement and the First Amendment are hereby republished in their entirety and remain in full force and effect.

5. This Second Amendment may be signed in counterparts.

IN WITNESS WHEREOF, the Commission has caused this Second Amendment to be executed by its Chairperson, and the Operator has caused this Amendment to be executed by its President, effective February __, 2014.

STATE RACE TRACK LEASING COMMISSION
on behalf of the
22nd DISTRICT AGRICULTURAL ASSOCIATION

By: _____

Michael J. Cohen
Chairperson of the State Race Track Leasing
Commission and Director of the
California Department of Finance

DEL MAR THOROUGHBRED CLUB

By: _____

Joseph W. Harper
President and General Manager/CEO

THIRD AMENDMENT TO THE DEL MAR RACE TRACK OPERATING AGREEMENT

This Third Amendment ("Third Amendment") to the Del Mar Race Track Operating Agreement entered into effective January 1, 2011 ("Operating Agreement") between the STATE RACE TRACK LEASING COMMISSION ("Commission"), acting on behalf of the 22ND DISTRICT AGRICULTURAL ASSOCIATION ("District") and the DEL MAR THOROUGHBRED CLUB, a California corporation ("Operator") is made and entered into effective February 26, 2015.

RECITALS

A. The Commission and the Operator entered into the Operating Agreement for operation of the Del Mar Race Track, located on the premises of the District, effective January 1, 2011.

B. The Commission and the Operator executed an Amendment to the Operating Agreement effective March 14, 2012 ("First Amendment").

C. The Commission and the Operator executed a Second Amendment to the Operating Agreement effective February 14, 2014 ("Second Amendment").

Therefore, in consideration of the above recitals, the mutual obligations and agreements in this Second Amendment, and for other good and valuable consideration, the Commission and the Operator agree as follows.

AGREEMENT

1. Paragraph 6.1 of the Operating Agreement is amended in full to read as follows:

6.1. Direct Payment. \$500,000 of the Direct Payment shall be paid annually to the District on September 15 of each calendar year during the term of this Operating Agreement. \$400,000 of the Direct Payment shall be paid annually to the District on November 15 of each calendar year during the term of this Operating Agreement. The Direct Payment balance of \$325,000 shall be paid to the District by November 30 of each calendar year during the term of this Operating Agreement.

2. Paragraph 7.1 of the Operating Agreement is amended to provide that the Operator's submission of the preliminary itemized budget will be due on December 15 of each calendar year.

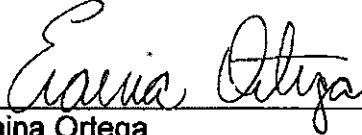
3. Except as expressly provided in this Third Amendment, in all other respects the Operating Agreement, the First Amendment, and the Second Amendment are hereby republished in their entirety and remain in full force and effect.

4. This Third Amendment may be signed in counterparts.

IN WITNESS WHEREOF, the Commission has caused this Third Amendment to be executed by its Chairperson, and the Operator has caused this Third Amendment to be executed by its President, effective February 26, 2015.

STATE RACE TRACK LEASING COMMISSION
on behalf of the
22nd DISTRICT AGRICULTURAL ASSOCIATION

By:



Eraina Ortega

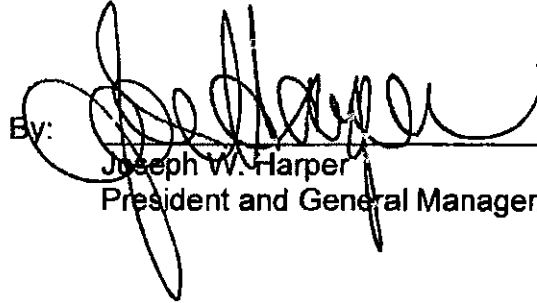
Chief Deputy Director of the California Department of
Finance on behalf of

Michael J. Cohen

Chairperson of the State Race Track Leasing
Commission and Director of the
California Department of Finance

DEL MAR THOROUGHBRED CLUB

By:



Joseph W. Harper

President and General Manager/CEO

FOURTH AMENDMENT TO THE DEL MAR RACE TRACK OPERATING AGREEMENT

This Fourth Amendment ("Fourth Amendment") to the Del Mar Race Track Operating Agreement entered into effective January 1, 2011 ("Operating Agreement") between the STATE RACE TRACK LEASING COMMISSION ("Commission"), acting on behalf of the 22ND DISTRICT AGRICULTURAL ASSOCIATION ("District") and the DEL MAR THOROUGHBRED CLUB, a California corporation ("Operator") is made and entered into effective as of August 1, 2015.

RECITALS

A. The Commission and the Operator entered into the Operating Agreement for operation of the Del Mar Race Track, located on the premises of the District, effective January 1, 2011, as amended.

B. In order to facilitate the issuance of the Del Mar Race Track Authority Revenue Bonds, Series 2015, to finance and refinance improvements on the District's property, the Commission and the Operator wish to amend the Operating Agreement as described in this Fourth Amendment

Therefore, in consideration of the above recitals, the mutual obligations and agreements in this Fourth Amendment, and for other good and valuable consideration, the Commission and the Operator agree as follows.

In Section 10.1 of the Operating Agreement, "Series 2005 Revenue Bonds" shall be deleted and replaced with "the Del Mar Race Track Authority's Series 2015 Bonds and any refunding bonds or additional bonds issued to finance capital improvements on the District's property."

IN WITNESS WHEREOF, the Commission has caused this Fourth Amendment to be executed by its Chairperson, and the Operator has caused this Fourth Amendment to be executed by its President, effective as of August 1, 2015.

STATE RACE TRACK LEASING COMMISSION
on behalf of the
22nd DISTRICT AGRICULTURAL ASSOCIATION

By: *Eraina Ortega*
Eraina Ortega
Chief Deputy Director of the California Department of
Finance on behalf of
Michael J. Cohen
Chairperson of the State Race Track Leasing
Commission and Director of the
California Department of Finance

DELMAR THOROUGHBRED CLUB

By: _____
Joseph W. Harper
President and General Manager/CEO

FOURTH AMENDMENT TO THE DEL MAR RACE TRACK OPERATING AGREEMENT

This Fourth Amendment ("Fourth Amendment") to the Del Mar Race Track Operating Agreement entered into effective January 1, 2011 ("Operating Agreement") between the STATE RACE TRACK LEASING COMMISSION ("Commission"), acting on behalf of the 22ND DISTRICT AGRICULTURAL ASSOCIATION ("District") and the DEL MAR THOROUGHBRED CLUB, a California corporation ("Operator") is made and entered into effective as of August 1, 2015.

RECITALS

A. The Commission and the Operator entered into the Operating Agreement for operation of the Del Mar Race Track, located on the premises of the District, effective January 1, 2011, as amended.

B. In order to facilitate the issuance of the Del Mar Race Track Authority Revenue Bonds, Series 2015, to finance and refinance improvements on the District's property, the Commission and the Operator wish to amend the Operating Agreement as described in this Fourth Amendment

Therefore, in consideration of the above recitals, the mutual obligations and agreements in this Fourth Amendment, and for other good and valuable consideration, the Commission and the Operator agree as follows.

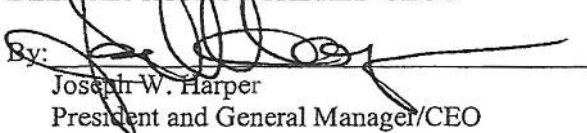
In Section 10.1 of the Operating Agreement, "Series 2005 Revenue Bonds" shall be deleted and replaced with "the Del Mar Race Track Authority's Series 2015 Bonds and any refunding bonds or additional bonds issued to finance capital improvements on the District's property."

IN WITNESS WHEREOF, the Commission has caused this Fourth Amendment to be executed by its Chairperson, and the Operator has caused this Fourth Amendment to be executed by its President, effective as of August 1, 2015.

STATE RACE TRACK LEASING COMMISSION
on behalf of the
22nd DISTRICT AGRICULTURAL ASSOCIATION

By: _____
Eraina Ortega
Chief Deputy Director of the California Department of
Finance on behalf of
Michael J. Cohen
Chairperson of the State Race Track Leasing
Commission and Director of the
California Department of Finance

DEL MAR THOROUGHBRED CLUB

By: 
Joseph W. Harper
President and General Manager/CEO

Approved:

DEPARTMENT OF FOOD AND AGRICULTURE

By: Karen Ross
Name: _____
Title: Secretary

DEPARTMENT OF GENERAL SERVICES

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE – FOURTH AMENDMENT TO OPERATING AGREEMENT]

Approved:

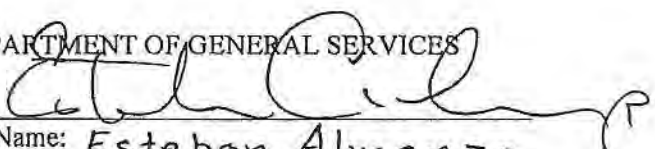
DEPARTMENT OF FOOD AND AGRICULTURE

By: _____

Name:

Title:

DEPARTMENT OF GENERAL SERVICES

By: 

Name: Esteban Almanza

Title: Chief Deputy Director

[SIGNATURE PAGE – FOURTH AMENDMENT TO OPERATING AGREEMENT]

FIFTH AMENDMENT TO DEL MAR RACE TRACK OPERATING AGREEMENT

This Fifth Amendment ("Fifth Amendment") to the Del Mar Race Track Operating Agreement entered into effective January 1, 2011 ("Operating Agreement") between the STATE RACE TRACK LEASING COMMISSION ("Commission"), acting on behalf of the 22ND DISTRICT AGRICULTURAL ASSOCIATION ("District"), and DEL MAR THOROUGHBRED CLUB, a California corporation ("Operator") is made and entered into on this 5TH day of April 2017.

RECITALS

- A. The Commission and the Operator entered into the Operating Agreement for operation of the Del Mar Race Track, located on the premises of the District, effective January 1, 2011.
- B. The Commission and the Operator executed an Amendment to the Operating Agreement effective March 14, 2012 ("First Amendment").
- C. The Commission and the Operator executed a Second Amendment to the Operating Agreement effective February 14, 2014 ("Second Amendment"). The Second Amendment to the Operating Agreement was entered into by the Commission and Operator to permit the Operator to operate an annual live horse race meet during the fall in addition to the traditional summer race meet.
- D. The Commission and the Operator executed a Third Amendment to the Operating Agreement effective February 26, 2015 ("Third Amendment").
- E. The Commission and the Operator executed a Fourth Amendment to the Operating Agreement effective August 1, 2015 ("Fourth Amendment").
- F. Section 6.6 of the Operating Agreement provides, in part, that the "Operator is required to, and will, use its best efforts in the operation of the horse race meets and any and all related activities to maximize all payments to the District and Commission for improvements to the Fairgrounds."
- G. Section 16.1.5 of the Operating Agreement provides that an occurrence of a default and breach of the Operating Agreement occurs "[i]f the Net to Gross Ratio for any two (2) consecutive years does not equal at least fifteen percent (.15)."
- H. The addition of a second race meet to the annual calendar has generated additional payments to the District and Commission for improvements to the Fairgrounds, but has had a negative effect on the Operator's Net to Gross Ratio as currently defined in the Operating Agreement.
- I. The award by Breeders' Cup Limited to conduct the Breeders' Cup World Championships at the Fairgrounds in 2017 will generate additional payments and revenues to the District and Commission for improvements to the Fairgrounds, but will also have a negative effect on the Operator's Net to Gross Ratio as currently defined in the Operating Agreement. Breeders' Cup

Limited has an option to conduct further Breeders' Cup World Championships in 2019 and 2020 on the same terms and conditions as 2017, subject to the approval of the Commission.

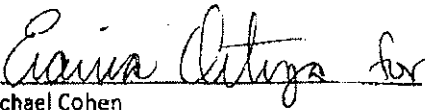
THEREFORE, in consideration of the above recitals, the mutual obligations and agreements in this Third Amendment, and for other good and valuable consideration, the Commission and Operator agree as follows:

AGREEMENT

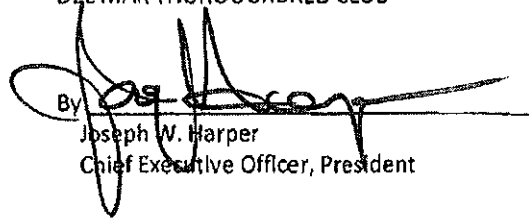
1. The following definitions shall be made a part of the Operating Agreement:
 - a. **"Racing Food and Beverage Gross Revenues"** shall mean the total revenues realized during the horse racing meets by the food service operator contracted by the District."
 - b. **"Racing Food and Beverage Net Revenues"** shall mean an amount equal to Racing Food and Beverage Gross Revenues multiplied by forty-two percent (.42).
 - c. **"Gross Combined Revenues from Racing"** shall mean the combination of Gross Revenues and Racing Food and Beverage Gross Revenues.
 - d. **"Combined Racing Final Net Earnings"** shall mean Final Net Earnings plus Racing Food and Beverage Net Revenues.
2. The following definition contained in the Operating Agreement as amended shall be deleted and replaced in its entirety with the following definition:
 - a. **"Net to Gross Ratio"** shall mean the ratio of Combined Racing Final Net Earnings to Gross Combined Revenues from Racing."
3. Except as expressly provided in this Fifth Amendment, in all other respects the Operating Agreement, the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment are hereby republished in their entirety and remain in full force and effect.
4. All capitalized terms used, but not expressly defined, in this Fifth Amendment shall have the meanings given to them in the Operating Agreement, the First Amendment, the Second Amendment, the Third Amendment or Fourth Amendment.
5. This Fifth Amendment may be signed in counterparts.

IN WITNESS WHEREOF, the Commission has caused this Fifth Amendment to be executed by its Chairperson, and the Operator has caused this Fifth Amendment to be executed by its Chief Executive Officer and President, as of the date set forth above.

STATE RACE TRACK LEASING COMMISSION,
on behalf of the 22ND DISTRICT AGRICULTURAL
ASSOCIATION

By: 
Michael Cohen
Chairperson of the State Race Track Leasing
Commission and Director of the California
Department of Finance

DEL MAR THOROUGHBRED CLUB

By: 
Joseph W. Harper
Chief Executive Officer, President

SIXTH AMENDMENT TO DEL MAR RACE TRACK OPERATING AGREEMENT

This Sixth Amendment ("Sixth Amendment") to the Del Mar Race Track Operating Agreement entered into effective January 1, 2011 ("Operating Agreement") between the STATE RACE TRACK LEASING COMMISSION ("Commission"), acting on behalf of the 22ND DISTRICT AGRICULTURAL ASSOCIATION ("District"), and the DEL MAR THOROUGHBRED CLUB, a California corporation ("Operator") is made and entered into on this 2nd day of August, 2024.

RECITALS

A. The Commission and Operator entered into the Operating Agreement for operation of the Del Mar Race Track, located on the premises of the District, effective January 1, 2011.

B. The Commission and Operator executed an Amendment to the Operating Agreement effective March 14, 2012 ("First Amendment").

C. The Commission and Operator executed a Second Amendment to the Operating Agreement effective February 14, 2014 ("Second Amendment").

D. The Commission and Operator executed a Third Amendment to the Operating Agreement effective February 26, 2015 ("Third Amendment").

E. The Commission and Operator executed a Fourth Amendment to the Operating Agreement effective August 1, 2015 ("Fourth Amendment").

F. The Commission and Operator executed a Fifth Amendment to the Operating Agreement effective April 5, 2017 ("Fifth Amendment").

G. During the Commission's March 20, 2024, public meeting, the Commission voted to exercise the final remaining option of the Operating Agreement under Paragraph 4.1 of that agreement and voted to approve the Breeders' Cup agreement between the Operator and the Breeders' Cup (for the 2025 Breeders' Cup event), as required by Paragraph 5.8 of the Operating Agreement. As authorized by Section 4.1 of the Operating Agreement, the Commission also voted to require renegotiation of certain parts of the Operating Agreement.

NOW, THEREFORE, in consideration of the above recitals, the mutual obligations and agreements contained in this Sixth Amendment, and for other good and valuable consideration, the Commission and Operator agree as follows:

1. The definition of "Direct Payment" contained in Paragraph 2 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

"Direct Payment shall mean, subject to the limitations set forth in Section 4155 of the California Food and Agricultural Code, ***\$1,425,000 for year 2025, \$1,467,750 for year 2026, \$1,511,783 for year 2027, \$1,557,136 for year 2028, \$1,603,850 for year 2029, and \$1,651,966 for year 2030.*** The Direct Payment is used by the District for the Fair or any other authorized purposes."

2. Paragraph 5.3.2 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

“Operator shall operate the Premises (i) for a period of ten days prior to the opening of the Race Meet to the extent that the Operator’s operation does not unreasonably interfere with satellite wagering operations or clean-up operations from the Fair and (ii) for a period of ***7 days*** following the Race Meet to the extent that such operation does not unreasonably interfere with the activities of the District on the Del Mar Fairgrounds (such periods and the Race Meet being referred to herein as the “Operation Period”). The Operator and the District will use their best efforts to cooperate so that the grandstand and other buildings and backstretch and stable areas can be opened as needed prior to the commencement of the Operation Period of all areas and returned to the District as soon as reasonably possible after the conclusion of the Race Meet.”

3. Paragraph 6.1 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

“Direct Payment. \$500,000 of the Direct Payment shall be paid for year 2025 to the District on September 15, 2025, \$400,000 of the Direct Payment shall be paid for year 2025 to the District on November 15, 2025, and the Direct Payment balance of \$525,000 for year 2025 shall be paid to the District by November 30, 2025. \$500,000 of the Direct Payment shall be paid for year 2026 to the District on September 15, 2026, \$400,000 of the Direct Payment shall be paid for year 2026 to the District on November 15, 2026, and the Direct Payment balance of \$567,750 for year 2026 shall be paid to the District by November 30, 2026. \$500,000 of the Direct Payment shall be paid for year 2027 to the District on September 15, 2027, \$400,000 of the Direct Payment shall be paid for year 2027 to the District on November 15, 2027, and the Direct Payment balance of \$611,783 for year 2027 shall be paid to the District by November 30, 2027. \$500,000 of the Direct Payment shall be paid for year 2028 to the District on September 15, 2028, \$400,000 of the Direct Payment shall be paid for year 2028 to the District on November 15, 2028, and the Direct Payment balance of \$657,136 for year 2028 shall be paid to the District by November 30, 2028. \$500,000 of the Direct Payment shall be paid for year 2029 to the District on September 15, 2029, \$400,000 of the Direct Payment shall be paid for year 2029 to the District on November 15, 2029, and the Direct Payment balance of \$703,850 for year 2029 shall be paid to the District by November 30, 2029. \$500,000 of the Direct Payment shall be paid for year 2030 to the District on September 15, 2030, \$400,000 of the Direct Payment shall be paid for year 2030 to the District on November 15, 2030, and the Direct Payment balance of \$751,966 for year 2030 shall be paid to the District by November 30, 2030.”

4. The first subparagraph of Paragraph 7.1 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

“The Operator shall submit a preliminary itemized Budget, in the form attached as Exhibit “B”, to the Commission, the District’s Board of Directors, the District’s Chief Executive Officer and ***Director of Finance*** not later than ***December*** 15 of each year and prior to the beginning of the Budget year, together with any proposed increases or decreases in the annual salaries and bonuses of Operator’s executive and management personnel as required by Paragraph 7.2.2 (“Personnel

Budget”). Within forty-five (45) days of the receipt of the preliminary Budget and Personnel Budget, the District may submit comments or questions concerning the Budget and/or Personnel Budget, to which the Operator shall respond in writing within fifteen (15) days of receipt. Within thirty (30) days of the receipt of such response, the final Budget and Personnel Budget shall be considered and approved by the District and transmitted to the Commission. Preceding the date of such approval, representatives of the Operator shall meet with the District’s Chief Executive Officer and staff, or their respective representative(s) as necessary in order to clarify Budget and/or Personnel Budget items and/or discuss questions raised by the District. In the event that the Operator disagrees with any action of the District, it may appeal in writing to the full Commission, which shall meet and resolve any Budget and/or Personnel Budget disputes within forty five (45) days after receipt of the Operator’s appeal. Nothing in this paragraph shall preclude the Commission from exercising final budgetary approval. All parties shall endeavor to complete the approval process no later than March 1 of the Budget Year. During the period of time between January 1 and final Budget approval, the Operator shall conduct its operations in accordance with its approved Budget for the preceding fiscal year subject to the approval of the District.”

5. The first subparagraph of Paragraph 9.1.1 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

“The Operator shall provide all labor and supplies to properly clean all facilities, buildings, stalls, offices and grounds used by the Operator to conduct thoroughbred horse racing on a daily basis during the ***Race Meet(s)***.”

6. Paragraph 9.3 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

“Racing Strips. During the Term of this Agreement, the racing strip shall be maintained by the Operator in condition for training thoroughbreds, harness horses, quarter horses or other horses. The Operator shall have the sole responsibility for, and authority to do, the maintenance on the racing strips and on the training track when used for horses. The responsibility of the Operator as to the maintenance of the racing strips shall include the chute, the dirt and ***turf tracks***, the inner and outer rails and the hedges lining the racing strips. If the District permits third parties to use the racing strips or the training track during the interim between the Race Meet(s), the Operator shall be reimbursed by the District for the cost of preparation and maintenance of the racing strips for and during such use. The District may authorize or permit the use of the racing strips or training track for other events outside of horse racing with the consultation of the Operator provided such use will not adversely impact thoroughbred racing. The District shall not permit any use of the racing strips for a reasonable period prior to the commencement of the Race Meet(s). The District recognizes the importance of maintaining the integrity of racing strips and will consult with the Operator whenever the strips are utilized for any interim events outside of the race meet(s); e.g., the: San Diego County Fair Grandstand Staging.”

7. Paragraph 9.4 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

Infield and Grandstand Landscaping and Backside Maintenance. The District shall be responsible for all landscape installation and maintenance in the infield area and landscaped areas immediately adjacent to the Grandstand. All landscape activities shall be coordinated with the Operator to prevent unreasonable interference with events scheduled by the Operator. The District shall also be responsible for maintenance of backside areas of the Premises as indicated on Exhibit A-5. Notwithstanding the foregoing, the District and the Operator may agree from time to time or as part of the annual budget process that the Operator may perform the landscape design, maintenance, and enhancement of the Premises contemplated by this Paragraph 9.4 or contract with a third party for such activities on the Premises. The Operator and the District shall establish inspection procedures before and after the Fair, any interim events utilizing these backside areas, and the annual Race Meet to identify any need for repair, the ***Operator*** shall make the necessary repairs, ***and the District will reimburse the Operator for those repairs.***

8. The second sentence of Paragraph 9.6 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

“The Operator must submit proposed projects, other than normal maintenance and repair, to the District on ***November 1.***”

9. The third sentence of the third paragraph of Section 10.3 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

“The amount will be negotiated between ***the District*** and the Operator.”

10. Paragraph 11.5 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

“Parking and Traffic Control - ***Operator will manage parking and traffic control services during the Race Meets,*** with the understanding that revenues generated from parking and traffic control will be included in the Operator’s operating income statement. The District and the Operator agree to review parking and traffic control services during the race meets on a regular basis in order to insure appropriate customer service levels are met as they pertain to parking and traffic control and to insure the continuation of reasonable and customary past practices and procedures.”

11. Paragraph 12 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

“Utility Services. The Operator will assume and pay when due all charges for natural gas, electricity, heat, power, telephone, water, light, sewer, and any other utility services accruing or payable in connection with its operation of the Premises, or any part thereof, including deposits, connection fees or charges in meter rentals required by the supplier of any such utility service. The Operator is obligated to use and ***employ*** best available management practices to minimize its use of water, sewer, energy, electricity, natural gas, energy, and other utility services. The

Operator agrees to monthly monitoring of the Operator's use of water, sewer, energy, electricity, natural gas, energy, and other utility services by the District and the District shall, to the extent practicable, provide metering or other equipment sufficient to effectively monitor usage on a timely basis. If the Operator's use of water, sewer, energy, electricity, natural gas, energy, and/or other utility services exceeds 110% of the previous year's monthly usage, the Operator will investigate the usage to determine the cause of the excess and, if applicable, apply corrective measures. Additionally, Operator agrees to recycle all "grey" water to the extent permitted by law. The District shall, to the extent practicable, take any necessary actions to ensure that the food and beverage concessionaire cooperates fully with the Operator to control utility consumption."

12. Paragraph 22.9 of the Operating Agreement is amended in its entirety to read as follows (amendment in ***bold italics***):

All notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by certified or registered mail, return receipt requested and postage prepaid. If any request, demand or notice is to be given by personal delivery it shall be given as follows: (i) In the case of the Operator, ***to the President***; (ii) in the case of the Commission, to the Chairperson; (iii) in the case of the District, to the President of the Board of Directors and the Chief Executive Officer.

If any request, demand or notice is to be given by mail, it shall be delivered as follows:

If to the Commission:

Director of Finance
Chairperson
State Race Track Leasing Commission
State Capitol, Room 1145
Sacramento, CA 95814

With a copy to:

Joshua M. Caplan
Deputy Attorney General
Office of the California Attorney General
600 West Broadway, Suite 1800
San Diego, CA 92101

If to the District:

President of the Board of Directors
22nd District Agricultural Association
2260 Jimmy Durante Boulevard
Del Mar, CA 92014

With a copy to:

Carlene Moore, Chief Executive Officer
22nd District Agricultural Association
2260 Jimmy Durante Boulevard
Del Mar, CA 92014

If to the Operator:

Josh Rubinstein
President
Del Mar Thoroughbred Club
PO Box 700, Del Mar, CA 92014

With a copy to:

Chris Jaczko
General Counsel
Del Mar Thoroughbred Club
PO Box 700, Del Mar, CA 92014

Any person or address set forth above may be changed, or other persons added, by giving notice in accordance with the provisions of this subsection."

13. Except as expressly provided in this Sixth Amendment, in all other respects the Operating Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment and the Fifth Amendment are hereby republished in their entirety and remain in full force and effect.

14. Except as expressly provided in this Sixth Amendment, in all other respects the Operating Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment and the Fifth Amendment are hereby republished in their entirety and remain in full force and effect.

15. This Sixth Amendment may be signed in counterparts.

IN WITNESS WHEREOF, the Commission has caused this Sixth Amendment to be executed by its Chairperson, and the Operator has caused this Sixth Amendment to be executed by its Chief Executive Officer, as of the date set forth above.

STATE RACE TRACK LEASING
COMMISSION,
on behalf of the 22ND DISTRICT
AGRICULTURAL
ASSOCIATION

By: *Joe Stephanshaw*
Joe Stephanshaw (Sep 25, 2024 14:38 PDT)
Joe Stephanshaw
Chairperson of the State Race Track
Leasing Commission and Director of
the California Department of Finance

DEL MAR THOROUGHBRED CLUB

By: *Joe Harper*
Joe Harper (Sep 25, 2024 14:05 PDT)
Joseph W. Harper
Chief Executive Officer

DEPARTMENT OF FOOD AND
AGRICULTURE

By: *Karen Ross*
Karen Ross (Sep 5, 2024 13:45 PDT)
Karen Ross
Secretary of the California
Department of Food and Agriculture

Approved:

DEPARTMENT OF GENERAL
SERVICES

By: *Jennifer Osborn for*
Jennifer Osborn for (Sep 25, 2024 14:29 PDT)
Ana M. Lasso
Director of the California
Department of General Services

For Board Members/FanDuel is Killing TVG, Taking Away Horse Racing's TV Network - On3

From Martha Sullivan <[REDACTED]>
Date Mon 3/30/2026 11:24 AM
To Sierra Ceballos <sceballos@sdfair.com>; Molly Arnold <marnold@sdfair.com>
Cc Carlene Moore <cmoore@sdfair.com>

Greetings! Please share the following with the Board Members, Officers and Senior Management of the 22nd DAA, Del Mar Race Track Authority and State Race Track Leasing Commission, and include in their next Board Packets. Thank You for your assistance,

Martha Sullivan
Imperial Beach

"The footprint of horse racing continues to shrink. Horse racing once had a monopoly on legalized sports betting. Now, a legalized sports book is eliminating one of the sport's greatest assets. TVG, currently known as FanDuel TV, will be "phased out" over the next 20 months. That's a nice way of saying that FanDuel is killing TVG.

"FanDuel TV is still honoring agreements to broadcast from Del Mar and Keeneland Spring and Fall meets, with hosts on-site leading into the Breeders' Cup. In-studio production will be eliminated in December. A skeleton crew will keep the horse racing broadcasts rolling through 2027. ...

"TVG got its first trial run in Louisville back in 1995. The idea was wise, creating a network that showed the races and built a platform to wager on them. It received a nationwide launch in 1999, lighting up TV screens in the corners of watering holes for decades to come. The network is currently in about 30 million households, down from 50 million a few years ago.

"This horse racing oasis was commandeered by FanDuel in 2022. They rebranded TVG to FanDuel TV, but promised not to make any more drastic changes. Five years later, the network will go dark. Andrew Moore, general manager of racing of FanDuel, explained why they're making this decision to [the Paulick Report](#).

"FanDuel conducted a thorough review of the business and the investments needed to support a linear network didn't align with its long-term strategy. FanDuel is directing its investments toward the areas most critical to its long-term roadmap and core businesses. Those principles resulted in making deliberate, difficult decisions to better align the company's portfolio with where it sees the greatest opportunity," said Moore."

"More than 100 people will lose their jobs in this gut-punch to the industry. There are other avenues for folks in the horse racing media landscape to find a way on-screen, but the point of entry just got more complicated for casual horse players. Firing up TVG and hearing Andi Biancone highlight a 12-1 horse who looked game in the paddock is much easier than digging through YouTube to get analysis of a race.

"Without TVG, FOX's 'America's Day at the Races' will become the only broadcast dedicated to showing multiple tracks on a given afternoon, and those are typically only on weekends. If FOX is wise, they can add broadcasting rights for more tracks and expand their coverage of the sport, essentially creating a new TVG on FS2. For horse racing's sake, it needs to happen, keeping the sport on televisions outside of a few big race days."

<https://www.on3.com/teams/kentucky-wildcats/news/fanduel-is-killing-tvg-taking-away-horse-racing-tv-network/>

For Board Members/ "scant good news for California racing" - Los Angeles Times

From Martha Sullivan <[REDACTED]>

Date Thu 4/2/2026 1:53 PM

To Sierra Ceballos <sceballos@sdfair.com>; Molly Arnold <marnold@sdfair.com>

Cc Carlene Moore <cmoore@sdfair.com>

Greetings! Please share the following with the Board Members, Officers and Senior Management of the 22nd DAA, Del Mar Race Track Authority and State Race Track Leasing Commission, and include it in their next Board Packets. Thank You for your Assistance,

Martha Sullivan
Imperial Beach

From the *Los Angeles Times* earlier this week: "There has been scant good news for California racing lately. A couple of weeks ago, Hall of Fame trainer Bob Baffert said he was moving a couple of his strings to Kentucky rather than running at Santa Anita after this weekend. Baffert's main operation will remain at Santa Anita and move to Del Mar when it opens.

"Then on Friday, it was announced that FanDuel, which is both a betting platform and a sports network specializing in horse racing, is winding down its specialized studio and on-site talent programming this year. When it closes near the end of the year, more than 100 people will be laid off. Track feeds will be available on fan apps."

<https://www.latimes.com/sports/story/2026-03-31/northern-california-horse-racing-ends-with-golden-gate-fields-sale>

The repurposing of the shuttered Golden Gate Fields alongside the San Francisco Bay to a public park is a great example for the horse racing track at the Del Mar Fairgrounds, surrounded by four of the five highest household income communities in San Diego County: **more public access to the Coast**, not a private business enterprise that benefits the 1% while exploiting poor workers to care for the equally-exploited horses, whose lives are risked and taken daily by the dying U.S. Horse Racing industry for mere gambling.

Pls Reply ASAP/Share with Board Members & Officers of 22nd DAA, State Race Track Authority & State Race Track Leasing Commission

From Martha Sullivan <[REDACTED]>

Date Thu 5/7/2026 1:41 PM

To Molly Arnold <marnold@sdfair.com>; Sierra Ceballos <sceballos@sdfair.com>

Greetings! Please include the following in the next Board Packet for Board Meeting of the 22nd DAA, State Race Track Authority and State Race Track Leasing Commission, and share with the Members and Officers thereof directly.

Thank You for your Assistance,

Martha Sullivan
Imperial Beach

In 1983, the **Super Bowl** had 77.6 Million viewers per Nielson, in 2026 it had 125.6 Million viewers per Nielson, **a 61.9% increase in 43 years.**

In 1983, the **Kentucky Derby** had 19.3 Million viewers and in 2026 it had 19.6 Million viewers, the first time the 1983 # has been surpassed since -- or **a 1.5% increase in 43 years.**

<https://sports.yahoo.com/articles/born-19th-century-ky-derby-090000443.html>

It only took 152 yrs for a woman trainer to have a horse place first in the [Kentucky Derby](#) .

A nonwhite trainer hasn't done so since 1891, with Black trainers winning 7 of the first 17 Derbies between 1875-1891, though none have won in the modern era.

"Computer-assisted wagering (CAW) barely caused a blip two decades ago, but improved technology, and an increase in volume, threatens to destroy the integrity of betting on horse racing by allowing what's akin to insider trading to thrive.

"A level playing field is all we ask for, and that is truly becoming a facade with the CAW groups taking over."



Kentucky Derby betting integrity harmed by computer-assisted wagering
courier-journal.com

[Horseracing Integrity and Safety Authority - HISA](#) Board bends to U.S. [HorseRacing](#) industry needs in the face of existential threats already present:

“A prohibition on race-day furosemide could result in more horses being retired over a relatively short period, placing additional pressure on an aftercare industry that is already operating with limited resources and funding,' the board wrote. “Further, this could also lead to fewer horses in racing, smaller field sizes, and cancellation or consolidation of races due to insufficient entries. Potential downstream consequences of this include reduced number of mares bred, reduced wagering handle, diminished fan engagement, and increased economic pressure on racetracks and other industry participants.”



HISA board unanimously votes to continue race-day administration of Lasix
drf.com

Pls Reply ASAP/Share with Board Members & Officers-California Horse Racing "Bleak"

From Martha Sullivan <[REDACTED]>

Date Mon 6/15/2026 12:21 PM

To Molly Arnold <marnold@sdfair.com>

Greetings of a Monday! Please share the following with the members and Officers of the 22nd DAA Board, State Race Track Authority and State Race Track Leasing Commission, and include in their next Board Packets. Thank You for your assistance,

Martha Sullivan
Imperial Beach

Published in the *Thoroughbred Daily News* on June 14, 2026:

"[Santa Anita Park](#), [Del Mar Racing](#) and [Los Alamitos Race Course](#) are the last major tracks in the country that receive no revenue from gaming, which means their purses have fallen far behind those at other major tracks, particularly the [Kentucky](#) tracks. A maiden special weight race at Santa Anita goes for \$65,000. The purse for the same race at [Churchill Downs](#) is \$120,000. It's the same with stakes races. Santa Anita ran two graded stakes Saturday and both had purses of \$100,000. Churchill ran two stakes races, neither of which were graded. Their purses were \$225,000 and \$175,000. Churchill has so much money at its disposal that it has raised the purse of the June 27 GI Stephen Foster Stakes to \$2 million.

"So who could blame Baffert when he announced that he was setting up a permanent stable at Churchill? He has 34 stalls there. He also said he would be based at Oaklawn, which also has astronomical purses, when it opens later this year.

"Baffert has not abandoned [California](#). He won Saturday's GIII Summertime Oaks with the exciting filly Mizumi (Justify). But he has cut his numbers dramatically, which has been just one more hit for the struggling circuit.

"Through Saturday, he had made just 17 starts during the current meet, which ends Monday, and had won just three races. At the same meet in 2025, he made 35 starts and won 16 races. He's been more active at Churchill, where, through Saturday, he had made 27 starts with six winners. ...

"There's not much more that can be said about the struggles of [California](#) racing & Santa Anita Park in particular. The circuit needs help & there doesn't appear to be any on the way. When someone like Baffert has one foot out the door, you know things are bleak."

<https://www.thoroughbreddailynews.com/week-in-review-baffert-spreads-his-wings/>

Please Share w/ Board Members & Officers/Two Horses Die at Del Mar on Sunday after Racing Injuries (Video)

From Martha Sullivan <[REDACTED]>

Date Mon 7/27/2026 12:02 PM

To Molly Arnold <marnold@sdfair.com>

Greetings of a Monday! Please share the following with the Board Members and Officers of the 22nd DAA, Del Mar Race Track Authority and State Race Track Leasing Commission, and include in the next Board Packets for these bodies. Thank You for your assistance.

Martha Sullivan
Imperial Beach

Two Thoroughbred horses were euthanized at Del Mar Racetrack on Sunday, July 26, 2026, after catastrophic fractures to their front leg racing on Saturday and Sunday. Four-year-old colt Cornucopian and three-year-old filly Can You Dream are the first two deaths at the Del Mar Racetrack in its 2026 season started on July 17th.

- "Can You Dream, a 3-yr-old filly trained by Rafael DeLeon, sustained a left front fetlock injury on the backstretch of Sunday's 8th race & was euthanized due to the severity of the injury." <https://www.sandiegouniontribune.com/2026/07/26/del-mar-notebook-gold-phoenix-wins-eddie-read-stakes-cornucopian-euthenized/>
- Tom Ryan of lead owner SF Racing wrote in a 10:44 p.m. PDT post on X. "Yesterday our brilliant colt Cornucopian sustained a catastrophic injury. We worked very closely with our veterinary team, and after hearing every expert opinion available, the kindest and clearest decision was to let him go with dignity. He was a brilliant colt with a huge heart and a partnership and fan base that loved him dearly. RIP."
- *Memorial YouTube video for Cornucopian, including the Bing Crosby Stakes on Saturday in which he was mortally injured: <https://youtu.be/hyAfs7kzVps>*

These two horse deaths represent the economic range of the horse racing industry, with Cornucopian injured in the \$400,000 Bing Crosby Stakes and Can You Dream injured racing for the third-cheapest of the day at \$31,000 with the second-cheapest Claim (purchase) price at \$16,000 (Race 8/Sunday).

Cornucopian was purchased as a yearling for \$1.1 Million by one of the top U.S. Thoroughbred racing partnerships, was trained by top U.S. trainer Bob Baffert and was raced eight times earning \$465,655 for it since March 2025. Can You Dream was a California-bred raced 18 times starting in May 2025 earning \$45,620 for her owners and trainer Rafael DeLeon.

Cornucopian is at least the 85th horse to have died in trainer Bob Baffert's care since 2000: The Washington Post reported in June 2021 that 74 horses died in Baffert's care since 2000, based on CA Horse Racing Board data; since then, Eight more horses have died in his care per the CHRB; plus Baffert trainee Havnameltdown died racing on Preakness Day in 2023; and his two-time Grade 1 winner in 2022, Cave Rock, was widely reported to have died in August 2023 in North San Diego County.

Can You Dream's trainer Rafael DeLeon has no horse fatalities listed by the CA Horse Racing Board, which displays deaths in California since 2020: <https://www.chrb.ca.gov/veterinary.html>

No legitimate sport would tolerate the deaths of 24 of its athletes in 28 weeks of competition in just one state, California, much less two in just two weeks at only one venue, Del Mar Racetrack.

Subject: Please Share w/ Board Members & Officers/Two Horses Die at Del Mar on Sunday after Racing Injuries (Video)

From Jamie Sanders <[REDACTED]>

Date Sun 8/16/2026 2:47 PM

To Molly Arnold <marnold@sdfair.com>

Hi Molly,

Please share the following with the Board Members and Officers of the 22nd DAA, Del Mar Race Track Authority and State Race Track Leasing Commission, and include in the next Board Packets for these bodies. Thank you for your time.

Two Thoroughbred horses were euthanized at Del Mar Racetrack on Sunday, July 26, 2026, after catastrophic fractures to their front leg racing on Saturday and Sunday. Four-year-old colt Cornucopian and three-year-old filly Can You Dream are the first two deaths at the Del Mar Racetrack in its 2026 season started on July 17th.

"Can You Dream, a 3-yr-old filly trained by Rafael DeLeon, sustained a left front fetlock injury on the backstretch of Sunday's 8th race & was euthanized due to the severity of the injury."

<https://www.sandiegouniontribune.com/2026/07/26/del-mar-notebook-gold-phoenix-wins-eddie-read-stakes-cornucopian-euthenized/>

Tom Ryan of lead owner SF Racing wrote in a 10:44 p.m. PDT post on X. "Yesterday our brilliant colt Cornucopian sustained a catastrophic injury. We worked very closely with our veterinary team, and after hearing every expert opinion available, the kindest and clearest decision was to let him go with dignity. He was a brilliant colt with a huge heart and a partnership and fan base that loved him dearly. RIP."

Memorial YouTube video for Cornucopian, including the Bing Crosby Stakes on Saturday in which he was mortally injured: <https://youtu.be/hyAfs7kzVps>

No legitimate sport would tolerate the deaths of 24 of its athletes in 28 weeks of competition in just one state, California, much less two in just two weeks at only one venue, Del Mar Racetrack.

Share with Board Members & Officers / Two Horses Dead at Del Mar Before Season's First Month (Video)

From Dash Nye <[REDACTED]>
Date Sun 8/16/2026 6:35 PM
To Molly Arnold <marnold@sdfair.com>

Hi Molly,

Please distribute the following to all Board Members and Officers of the 22nd DAA, Del Mar Race Track Authority, and State Race Track Leasing Commission, and include it in the next Board Packets for each body.

Two horses were killed at Del Mar Racetrack this weekend — both euthanized after sustaining catastrophic front leg fractures during races. Cornucopian, a four-year-old colt, was fatally injured during the Bing Crosby Stakes on Saturday. Can You Dream, a three-year-old filly trained by Rafael DeLeon, suffered a left front fetlock injury on the backstretch of Sunday's 8th race and was euthanized due to the severity of the injury. They are the first two deaths of Del Mar's 2026 season, which began July 17th.

These are not accidents. They are the predictable consequence of an industry that runs young horses on fragile legs until those legs fail. Two individuals dead in two days. The board has both the authority and the obligation to respond.

Coverage of Can You Dream's death: <https://www.sandiegouniontribune.com/2026/07/26/del-mar-notebook-gold-phoenix-wins-eddie-read-stakes-cornucopian-euthenized/>

Memorial video for Cornucopian, including the race in which he was mortally injured: <https://youtu.be/hyAfs7kzVps>

Thank you for reading.

Dash Nye

Please Share w/ Board Members & Officers/Two Horses Die at Del Mar on Sunday after Racing Injuries (Video)

From [REDACTED] >

Date Mon 8/17/2026 4:08 PM

To Molly Arnold <marnold@sdfair.com>

Hi Molly,

Please share the following with the Board Members and Officers of the 22nd DAA, Del Mar Race Track Authority and State Race Track Leasing Commission, and include in the next Board Packets for these bodies. Thank you for your time.

Two Thoroughbred horses were euthanized at Del Mar Racetrack on Sunday, July 26, 2026, after catastrophic fractures to their front leg racing on Saturday and Sunday. Four-year-old colt Cornucopian and three-year-old filly Can You Dream are the first two deaths at the Del Mar Racetrack in its 2026 season started on July 17th.

"Can You Dream, a 3-yr-old filly trained by Rafael DeLeon, sustained a left front fetlock injury on the backstretch of Sunday's 8th race & was euthanized due to the severity of the injury." [Del Mar notebook: Gold Phoenix wins Eddie Read Stakes; Cornucopian euthanized](#)

**Del Mar notebook: Gold Phoenix wins
Eddie Read Stakes; Cornucopian
euthanized**

The victory was the record sixth Del Mar stakes win for the Irish-bred Gold Phoenix.

Tom Ryan of lead owner SF Racing wrote in a 10:44 p.m. PDT post on X. "Yesterday our brilliant colt Cornucopian sustained a catastrophic injury. We worked very closely with our veterinary team, and after hearing every expert opinion available, the kindest and clearest decision was to let him go with dignity. He was a brilliant colt with a huge heart and a partnership and fan base that loved him dearly. RIP."

Memorial YouTube video for Cornucopian, including the Bing Crosby Stakes on Saturday in which he was mortally injured: [Cornucopian 🕯️ KILLED AT HELL MAR 7.25.26 @DelMarRacing #horseracing](#)



**Cornucopian 🕯️ KILLED AT HELL
MAR 7.25.26 @DelMarRacing
#horseracing**

By Warhorse

No legitimate sport would tolerate the deaths of 24 of its athletes in 28 weeks of competition in just one state, California, much less two in just two weeks at only one venue, Del Mar Racetrack.

For the animals,
LAADL

Please Share w/ Board Members & Officers/Two Horses Die at Del Mar on Sunday after Racing Injuries (Video)

From rachiesaur <[REDACTED]>

Date Mon 8/17/2026 5:09 PM

To Molly Arnold <marnold@sdfair.com>

Hi Molly,

Please share the following with the Board Members and Officers of the 22nd DAA, Del Mar Race Track Authority and State Race Track Leasing Commission, and include in the next Board Packets for these bodies. Thank you for your time.

Two Thoroughbred horses were euthanized at Del Mar Racetrack on Sunday, July 26, 2026, after catastrophic fractures to their front leg racing on Saturday and Sunday. Four-year-old colt Cornucopian and three-year-old filly Can You Dream are the first two deaths at the Del Mar Racetrack in its 2026 season started on July 17th.

"Can You Dream, a 3-yr-old filly trained by Rafael DeLeon, sustained a left front fetlock injury on the backstretch of Sunday's 8th race & was euthanized due to the severity of the injury."

<https://www.sandiegouniontribune.com/2026/07/26/del-mar-notebook-gold-phoenix-wins-eddie-read-stakes-cornucopian-euthenized/>

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No legitimate sport would tolerate the deaths of 24 of its athletes in 28 weeks of competition in just one state, California, much less two in just two weeks at only one venue, Del Mar Racetrack.

Kind Regards,
Rachel Keenan

Sent from my Galaxy

Please Share w/ Board Members & Officers/Two Horses Die at Del Mar on Sunday after Racing Injuries (Video)

From David Bailey <[REDACTED]>

Date Mon 8/17/2026 7:52 PM

To Molly Arnold <marnold@sdfair.com>

Hi Molly,

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[Yahoo Mail: Search, organise, conquer](#)