

**FIRST AMENDMENT TO THE
TRIBAL-STATE GAMING COMPACT
BETWEEN
THE STATE OF CALIFORNIA
AND THE
SANTA YNEZ BAND OF MISSION INDIANS**

**FIRST AMENDMENT TO
THE TRIBAL-STATE COMPACT
BETWEEN THE STATE OF CALIFORNIA AND THE
SANTA YNEZ BAND OF MISSION INDIANS**

The Santa Ynez Band of Mission Indians (Tribe), a federally recognized Indian tribe, and the State of California (State) enter into this First Amendment to the Tribal-State Compact Between the State of California and the Santa Ynez Band of Mission Indians (Amendment), pursuant to the Indian Gaming Regulatory Act of 1988, 18 U.S.C. §§ 1166-1168, 25 U.S.C. §§ 2701-2721 (IGRA), section 3.1, subdivision (b), and section 15.1 of the Tribal-State Compact Between the State of California and the Santa Ynez Band of Mission Indians, effective December 17, 2015 (2015 Compact).

PREAMBLE

WHEREAS, section 3.1 of the 2015 Compact provides for authorized Class III Gaming, and specifically provides in section 3.1, subdivision (b), that “[n]othing herein shall be construed to preclude the Tribe from offering class II gaming or preclude the negotiation of a separate compact governing the conduct of off-track wagering at the Tribe’s Gaming Facility”; and

WHEREAS, the Tribe desires to enter into an off-track wagering compact; and

WHEREAS, section 15.1 of the 2015 Compact provides that its terms may be amended at any time by mutual agreement of the parties, and the parties agreed to negotiate regarding an amendment to the 2015 Compact to authorize off-track wagering at the Tribe’s Gaming Facility; and

WHEREAS, the State wishes to ensure that each California tribe with a Class III Gaming compact has compact terms that are consistent with federal law, and to the extent practicable, reflect the circumstances of that tribe.

NOW, THEREFORE, the Tribe and the State agree as set forth herein:

Section 3.1 of the 2015 Compact is repealed and is replaced as follows:

Sec. 3.1. Authorized Class III Gaming.

- (a) The Tribe is hereby authorized and permitted to operate only the following Gaming Activities under the terms and conditions set forth in the 2015 Compact and this Amendment:
 - (1) Gaming Devices.
 - (2) Any banking or percentage card games.
 - (3) Any devices or games that are authorized under state law to the California State Lottery, provided that the Tribe will not offer such games through use of the Internet unless others in the state are permitted to do so under state and federal law.
 - (4) Off-track wagering on horse races at a satellite wagering facility pursuant to the requirements in the document attached hereto as Appendix E.
- (b) Nothing herein shall be construed to preclude the Tribe from offering class II gaming.
- (c) Nothing herein shall be construed to authorize or permit the operation of any Class III Gaming that the State lacks the power to authorize or permit under article IV, section 19, subdivision (f), of the California State Constitution.
- (d) The Tribe shall not engage in Class III Gaming that is not expressly authorized in the 2015 Compact and this Amendment.

Section 18.3 of the 2015 Compact is repealed and is replaced as follows:

Sec. 18.3. Construction.

Neither the presence in another tribal-state Class III Gaming compact of language that is not included in the 2015 Compact or this Amendment, nor the

absence in another tribal-state Class III Gaming compact of language that is present in the 2015 Compact or this Amendment shall be a factor in construing the terms of the 2015 Compact or this Amendment. In the event of a dispute between the parties as to the language of the 2015 Compact or this Amendment, or the construction or meaning of any term thereof, the 2015 Compact and this Amendment will be deemed to have been drafted by the parties in equal parts so that no presumptions or inferences concerning their terms or interpretation may be construed against any party to the 2015 Compact and this Amendment.

A new section 18.9 is hereby added as follows:

Sec. 18.9. Representations Concerning This Amendment.

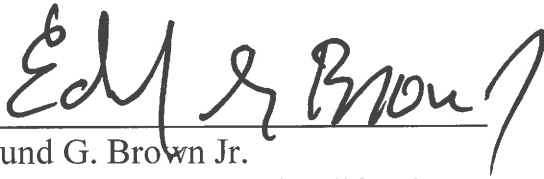
- (a) The Tribe expressly represents that as of the date of the undersigned's execution of this Amendment, the undersigned had the authority to execute this Amendment on behalf of the Tribe, including any waiver of sovereign immunity and the right to assert sovereign immunity therein, and will provide written proof of that authority and of the ratification by the tribal governing body to the Governor no later than thirty (30) days after the execution of this Amendment by the undersigned.
- (b) The Tribe further represents that it is (i) recognized as eligible by the Secretary of the Interior for special programs and services provided by the United States to Indians because of their status as Indians, and (ii) recognized by the Secretary of the Interior as possessing powers of self-government.
- (c) In entering into this Amendment, the State expressly relies upon the foregoing representations by the Tribe, and the State's entry into the Amendment is expressly made contingent upon the truth of those representations as of the date of the Tribe's execution of this Amendment through the undersigned. If the Tribe fails to timely provide written proof of the undersigned's aforesaid authority to execute this Amendment or written proof of ratification by the Tribe's governing body, the Governor shall have the right to declare this Amendment null and void.

- (d) This Amendment shall not be presented to the California State Legislature for a ratification vote until the Tribe has provided to the Governor the written proof required in subdivision (a) of this section.

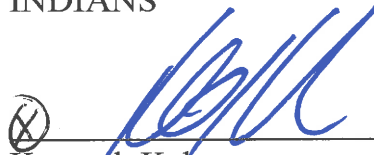
IN WITNESS WHEREOF, the undersigned sign this First Amendment to the Tribal-State Compact Between the State of California and the Santa Ynez Band of Mission Indians on behalf of the State of California and the Santa Ynez Band of Mission Indians.

STATE OF CALIFORNIA

SANTA YNEZ BAND OF MISSION
INDIANS



Edmund G. Brown Jr.
Governor of the State of California



Kenneth Kahn
Chairman of the Santa Ynez
Band of Mission Indians

Executed this 1st day of August,
2018, at Sacramento, California.

Executed this 17th day of July,
2018, at Santa Ynez Reservation,
California.

ATTEST:

Alex Padilla
Secretary of State, State of California

APPENDIX E

WHEREAS, the State of California permits and regulates pari-mutuel wagering on horse racing (also known as off-track wagering) at authorized satellite wagering facilities (also known as simulcast wagering facilities) at various locations within the State, under the terms of California Business and Professions Code section 19400 et seq. (California Horse Racing Law); and

WHEREAS, the California Horse Racing Board (Board) is the agency established under California state law to administer and enforce all laws, rules, and regulations affecting horse racing and pari-mutuel wagering within the state and has enacted regulations that appear at title 4, division 4 of the California Code of Regulations, regulating the conduct of pari-mutuel and simulcast wagering on the results of horse races (Board Rules and Regulations); and

WHEREAS, operation of a satellite wagering facility is a Class III Gaming activity under IGRA; and

WHEREAS, the Tribe has duly enacted its Gaming Ordinance, which permits Class III Gaming on and within the Santa Ynez Indian Reservation if conducted in conformity with an applicable tribal-state compact; and

WHEREAS, section 3.1, subdivision (a)(4), of the Amendment to the 2015 Compact authorizes and permits the Tribe to offer off-track wagering on horse races at a satellite wagering facility pursuant to the requirements of this Appendix; and

WHEREAS, the Tribe and the State each recognize the sovereign authority and interests of the other in regulating gaming activities within their respective areas of jurisdiction and in ensuring that off-track wagering on horse races is conducted fairly, honestly, professionally and in a manner that promotes the California horse racing industry.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

Sec. 1.0. Definitions. Except where the context otherwise requires, the terms employed in this Appendix shall have the same meanings ascribed to them in the California Horse Racing Law, the Board Rules and Regulations, and in the Compact, as they may be modified or amended from time to time during the term

of the Compact. Whenever reference to the Compact is made in this Appendix, that reference shall be understood to also include any Class III Gaming compact between the Tribe and the State to amend or replace the Compact that may hereafter be entered into and that is in effect. A satellite wagering machine is a device used solely to conduct off-track wagering on horse races authorized by this Appendix, and such a machine shall not be treated as a Gaming Device as defined in the Compact, including for the purpose of calculating the number of Gaming Devices operated by the Tribe under the Compact.

Sec. 2.0. Purpose. The purpose of this Appendix is to establish and declare the terms upon which off-track wagering in a satellite wagering facility may be established and operated by the Tribe in its Gaming Facility as a means of developing self-sufficiency and generating additional revenues necessary to provide tribal services and programs, while providing the State and the Tribe with an effective means of regulating such activities in accordance with IGRA.

Sec. 3.0. Authorization to Operate Satellite Wagering Facility. The Tribe is authorized to establish and operate off-track wagering on horse races in a satellite wagering facility (Satellite Facility) upon the Santa Ynez Indian Reservation within its Gaming Facility, provided that the Tribe completes and submits to the Board an Application for Authorization to Operate a Simulcast Wagering Facility (Form CHRB-25, or such form as may be revised), and such Satellite Facility is operated in conformity with IGRA, this Appendix, and the Compact. To the extent there may be provisions in the Compact that are in conflict with provisions in the California Horse Racing Law or the Board Rules and Regulations that are specific to the conduct of off-track wagering on horse races at a satellite wagering facility, the California Horse Racing Law and the Board Rules and Regulations, and the terms of this Appendix, shall control.

- (a) Satellite Facility. For purposes of this Appendix, a site within the Tribe's Gaming Facility, located at 3400 East Highway 246, Santa Ynez, California 93460, which shall be clearly demarcated, shall be approved as the Tribe's Satellite Facility, provided that upon inspection by the Board, the Board finds that the Satellite Facility complies with the substantive requirements of the California Horse Racing Law and the Board Rules and Regulations. References to the Satellite Facility in this Appendix shall refer only to the portion of the Gaming Facility that has been demarcated as the Satellite Facility and shall not refer to any other portion of the Gaming Facility.

- (b) Continuing Obligation to Maintain Satellite Facility. The Tribe agrees to maintain its Satellite Facility in a manner that complies with all applicable satellite wagering facility requirements made applicable by this Appendix at all times; provided, however, that the Tribe retains sole discretion to cease operation of the Satellite Facility.
- (c) Except as provided in this Appendix, no prohibition upon, or regulation of, the establishment or operation of the Satellite Facility will be imposed upon the Tribe by the State.

Sec. 4.0. Agreements with Satellite Operating Organizations.

- (a) In order to permit the conduct of off-track wagering on horse races through intrastate satellite wagering and out-of-state satellite wagering at the Satellite Facility, the Tribe is hereby authorized to enter into agreements with any satellite operating organization that is established pursuant to Business and Professions Code section 19608.2, subdivision (a) or other provision of the California Horse Racing Law or the Board's Rules and Regulations, and which organization provides the audiovisual signal of, and operates satellite wagering on, racing events authorized to be received in the central zone. No such satellite operating organization shall refuse to enter into such an agreement with the Tribe on the ground that the Tribe is not an entity eligible to be authorized to operate a satellite wagering facility under state law, or that the proposed agreement with the Tribe is otherwise inconsistent with any other provision of state law, or with the Board Rules and Regulations, as long as the proposed agreement between the Tribe and the satellite operating organization complies with federal law and with the terms of this Appendix. A copy of any such agreement entered into by the Tribe shall be provided to the Board at the location of the Board's headquarters within thirty (30) days after its execution. Except as herein provided, nothing in this Appendix is intended to alter in any way the rights of the satellite operating organization under state law.
- (b) Upon the written request of the Tribe made not sooner than one (1) year after commencement of the Satellite Facility's operation, the provisions of Appendix section 4.0, subdivision (a), limiting the satellite operating organizations with which the Tribe may enter into agreements, shall be subject to amendment in accordance with the procedures of sections 15.1 and 15.3 of the Compact.

Sec. 5.0. Distribution of Handle.

- (a) (1) Generally. The amounts deducted from pari-mutuel wagers at the Satellite Facility, and the distribution of such amounts, shall be the same as those provided for under the California Horse Racing Law and the Board Rules and Regulations for satellite wagering facilities, other than fairs, in the central zone.
 - (2) State License Fee. In the event that during the term of the Compact, California law is amended to authorize the State to collect a state license fee, or a fee equivalent thereto, on the wagers placed at the Satellite Facility, the parties shall promptly meet and confer as to whether that state license fee may be imposed under federal law. Any dispute as to this issue shall be resolved under the dispute resolutions provisions of section 13 of the Compact.
- (b) Additional Provisions for Purposes of Business and Professions Code Section 19605.71.
- (1) The Tribe and the satellite operating organization may agree between them and may specify by incorporating into the agreement described in Appendix section 4.0 how the percentages of the handle specified in Business and Professions Code section 19605.71, subdivision (c), and designated for promotion of the program at the Satellite Facility, shall be distributed and expended; and
 - (2) The Tribe shall be deemed to be the equivalent of the county entitled to the 0.33% of the handle distributed to the local government within which the Satellite Facility is located, as specified in Business and Professions Code section 19605.71, subdivision (d), and the Tribe shall receive that distribution instead of Santa Barbara County.

Sec. 6.0. Right of Entry. The Tribe hereby grants the Board a right of entry onto the Santa Ynez Indian Reservation solely for purposes of inspecting its Satellite Facility and monitoring compliance with this Appendix. Such inspection or other site visits shall be conducted by the Board in accordance with the same schedules, policies, and procedures that the Board customarily applies to satellite wagering facilities licensed under state law. Except when entering, leaving, or remaining in the public areas of the Satellite Facility during normal operating

hours, Board members or personnel shall notify the Tribal Gaming Agency, as defined in the Compact when they seek access to the restricted (i.e., non-public) areas of the Satellite Facility. Inspections of the non-public areas of the Satellite Facility and inspections, copying, and maintenance of papers, books and records, which shall remain the property of the Tribe, shall be conducted in accordance with the Compact. Nothing in this Appendix shall preclude the State Gaming Agency, as defined in the Compact, from entry into the Satellite Facility to carry out all activities, rights, and duties provided to the State Gaming Agency by the Compact.

Sec. 7.0. Concurrent Tribal Authority. Nothing contained herein shall operate to preclude the Tribe from exercising such additional and concurrent regulatory authority as it may otherwise possess over the Gaming Activities authorized under this Appendix; provided, however, that any regulatory authority exercised by the Tribe over the Gaming Activities authorized in this Appendix shall be no less stringent than that which the Board would exercise over off-track wagering on horse races at satellite wagering facilities approved under state law.

Sec. 8.0 Consent Under Interstate Horse Racing Act. To the extent that acceptance of interstate off-track wagers on horse races is authorized by California state law and the Board, the execution of the Compact by the State shall constitute consent to acceptance of interstate off-track wagers by the satellite operating organization at the Satellite Facility, as required under 15 U.S.C. § 3004(a)(3). Either the State, or the Board or its successor, if requested, shall acknowledge in writing the consent given herein.

Sec. 9.0. Licenses Generally. Subject to compliance with the terms of this Appendix, the Tribe shall not be required to obtain or possess a license from the Board in order to establish and operate a satellite wagering facility within its Gaming Facility, and shall not be required to obtain any other license under state law in connection with its operation of its Satellite Facility, except as may be required under the Compact.

Sec. 10.0. Licensing of Employees.

- (a) Administrative and managerial personnel who exercise control over other persons licensed by the Board or the operation of satellite wagering, or whose duties routinely require access to restricted areas of the Satellite Facility, and clerical and other employees employed in a restricted area of the Satellite Facility, shall hold a valid license issued by the Board, if the person is required to be licensed pursuant

to section 1481 of the Board Rules and Regulations; provided that this requirement shall not apply to tribal public safety officers and security personnel of the Gaming Facility who regularly patrol the Satellite Facility in the course of performing their normal, assigned duties, but who are not assigned to remain therein continuously; and provided further that for the purposes of this Appendix, the restricted area of the Satellite Facility shall mean those areas within the Satellite Facility where admission can be obtained only upon presentation of authorized credentials or proper license, including those areas designated as the pari-mutuel department.

- (b) If required by any of the Tribe's ordinances, regulations, or rules, every person employed at the Satellite Facility on the Santa Ynez Indian Reservation shall:
 - (1) Hold a valid license issued by the Tribal Gaming Agency; or
 - (2) Be approved by the Tribal Gaming Agency for such employment.

Sec. 11.0. Security Control Over Satellite Facility. The Tribe shall maintain such security controls over its Satellite Facility and premises, including the presence of licensed security personnel, as the Board's Chief Investigator shall direct; and shall remove, deny access to, eject, or exclude persons whose presence within the Satellite Facility is inimical to the interests of the State as provided by sections 1980 and 1989 of the Board Rules and Regulations, or to the interests of the Tribe in operating an honest, legitimate satellite facility. Persons prohibited from wagering or excluded from the Satellite Facility pursuant to sections 1980 through 1989 of the Rules and Regulations shall have the right to a hearing thereon pursuant to the Board Rules and Regulations, and the Tribe shall abide by the Board's decision following such hearing; however, nothing in this section shall affect the Tribe's power to exclude or remove persons from the Santa Ynez Reservation, Gaming Facility, or Satellite Facility pursuant to federal law and the Tribe's laws, regulations, rules, or policies.

Sec. 12.0. Civil Regulation.

- (a) Generally. Except as modified by this Appendix, and except to the extent that they are in conflict with federal law, all provisions of the California Constitution and all provisions of California Horse Racing Law that specifically and directly pertain to the conduct of off-track wagering on horse races at a satellite wagering facility, and all rules,

regulations, policies, and regulatory and enforcement practices of the Board or its successor, which are now in existence or which may hereafter be enacted, adopted or from time to time amended, and that apply generally to satellite wagering facilities within the State, are hereby incorporated into this Appendix and shall be applicable to the Satellite Facility authorized by this Appendix to the same extent and in the same manner as they apply to satellite wagering facilities in operation within the state generally.

- (b) Non-Discrimination in Enforcement. In exercising the regulatory enforcement authority granted herein, such authority and the application of the Board Rules and Regulations and procedures shall not be exercised by the Board in a manner that discriminates against the Tribe or is more stringent than that applied to State-licensed satellite wagering facilities in operation within the State generally.

Sec. 13.0. Suitability Standard Regarding Licensing. It is the Tribe's and the State's intent that the licensing of persons, entities, and financial sources directly providing services or materials to the Tribe's Satellite Facility shall involve joint cooperation between the Tribal Gaming Agency and the Board. Except as modified by this Appendix, the Tribe agrees to comply with all licensing requirements, procedures, and standards relevant to satellite wagering facilities that are set forth in the California Horse Racing Law and the Board's Rules and Regulations.

Sec. 14.0. Governing Law. This Appendix shall be governed by and construed in accordance with federal law (including but not limited to IGRA) and the laws of the State of California to the extent those laws are not inconsistent with federal law; provided, however, that provisions of state laws and regulations expressly incorporated into this Appendix shall be construed in accordance with the laws of the State of California.