

1010 Hurley Way, Suite 300
Sacramento, CA 95825
(916) 263-6000
Fax (916) 263-6042

CALIFORNIA HORSE RACING BOARD

Los Alamitos Race Course
4961 E. Katella Avenue
Los Alamitos, CA 90720

Contact: Mike Marten
(714) 820-2748
Cell: (714) 240-1870
Fax (714) 821-6232

CHRB NEWS RELEASE

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BOARD LEADS STRATEGIC PLANNING DISCUSSION

DAVIS, CA – The California Horse Racing Board held its first public meeting Thursday on strategic planning for the future of racing in the state – with an emphasis on developing alternatives in case one or more of the privately owned racetracks shut down their racing operations and the properties are developed for non-racing use.

Racing associations, fairs, horsemen, and labor representatives attending the monthly CHRB meeting at UC Davis expressed their fears and hopes for California racing, encouraged by Chairman Richard B. Shapiro to work with the Board to “perpetuate and enhance” horse racing in the state.

“There is no secret that two of our racetracks have been purchased and may be converted to alternative non-racing uses,” said Shapiro. “Given the possibility that two or possibly even more tracks could close sometime in the future, it is prudent for this industry to look at all the options – to create and study possible alternatives to ensure prosperity for California horse racing. Recognizing that any deviation from the current racing facilities would entail long lead times, and possibly legislation, it seems like a good idea to get a jump on it.

“I have had private discussions with many in the industry asking them for their views. And now this is the first of many public meetings we will have to encourage the industry and fans to put forth their views and consider possible options. The closure of some tracks could mean opportunities for others. We need to explore the opportunities for racing in other locations. We are not endorsing any one option. Personally, I hope that Hollywood Park and Bay Meadows continue operating. But we do need to work together to ensure the continued prosperity of horse racing in California.”

In the ensuing discussion, representatives of Fairplex Park gave the most extensive presentation by far with a detailed description of a proposed \$100-million project to expand and greatly enhance the racetrack facility located on the Los Angeles County Fairgrounds. The Fairplex plan essentially would provide a new facility in every important respect with new barns, dining, and viewing areas.

The improvements would include expanding the main oval to one mile and installing a synthetic surface. They would create a new, seven-furlong turf course inside of the main track. The grandstand would be extended by 40 feet to the outside (away from the racing ovals) to provide dining and private party areas. Much of the existing grandstand area would be converted to a dining terrace, and some luxury suites would be added.

Cliff Goodrich, the former president of Santa Anita and Arlington Park, who now serves as a consultant for Fairplex Park, said in order to justify this kind of investment, Fairplex would require 20 weeks of racing (17 more weeks than its current allotment), or a minimum of 12 weeks of racing supplemented by revenue equating to eight weeks of racing. The sources of the alternative revenue would need to be negotiated.

Noting Hollywood Park’s announcement Wednesday that it will invest \$8 million to install a synthetic surface this summer, Goodrich joined with others in praising Hollywood Park for its financial commitment, but he still described Hollywood Park’s long-range plans as “a little murky.”

“The murkiness needs to be cleared up beyond 2008,” said Goodrich. “Fairplex would require a one or two-year headstart to do what needs to be done. For that reason, I would encourage the Board to begin issuing multi-year race date allocations – perhaps as long as a five-year calendar.”

In the past, management and potential investors in Los Alamitos Race Course have discussed similar plans to expand that property and acquire thoroughbred racing dates were Hollywood Park to close. In a reference to that rival proposal, Goodrich advised the racing commissioners that only one project could be financially viable.

“Fairplex Park and Los Alamitos could not spend \$200 million (\$100 million per property) and split the (Hollywood Park) dates,” said Goodrich. “One of the two would have to prevail.”

Richard Castro, president of the Pari-Mutuel Employees Guild, said labor would lend its support to the strategic planning effort, and he for one intends to do everything in his power to help keep Bay Meadows and Hollywood Park operating.

Drew Couto, president of the Thoroughbred Owners of California, indicated that while most of the focus has been on the value and cost of operating racetrack properties, no one should overlook the significant financial commitments of horse owners and breeders.

“These horses require major investments and horsemen have to plan ahead,” said Couto, “and the uncertainty over Hollywood Park has caused some anxiety. The announcement by Hollywood Park to invest in a new surface has allayed some of the concerns about the future. But still, we encourage the CHRB to continue this dialogue. If we don’t understand what our options are, we will be in a world of hurt if the day ever comes that a racetrack does close. The CHRB is doing the right thing to focus our attention on this issue and asking the industry to get together and consider our options.”

Chris Korby, executive director of the California Authority of Racing Fairs, said the various fairs in Northern California that CARF represents have engaged in “serious discussions” about some of these issues, and some would consider expanding their racing schedules if Bay Meadows were to close.

“As publicly owned entities, the fairs could play a large role if any of the privately owned racetracks gets closed down and developed,” said Korby.

The reference to fair meets prompted a brief discussion of existing fair schedules and facilities, and Commissioner Marie Moretti reminded Korby that the fairs have long promised to “get creative” and come up with improved, alternative plans for the fair circuit. For example, instead of each fair running for two weeks, as has long been the tradition, she suggested it might be more beneficial to all concerned if a small number of fairs improved their facilities and operated extended race meets for themselves and on behalf of other fairs.

“We have had discussions about consolidating some of the meets,” said Korby, “but there has been no resolution of that.”

Ron Charles, president of Golden Gate Fields, said regardless of what happens at Bay Meadows, “we need a new plan for Northern California because what we have now is not working. The premier racing in Northern California stops in the middle of June. Does that make sense? We are going to present a plan in the next month or two to address this problem.”

Chairman Shapiro said he welcomed such a plan from Charles and he encouraged others to come up with plans for other potential scenarios. He said this matter would be placed back on the agenda for the July 20 Board meeting at Del Mar. He said the Board also would consider developing a multi-year racing calendar.

Just prior to the Board meeting Thursday afternoon, the racing commissioners and CHRB staff took a tour of the Ken Maddy Equine Analytical Laboratory, which conducts all primary testing of equine blood and urine samples for the Board. The facility director, Dr. Alex Ardans, and equine chemistry director, Dr. Scott Stanley, walked the group through the entire analytical process, beginning with the receiving and processing of the secure samples arriving from each of the racetracks, and then through the high-tech instrumental screening and confirmation process (when warranted) for any unauthorized substances.

Even for those relatively familiar with the facility, which is located on the UC Davis campus, the tour was impressive and informative because the laboratory is continually adding new state-of-the-art equipment. The latest acquisition is a blood plasma analyzer that can detect the presence of substances as small as a few parts-per-trillion (picogram). Dr. Stanley said the TSQ Quantum Ultra now allows the laboratory to quantify the drug substances in blood, which is a much better matrix than urine for establishing pharmacological significance. This will help provide veterinarians and horsemen with a more specific timetable for stopping the administration of therapeutic medications before a race in order to ensure that no traces of the drug are left in the horse's system on the day of the race.

Commissioner John Harris, a long-term member of the CHRB Medication Committee, commented, "The Maddy Lab is a very fitting tribute to the late Senator Ken Maddy, who pushed hard in the legislature for its creation. It is truly a state-of-the-art facility that we can all be very proud of."

The tour included an inspection of the Giannini Equine Athletic Performance Laboratory, run by Dr. James Jones, who arranged for a demonstration of a horse running on the treadmill at speeds up to 38 m.p.h. The guests stared with rapt attention, standing only a few feet away from a racehorse in full stride – the closest anyone except a jockey would ever come to such an experience. If this had been an actual performance test, the horse could have been hooked up to various instruments to detect changes to its respiration, heart rate, and other physical processes.

In other business during the Board meeting, the racing commissioners extended the temporary suspension of the coupling rule to include Los Alamitos. This action came at the request of management at Los Alamitos after the Board waived the rule in May for just the two thoroughbred meets at Hollywood Park and Bay Meadows. The temporary suspension ends for thoroughbreds at the conclusion of the current Hollywood Park meet on July 16. The waiver concludes at Los Alamitos with entries to be taken Wednesday, August 16, the day prior to the August 17 Board meeting. As a condition of the waiver, Los Alamitos will closely monitor the uncoupling experiment and provide the same type of information to the Board that is being provided by the thoroughbred tracks, including the number of same-owner horses that race uncoupled as a result of the waiver, their respective odds and order of finish, and other information that should help the Board measure the impact of the uncoupling experiment.

The Board also granted a limited waiver of Rule 1663 (Entry of Claimed Horse) specifically for horses claimed at fairs this year, effective October 16, the day after the conclusion of the current fair season at the Big Fresno Fair. This waiver was requested by CARF because according to Korby, its aggressive recruitment campaign for horses in other states is being impacted by the rule that prohibits horses claimed in California from starting in other racing jurisdictions for at least 60 days following the close of the meet at which they were claimed. The entire fair circuit is considered one meet, so a horse claimed in Stockton at the start of the fair season in June would not be eligible to run in another state until mid-December – two months after the close of the Fresno meet on October 15.

CHRB Executive Director Ingrid Fermin explained that horsemen in other states could be reluctant to bring horses to race in California given that their horses could be claimed away from them but any horses they claimed for themselves would be ineligible to run for an extended period of time following their return to their home states at the conclusion of the California fair season. The waiver deals with that problem by removing the "jail time" restriction.

Commissioner Harris voiced his support for the overall concept of the 60-day jail rule, but saw that a unique and unforeseen problem may have been created at the fairs, so he supported this limited exemption on a trial basis.

Chairman Shapiro discussed the need to “clarify” the rule approved by the Board last month requiring the major thoroughbred tracks to install synthetic racing surfaces by the end of next year. He indicated the concept of synthetic racing surfaces must be clearly understood to include “the entire system of synthetic surface materials and an adequate drainage system.” He said his intent is to head off the possibility of any track installing a system that would come up short of the Board’s expectations. The CHRB staff will be working with the deputy attorney general to come up with the appropriate wording for either a rule amendment or change to the license application that would address this concern.

The Board approved license applications for the San Mateo County Fair meet at Bay Meadows (August 9 through August 23) and the Humboldt County Fair meet in Ferndale (August 10 through August 20) after representatives of those meets assured the Board they would have aggressive programs in place designed to attract regular fair patrons to the racetrack. These programs typically include perks such as free admission to upscale sections of the racetrack and entries into drawings for cash giveaways.

Commissioner Harris said he had visited Ferndale last season and was impressed with the charm of the track and adjacent town as well as the enthusiasm of the fans there.

The Board also approved the license application for the Sacramento Harness Association to conduct a harness meet at Cal Expo in Sacramento from August 12 through December 16. This meet includes the time period when Cal Expo historically ran its mixed-breed meet. The Fair Board decided earlier this year to stage harness racing for the second consecutive year in that time slot. And in the latest development, the Fair Board reached an agreement with Sacramento Harness to operate the Fair’s harness meet as an extension of the regular Sacramento Harness meet.

The Board authorized the Oak Tree Charitable Foundation to distribute \$74,500 in race-day charity proceeds to 25 beneficiaries. Dr. Rick Arthur, an Oak Tree director, noted 85 percent of these funds are going to industry-related causes, principally to jockey health and welfare programs (e.g. Disabled Jockeys’ Endowment, \$14,900), backside services (e.g. Racetrack Chaplaincy of America, \$12,000), and horse rescue efforts, including \$10,000 to Tranquility Farm and \$2,500 to the United Pegasus Foundation.

Commissioner Harris noted that Oak Tree donates a great amount of additional funds to similar causes using revenue from its not-for-profit race meet, and he asked Dr. Arthur to provide a description of those other charitable efforts at some later date.

The Board authorized staff to initiate a 45-day public comment period for a rule amendment to codify a long-standing practice by racing offices of accepting horse entries by telephone without requiring the trainer to follow up with a written entry, as required by a CHRB rule. The Board waived that rule requirement in March, given assurances that entry clerks typically know the person making the entry, so back-up identification through a written entry is not an issue. The rule amendment takes the next step by turning the waiver into a permanent regulation.

The Board authorized the distribution of \$140,000 from uncashed winning pari-mutuel tickets that were purchased during 2004-05 harness meets. The money will be divided equally (\$70,000 each) to the welfare fund for backstretch harness workers and the State of California, as required by law.

Scientific Games provided a brief report and update on the development of its new, high-security data center in Sacramento. The facility has been constructed and equipped, the system is currently being tested, and later this summer the various racetracks will begin “migrating” their data services to the high-tech facility.

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