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CHRB NEWS RELEASE

OCTOBER 27, 2006

2007 RACING CALENDAR SIGNALS NEW DIRECTION

ARCADIA, CA – The California Horse Racing Board approved a 2007 racing calendar Thursday that introduces the concept of rewarding racing associations and fairs for their efforts and long-term commitments to the horse-racing industry, and sets the stage for more significant changes to the racing calendar in years ahead.

Past racing calendars typically have been status quo with date allocations based largely on custom without regard to performance, achievement, and goals. But this year the commissioners serving on the CHRB Strategic Planning Committee announced that it no longer would be business as usual, and they would attempt to determine which date allocations would work best for the racing industry as a whole.

CHRB Chairman Richard B. Shapiro, who serves on the Strategic Planning Committee along with Vice Chairman Marie Moretti and Commissioner John Amerman, explained the logic of the new direction.

“Horse racing in California needs revenue for higher purses and needs fans at the live racetrack in order to survive,” he said. “The historical procedure for allocating dates does not necessarily address this need. We must take care of racing and take care of those tracks that help racing the most by generating revenue, bringing in fans, and investing in capital improvements for the long-term health of racing.”

Much of the focus during those Committee meetings and at the Board’s monthly meeting Thursday has been on the fairs in Northern California, which by tradition have received prime summer racing dates. The 2007 calendar approved Thursday takes away one day each from the fairs in Vallejo, Stockton, and San Mateo – fairs considered to be underachievers – as well as a total of eight days from the two major thoroughbred tracks, Golden Gate Fields and Bay Meadows, in an effort to preserve the horse inventory and eliminate some overlap with the fairs.

Furthermore, representatives of the fairs at Stockton and Vallejo accepted the Board’s demand that they demonstrate a significant increase in business in 2007, or at least offer a solid financial commitment for improvements, including an action plan to substantially improve their racing facility and racing program, otherwise risk receiving no racing dates in 2008 at those sites.

Given the Board's desire to reward deserving tracks, the Southern California thoroughbred calendar presented a real dilemma. The way the dates fall in 2007, there will be only 29 weeks of racing in the winter, spring, and early summer, and those 29 weeks must be divided between two tracks – Santa Anita and Hollywood Park – that traditionally have run a total of 30 weeks during those months. Both Santa Anita, which had a banner racing season in 2006, and Hollywood Park, which installed a synthetic racing surface pursuant to the Board's mandate, made significant contributions to the horse-racing industry this year.

None of the racing commissioners wanted to inflict financial harm on either company, but recognizing the limitation of the calendar, they had to decide the matter. Commissioner Jerry Moss recused himself from participating in this matter because he has a business relationship with Frank Stronach, chairman of MEC, the owner of Santa Anita. Stronach's Adena Springs Farm purchased an interest in Moss' Kentucky Derby winner, Giacomo.

The remaining six commissioners eventually offered a compromise by allocating the "squeeze" week to Santa Anita, while giving Hollywood Park four additional days of racing at others times during the year. Chairman Shapiro gave notice to Santa Anita that if they do not install a synthetic surface by this time next year and commence replacement of barns, he would hope and advocate that the "squeeze" week be awarded to Hollywood Park next year.

During a prolonged discussion, several commissioners expressed disappointment and dissatisfaction at the intense lobbying campaign orchestrated by the owners of Hollywood Park to get the disputed week of racing. They said they received unprecedented levels of communications from state officials and others urging them to vote Hollywood Park's way. Commissioner William Bianco said he had never received so many e-mails on an issue.

If instead of this lobbying effort, "everyone put the same level of energy into a pro-racing campaign in Sacramento, we could do wonders," said Vice Chairman Moretti, who later added, "I just want everyone to work together for the good of the industry."

Commissioner John Harris commented, "I can sympathize with all parties and I recognize their need to present their best case, but one has to remember that this is an independent board not controlled by the Legislature."

Chairman Shapiro said, "I am personally offended that people feel that putting political pressure on us would influence our decision. I also find it highly inappropriate that any licensee feels they have the right to call and threaten me, or stand before this Board and threaten it if we do not vote the way they want."

As approved, the Southern California thoroughbred and Los Angeles County Fair calendar begins this December 26 at Santa Anita with an 85-day meet that runs through April 22, followed by a 63-day meet at Hollywood Park (April 25 through July 16), then meets at Del Mar (July 18 through September 5, 43 days), Fairplex (September 7 through September 24, 16 days), Oak Tree at Santa Anita (September 26 through November 4, 30 days), and then back to Hollywood Park (November 7 through December 16, plus two additional days to be run at the end of the meet, the exact dates to be determined when their license application is reviewed by the Board next year, for a total of 32 days).

In the north, the circuit begins December 26 at Golden Gate with a 31-day meet through February 11, and then moves to Bay Meadows (February 14 through April 22, 50 days), back to Golden Gate (April 25 through June 10, 35 days), followed by a 74-day fair circuit. Thoroughbred racing resumes August 22 at Bay Meadows (through November 4, 52 days), and then concludes at Golden Gate (November 7 through December 17, 31 days).

The northern fair circuit kicks off at Stockton (June 14-24, nine days), and then continues to Pleasanton (June 27-July 8, 11 days), Vallejo (July 11-22, 10 days), Santa Rosa (July 25-August 6, 12 days), San Mateo (August 8-19, 11 days), Ferndale (August 9-19), 10 days, and finally Fresno (October 3-14, 11 days).

The 206-night quarter-horse meet at Los Alamitos runs from December 28 through December 23. The harness calendar for Cal Expo will be considered at the November Board meeting.

When there is likely to be inclement weather, the northern tracks will be offering some four-day racing weeks in an attempt to preserve the horse population and offer larger fields.

During a long meeting that lasted more than seven hours, another matter that received considerable attention was Advance Deposit Wagering. The licenses for the three current ADW providers – Youbet.com, XpressBet, and TVG – all expire this December 31, so each has applied for a one-year renewal through the end of next year, at which time the law establishing ADW is scheduled to sunset – unless the law is amended to extend ADW wagering beyond 2007.

Each provider gave a comprehensive presentation emphasizing its own accomplishments. Chairman Shapiro asked each organization similar questions concerning ways to improve ADW, their attitudes about the existing practice of racetracks and ADW companies entering into exclusive agreements with one ADW provider, and whether the Board should condition ADW operators' licenses on there being an agreement with horsemen in California.

In response, representatives of Youbet.com and XpressBet expressed strong support for horsemen's agreements and for eliminating exclusive agreements by opening up all tracks to all ADW providers. Representatives of TVG argued that the law does not require that there be a horsemen's agreement, which therefore should not be a condition of ADW licensure. TVG also has stated that they have exclusive agreements and feel this is critical to their business model.

Commissioner Harris commented, "Like the dates issue, the Board was heavily lobbied on this matter. All parties must keep in mind that this law sunsets in 2007, so everyone needs to work hard for something that everyone can live with. I am supportive of horse owners' right to approve ADW fees. Perhaps there needs to be conflict resolution procedures in place to prevent impasse that could shut down ADW, but we need to have each partner at the table when rates are set. I urge the total industry to work hard on thinking outside the box on the most fair rate structures."

The Board decided to study the issues further and delayed voting on all three license applications until the November meeting.

In a related agenda item, the Board considered ADW issues relating to hub fees and rates paid to racetracks and horsemen for purses. The Thoroughbred Owners of California gave a detailed presentation asserting their rights in the setting of certain rates and approvals related to ADW. The Board asked the deputy attorney general to prepare a legal opinion on points presented by the TOC.

Developer Rick Caruso gave a presentation on plans to construct an entertainment and shopping complex in partnership with MEC on 60 acres of the parking lot to the south of Santa Anita's grandstand. The development would include 24 acres of open space, including a lake, surrounded by a boardwalk and restaurants, and featuring a promenade leading right into the Santa Anita paddock area. At 825,000 square feet, he said the "Shops at Santa Anita" project would be larger than The Grove, an extremely popular tourist spot that he developed in Los Angeles. There will be a net increase of 3,000 parking stalls on the property. He said the project is designed to complement and enhance the racing experience, and that the construction phase would be accomplished with a minimum of disruption to racing and the daily routine in the stable area.

Caruso said he hopes to receive approval from the City of Arcadia in March, and if there are no further legal or political obstacles, construction would begin eight months later and be completed at the end of 2009.

Commissioner Harris suggested adjusting entry times to 72 or even 96 hours before the race, which would make it easier for horsemen to plan medication and workout schedules, and it would give publicity departments more time to promote races. Ed Halpern, executive director of the California Thoroughbred Trainers, noted that Del Mar already has plans to go to earlier entries, and the CTT is "moving forward" on this issue. Hollywood Park has announced that they will go to 72-hour entries in their second condition book, and the northern thoroughbred tracks have been at 72 hours or more all of this year.

Los Alamitos Chairman Edward Allred asked for permission to uncouple horses in the wagering that have common ownership, whole or in part. He noted that quarter-horse racing differs from thoroughbred racing in several aspects that make the uncoupling of quarter horses practical. The commissioners agreed and granted Los Alamitos a waiver of the coupling rule pending approval of a rule amendment solely for quarter-horse racing.

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