

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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SHAPIRO NAMED FOR 2ND TERM AS CHRB CHAIRMAN

INGLEWOOD, CA – California racing commissioners unanimously re-elected Richard B. Shapiro chairman of the California Horse Racing Board for 2007 and named John Harris vice chairman Monday during the monthly CHRB meeting at Hollywood Park.

Shapiro has served as chairman since January 1, 2006. Since being appointed to the CHRB in 2005 by Governor Arnold Schwarzenegger, Shapiro has been extremely active as a racing commissioner, spending a great deal of his personal time on some of the serious issues facing racing today. In the last few weeks alone, he met with industry leaders and others to resolve issues relating to Advance Deposit Wagering (ADW), assisted Santa Anita in its efforts to obtain permits for the replacement of barns in its stable area, and met or spoke almost daily with Board executives.

Over the last year, Shapiro was the driving force behind the CHRB mandate to install engineered synthetic surfaces at major thoroughbred tracks. He spearheaded the push to develop a strategic plan for racing in California, which remains one of his primary goals for 2007.

Shapiro, who in 1996 founded Winco Real Estate Services, Inc, a Calabasas-based real estate development and asset management company, has a long association with California horse racing. His grandfather, L.K. Shapiro, formed Western Harness Racing. His father, Marvin J. Shapiro, was responsible for legislation that legalized night horse racing in California. And Shapiro himself served as president of Western Harness in the early 1980s. His current term on the Board expires July 26, 2008.

Harris served as CHRB chairman in 2004 and 2005. He was appointed to the CHRB in 2000 by former Governor Gray Davis, who reappointed him to a second term that expires July 26, 2007. Harris also is widely recognized for his heavy involvement and commitment to horse racing. He owns and operates Harris Farms in Coalinga. He has owned thoroughbreds since 1958 and is a prominent breeder of racehorses. He was elected a director of the California Thoroughbred Breeders Association in 1974, served as the organization's legislative chairman for 20 years, and was twice elected CTBA president. Harris also has served on the boards of the Breeders' Cup, Thoroughbred Owners and Breeders Association, Grayson-Jockey Club Research Board, and Center for Equine Health/UC Davis Advisory Board. He is a member of the Jockey Club.

In other business, the Board approved one-year renewal licenses for all three of the current ADW operators – XpressBet, TVG, and Youbet.com – but took no action on a fourth application submitted by Day at the Track, Inc, after determining the company did not have an agreement with any California racing association as required by law.

Commissioners questioned representatives of XpressBet, TVG, and Youbet.com about their plans to improve their products, and ascertained that each service had negotiated an agreement with the Thoroughbred Owners of California (TOC). In the case of TVG, the agreement with horsemen was reached over the weekend after many hours of intense negotiations at the urging of the CHRB.

Chairman Shapiro thanked the parties for “working in good faith to try to make a good program for the benefit of the entire industry.”

Richard Castro, president of the Pari-Mutuel Employees Guild Local 280, encouraged the Board to require ADW operators to provide jobs in California for organized labor, which Castro said was the intent of the Legislature when approving the ADW law. But Chairman Shapiro said this is an issue that could best be resolved by the Legislature next year. The ADW law is scheduled to sunset at the end of 2007. The Board is encouraging all racing interests to work together for its renewal.

Commissioner Harris cited the need for more assurances that money deposited by ADW customers is segregated and protected. The Board will review this issue.

Dwight Manley, national general manager of the Jockeys’ Guild, provided an update on the Health and Welfare Program for jockeys. Manley said in the four months since he was named general manager, all of the undisputed bills have been paid and the financial stability of the Guild has dramatically improved. He said the Guild offers a variety of health plans for jockeys and their families, depending on their needs and ability to meet the tiered co-pay requirements. Some of his remarks were challenged by an associate with Jennings Insurance Services.

The Guild receives approximately \$1 million each year from a California fund of uncashed pari-mutuel refund tickets, which must be used to provide health and welfare benefits to California jockeys and their dependents. Chairman Shapiro said it is the Board’s responsibility to make certain those funds benefit only eligible California participants and not jockeys in other states. He asked Richard Smith, the newly appointed CHRB assistant executive director, to meet with all parties to verify this is the case.

As part of that review, the parties will solicit quotes from third-party health insurance providers to compare with the benefits that California jockeys are receiving from the Guild. Commissioner Harris suggested that because California has a workers’ compensation program that provides health benefits to persons injured on the job, the cost of insurance for non-work-related health matters should be considerably less than in non-workers’ comp states.

Frank DeMarco, general counsel for Santa Anita, said the City of Arcadia has agreed to move forward to issue the necessary permits for the replacement of barns in the stable area, subject to the Los Angeles Turf Club obtaining other required governmental approvals. Chairman Shapiro said it is important for everyone to realize this is a health and safety issue for workers and horses in those barns. DeMarco promised to provide the Board with updates at each monthly meeting.

Commissioner Jerry Moss, while expressing hope that Hollywood Park would continue operating for many years to come, noted that the racetrack's owner has committed to racing only through the end of 2008, so it is critical for the industry and the Board to prepare for the future. "The deadline is staring us in the face," said Moss, who thanked Clifford Goodrich for framing the issues in a recent letter.

"Anyone who has any intention of applying for thoroughbred race dates in 2009 should make their plans available to us within the next few months," said Moss. "Perhaps Fairplex Park would be interested in thoroughbred dates. Perhaps Santa Anita would be interested in more dates. Los Alamitos, Del Mar, or anyone else should make their interest known."

Goodrich, the former president of Santa Anita, now serves as a consultant for the Los Angeles County Fair, which has developed a plan to develop Fairplex Park in Pomona into a major racing and training facility at an estimated cost of \$100 million, provided it receives sufficient revenue from increased thoroughbred race dates and training operations to justify the expenditure. Accordingly, the project could only proceed if Hollywood Park was to close and the thoroughbred dates became available. Los Alamitos Race Course, which currently operates a year-round quarter-horse meet in Orange County, has publicly discussed a similar plan also dependent on Hollywood Park dates.

Goodrich said it would take anywhere from 18 months to two years to complete such a project, given that it would require changes in the Horse Racing Law and other critical preparatory steps before any construction could actually begin.

Chairman Shapiro said the Board and industry could begin the process after the first of the year by seeking legislation that would "give us the flexibility we need to allocate dates and keep all of our options available." He said the Board's Strategic Planning Committee, which was formed this year to consider these very issues, would resume meeting early next year.

The Board completed approval of the 2007 racing calendar by approving harness dates at Cal Expo in Sacramento from December 26 through December 22, and then approved the application of the Sacramento Harness Association to run harness meets within that time frame.

The Board authorized the Pacific Racing Association to operate a thoroughbred meet at Golden Gate Fields from December 26, 2006, through February 11, 2007. Except for holiday weeks, racing will be conducted four days a week (Thursday through Sunday) with simulcast-only programs offered on Wednesdays.

Commissioner John Amerman questioned Peter Tunney, a Golden Gate executive, about plans discussed earlier to provide ferry service from the Ferry Building near downtown San Francisco to the pier directly in front of Golden Gate, which sits on the San Francisco Bay, and/or the pier at the nearby Berkeley Marina. Tunney said the piers would need to be restored for commercial usage and he has assurances from the Water Transit Authority that the project is “on their short list.”

The Board approved the license application for the Los Angeles Turf Club to conduct a thoroughbred meet at Santa Anita from December 26, 2006, through April 22, 2007. Chairman Shapiro, noting the huge success of last year’s winter meet, achieved in large part through excellent weather and an aggressive marketing campaign, said he hoped Santa Anita would do as well at the upcoming meet.

The Board approved the license application for the Los Alamitos Quarter Horse Racing Association to conduct a quarter-horse meet at Los Alamitos from December 28, 2006, through December 23, 2007.

Complying with provisions of a new law, the Board approved a rule amendment providing that a report of all on-track accidents involving jockeys must be forwarded to the Board as an attachment to the stewards’ minutes. The report must be forwarded to the jockey, the Jockeys’ Guild, and the owner and trainer of the horse that the jockey was riding at the time of the accident.

The Board extended to the assistant executive director authorization already granted to the executive director to execute documents and agreements on behalf of the CHRB.

Reviewing the end-of-meet summaries prepared by the staff, Commissioner Harris noted the Fresno Fair had an exceptional meet with increases in total handle and every major sub-category – on-track, off-track, out-of-state, ADW, average daily handle, etc. Fresno Satellite Supervisor Dan White said the Fair completed capital improvements to the facility.

Fairplex, Oak Tree at Santa Anita, and the Sacramento Harness meet at Cal Expo also posted gains.

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