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CHRB NEWS RELEASE

MAY 24, 2007

TALKS UNDERWAY FOR 2008 BAY MEADOWS DATES

SACRAMENTO, CA – California racing commissioners and Bay Meadows President Jack Liebau found some middle ground Tuesday that could result in racing continuing at the San Mateo racetrack through 2008, depending largely on the outcome of industry negotiations that will be discussed at the June 19 meeting of the California Horse Racing Board.

In a separate issue also involving the Northern California racing calendar, Golden Gate Fields General Manager Robert Hartman reported to the commissioners during the CHRB monthly meeting Tuesday that plans to install a synthetic surface could be delayed for a year or more depending on regulatory approvals and potential delays caused by public appeals. Notwithstanding, Hartman advised that Golden Gate has spent millions of dollars on materials to date and is pursuing the installation of a synthetic surface at the earliest possible date.

Back in March, the Board declined by a 4-2 vote to grant Bay Meadows a two-year waiver to a rule requiring all racetracks in California conducting four or more weeks of continuous thoroughbred racing in a calendar year to install a synthetic surface by the end of 2007. The owner of Bay Meadows is in the process of obtaining building permits for the final stages of the development of the property, and Liebau said it did not make economic sense to put in a synthetic track that could cost more than \$8 million. Without a waiver, he said Bay Meadows would close later this year.

On Tuesday, Commissioner John Amerman inquired whether Bay Meadows would guarantee racing in 2008, in connection with a one-year waiver. Liebau said a commitment to race through 2008 would depend on “how many dates we get and what those dates are.” He said that from an investor’s point of view, “We have a critical mass of dates we need (for continued racing) to be feasible.”

Commissioners Amerman and Marie Moretti – who cast two of the four votes denying the waiver in March – both expressed appreciation for Liebau’s remarks, then along with Chairman Richard B. Shapiro, Vice Chairman John Harris, and Commissioner Jesse Choper, attempted to extract more specifics from Liebau about the dates Bay Meadows would need allocated in return for a guarantee.

Liebau responded, “We’ll huddle with Golden Gate Fields and come up with a calendar that is acceptable to both of us, then bring it back to you next month when this matter is an action item.”

Vice Chairman Harris suggested the “huddle” should include the fairs and representatives of the horsemen’s groups.

Chairman Shapiro added, “If there is a plan, I just want to know that you would be committed to seeing that plan through to its conclusion.”

Michael Corbett, representing the San Mateo Board of Supervisors, presented the CHRB with two resolutions adopted by the San Mateo Board – one asking the CHRB to reconsider its March decision concerning the waiver, the other advocating continued racing at Bay Meadows and safeguards for the San Mateo County Fair, which conducts its racing fair meet at Bay Meadows.

Chairman Shapiro responded that he shared the goal of the Board of Supervisors to see Bay Meadows remain a racetrack for years to come, and if that is not possible, to see the San Mateo County Fair remain a simulcast site in the community, which will provide jobs as well as preserving wagering opportunities for a core base of fans.

Addressing the larger issue of the entire racing calendar for Northern California, Drew Couto, president of the Thoroughbred Owners of California (TOC), said the industry has been meeting regularly and developing various plans based on a number of possible scenarios, though the situation in Northern California is currently “too fluid” to allow for the public discussion of any of those contingency plans. “Whatever the eventuality as far as racing dates in 2008, we have an industry plan,” said Couto.

In other business, Assistant Executive Director Bon Smith updated Board members on the status of the CHRB’s current annual budget, which is approximately \$10.3 million for the current fiscal year (July 1, 2006, through June 30, 2007), and on the proposed appropriation for the fiscal year beginning July 1, 2007. He explained that approximately one-half of the budget supports contracts, including such service providers as the Maddy Laboratory at the University of California for equine drug testing, the stewards and veterinarians, the Department of Justice for legal support, and the Office of Administrative Hearings. Smith pointed out that earlier Tuesday, the proposed budget for 2007-08 was unanimously approved in full by the Assembly Budget Committee without additional comment or question. The Senate Budget Committee had earlier in the month voted to pull the Board’s budget. Smith stated that the final decision would come from the Legislature’s Conference Committee later in May or early June.

Smith also discussed current negotiations between the TOC and Jockeys’ Guild regarding the jockeys’ Health and Welfare Program. Even though the previous agreement expired in June 2006, the Board extended its provisions until a subsequent agreement is reached. The TOC and Guild discussed the current insurance plan and likely changes to it, the existing agreement and areas that may be amended, and the prospect of a valid third-party provider delivering a quote that addresses the participants’ needs. The Guild CPAs are working on the 2006 year-end statements and reports, but had not completed their necessary fieldwork as of the Board meeting date.

The commissioners were stunned by a report that Magna Entertainment Corp. (MEC) has no immediate plans after all to replace any of the barns in the aging stable area at Santa Anita Park. Frank DeMarco, the track's vice president of regulatory affairs, quoted from a letter sent by MEC Chief Executive Officer Michael Neuman to Arcadia City Manager William Kelly, which said in part, "we never had a plan and we currently do not have a plan to replace barns at Santa Anita."

After DeMarco finished, Commissioner Amerman expressed the feelings of the Board when he said, "I'm stunned." He and other commissioners cited occasions when representatives of Santa Anita had provided the Board with assurances and details about the barn replacement project, and those assurances played some role in the Board awarding a disputed swing week to Santa Anita rather than to Hollywood Park this year.

Commissioner Amerman requested that Neuman personally attend the June 19 Board meeting to explain the discrepancies between the promises made to the CHRB and the information conveyed in the letter to Kelly. Commissioner Choper asked the staff to prepare a list of options available to the commissioners for the sanctioning of Santa Anita.

Marsha Naify, a TOC director, reported that the organization's Equine Retirement Committee has been exploring alternative sources of funding for racehorse retirement, and one proposal is for horse owners to voluntarily contribute one-third of a percent of the net purse earned by any thoroughbred horse at a thoroughbred racing association or fair meet to benefit California thoroughbred retirement/rehabilitation facilities, which would amount to an estimated \$480,000 a year.

Under the TOC proposal, the CHRB would amend a rule to allow for the automatic deduction unless an owner opts out of the voluntarily program. Naify said the TOC would "do our due diligence" to make certain the funds go to "proper facilities." She said the fund would be "only the beginning," as the TOC would work with industry partners to generate additional sources of funding, including individual donations. Several of the commissioners praised the TOC for its efforts so far and encouraged the TOC to continue working with the rest of the industry to develop a more complete plan, which could be discussed more fully at the June meeting.

Chairman Shapiro, who had this matter placed on the agenda and has been outspoken on the issue of improved funding for equine retirement, urged support for this and other efforts "as it is our obligation as an industry to provide a safer and useful after-track life for our equine stars."

Vice Chairman Harris stated that although he shares concerns on horse welfare, he feels a purely voluntary system may be preferable to a program involving purse deductions, and he feels the whole area needs more study to better determine the true scope of the issue.

In a continuing effort to make CHRB operations more transparent, the Board instructed staff to begin posting the stewards minutes on the CHRB website (www.chrb.ca.gov). These records have been available under the Public Records Act. Posting them on the website will make them even more accessible to the public.

The Board approved license applications for the Del Mar Thoroughbred Club to conduct a race meet from July 18 through September 5 and for two fairs – the Solano County Fair at Vallejo and the Sonoma County Fair at Santa Rosa – to conduct a combined meet that will be called “Sonoma Solano Wine Country Racing.” The joint meet will involve shifting one week of racing from Vallejo to Santa Rosa. Racing will commence in Vallejo (July 11-15) and then move to Santa Rosa (July 18-August 6).

The CHRB Legislative Committee, chaired by Commissioner Moretti, met Tuesday morning and heard presentations from staff and other interested parties on more than a dozen bills related to horse racing that have been introduced in the Legislature. The meeting was for discussion only and the committee took no position on any of the bills, though Commissioner Moretti said that individual commissioners could at some point state their individual positions on the legislation.

Chairman Shapiro, who serves on the Legislative Committee along with Vice Chairman Harris and Commissioner Moretti, said he urges support for SB 873 (Florez), as “it is the best hope to help horseracing.”

SB 873 provides that the first \$60 million of the funds generated from tribal-state gaming compacts that are amended, entered into, or ratified after January 1, 2007, which would otherwise go into the General Fund, would be deposited into the Fair and Exposition Fund. About two-thirds of that money would be utilized to fund the network of fairs as well as the CHRB, equine drug testing at the University of California, Davis, and some other industry uses. About \$15 million would be used for debt service to refurbish fairs across the state. Additionally, the racing associations would be able to retain \$40 million (license fees) and pay all of that out as purses and breeders’ awards, amounting to about a 20-percent increase in purses and awards.

Of special significance are two bills (AB 813 [Portantino] and AB 1289 [Price]) that would repeal the sunset provision of existing law authorizing Advance Deposit Wagering in California. Unless the sunset provision is repealed, account wagering will be eliminated after December 31, 2007.

More information about these and the other bills discussed Tuesday can be obtained from the California Legislature website (<http://www.leginfo.ca.gov/bilinfo.html>). The other bills discussed were AB 1616 (Garrick), SB 317 (Denham), SB 921 (Vincent), AB 765 (Evans), AB 241 (Price), AB 1286 (Richardson), AB 1736 (Assembly G.O. Committee), SB 379 (Denham), SB 125 (Harman), SB 436 (Vincent), AB 649 (Ma), AB 1308 (Torrico), and SB 249 (Negrete-McLeod).

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