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CHRB NEWS RELEASE

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REVIEW OF CHRB ACTIONS AND DISCUSSIONS 4-24-09

INGLEWOOD, CA – The California Horse Racing Board conducted its regular monthly meeting Friday at Hollywood Park. Chairman John Harris presided. Vice Chairman David Israel and Commissioners Jerry Moss, John Andreini, and Jesse Choper were in attendance. During the meeting:

- The Board authorized the Commerce Casino to accept wagers on horse races – the first of as many as 45 new mini-satellites that could open in California under a 2007 law allowing for 15 such facilities in each of the three racing zones in the state. Rod Blonien, representing the Commerce Casino, said a section of the card club is being remodeled and could open to racing fans in two-to-four weeks. Initially the section will have nine tables with a total of 36 seats, but Blonien said there is room for expansion if wagering on horse races proves popular with casino patrons. There will be 10 self-service wagering terminals, some of which could be converted for pari-mutuel clerks as needed, and 14 television sets.

Under an agreement between the Commerce Club and Southern California Off-Track Wagering Inc, (SCOTWINC), which is the entity formed by racing interests to handle simulcast wagering in Southern California, the Commerce Club shall have the exclusive right among card clubs in Los Angeles County to operate a mini-satellite facility for six months from the date it opens. Blonien explained that this exclusivity arrangement would give the mini-satellite “experiment” the best chance of success.

Under the law, mini-satellites retain 2 percent of their handle as operating fees, which is the same rate as the 34 existing simulcast facilities at California racetracks, district agricultural associations, fairs, and certain tribal casinos. The law also requires mini-satellites located within 20 miles of one or more currently operating simulcast facilities to obtain permission from those facilities. Hollywood Park, Santa Anita, and Los Alamitos – all within 20 miles of the Commerce Club – gave their permission.

Chairman Harris said this was the first of many mini-satellites the CHRB may be licensing in order to bring racing to locations currently being underserved.

- The racing commissioners indicated their willingness to consider requests, on a case-by-case basis, for a waiver from the CHRB rule requiring a synthetic surface at any racetrack operating four or more weeks of continuous thoroughbred racing in a calendar year. Santa Anita Park, Golden Gate Fields, Hollywood Park, and Del Mar all replaced their dirt tracks with a synthetic, engineered surface. Should one of those locations decide to switch back to dirt, or should a fair or other California racetrack not currently offering four or more weeks of thoroughbred racing decide to offer such racing, and not wish to install a synthetic surface, it would be the “sense of the Board” to seriously consider granting a waiver, explained Chairman Harris. He said this formalizes the Board policy already demonstrated by the granting of a waiver to Bay Meadows in 2007.

- The Board approved a reallocation of race dates allowing for Del Mar to operate only five days a week this summer – Wednesday through Sunday – with no Monday racing except September 7 (Labor Day). This reduces the allocated race dates from 43 days to 37 days for the seven-week meet. Craig Fravel, executive vice president of the Del Mar Thoroughbred Club, said an extra race would be added to each Wednesday, Friday, and Sunday program, resulting in a net reduction of 28 races for the entire meet running from July 22 through September 9. Noting that Mondays historically have been the least popular programs at Del Mar, Fravel said the change allows Del Mar to move races from their “worst days to their best days.” He added, “The concept is to maximize the quality of our racing product.”

Del Mar still must submit its application for license for its race meet. At that time, the Board can address other issues, such as simulcast wagering on those dark Mondays.

- A representative of Magna Entertainment Corp. (MEC) provided an update on MEC’s Chapter 11 bankruptcy filing. Gregg Scoggins, MEC’s national director for regulatory affairs, said the bankruptcy judge approved \$38.4 million in debtor-in-possession financing, assuring the continued operation of MEC racetracks, including Santa Anita Park and Golden Gate Fields, without interruption during bankruptcy proceedings. He also said the parent company of MEC had dropped its bid to purchase some of MEC’s assets, including Golden Gate Fields, and “MEC is now in the process of evaluating which assets it will sell and which assets will be kept back.” He said other important matters would be addressed in upcoming court proceedings, including an April 29 hearing that could lead to the guarantees required for the Oak Tree Racing Association to lease Santa Anita and host the Breeders’ Cup this year on November 6 and November 7.
- At the request of the industry, the Board authorized the redistribution of revenue from Advance Deposit Wagering to deal with funding shortfalls for SCOTWINC and its Northern California counterpart NOTWINC to allow for continued operations of the organizations providing for pari-mutuel clerks, money room personnel, armored car services, and other critical needs at simulcast facilities. This change does not affect the takeout and has no financial impact on bettors.
- The Board approved a request by the California Authority of Racing Fairs (CARF) to allocate race dates as a combined fair racing meet for specific meets. Each fair still must submit its own application for license for Board consideration and approval.
- Subject to modifications before the July 1 start of the new fiscal year, the Board approved a formula developed by CHRB executives and industry representatives for funding of the \$11,833,000 operating budget of the CHRB, as required by law.

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