

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

[www.chrb.ca.gov](http://www.chrb.ca.gov)

## 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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### REVIEW OF CHRB ACTIONS AND DISCUSSIONS 3-19-10

ARCADIA, CA – The California Horse Racing Board conducted its regular meeting Friday, March 19, at Arcadia City Hall. Chairman Keith Brackpool presided. Vice Chairman David Israel and Commissioners Bo Derek, Jesse Choper, John Harris, Jerry Moss, and Richard Rosenberg were in attendance. During the meeting:

- With revenue for the state’s satellite wagering network tied to declining handle and some simulcast facilities faced with possible closure because of the resulting shortfall in operating funds, industry representatives advised the Board that pari-mutuel clerks are doing their part to reduce operating costs by agreeing to sacrifice some of their own jobs. Hollywood Park President Jack Liebau reported that members of Pari-Mutuel Employees Guild Local 280 voted to amend their labor agreement and reduce required staffing levels at simulcast facilities by 22.5 percent. Liebau publicly thanked the clerks and the Guild leadership for taking this important step for the good of horse racing in California. In response, Guild Vice President Doug Kempt said the vote was not a happy moment: “We did not throw ourselves a ticker-tape parade. This was a tough thing for our members to do – sacrifice jobs for the good of the industry. We need to make sure that everyone in this room remembers what we’ve done, so that our members will be considered when filling any new jobs relating to other forms of wagering or customer service positions.”

While praising the action of the pari-mutuel clerks, Chairman Brackpool and Vice Chairman Israel reminded everyone that these staffing reductions do not solve all of the financial problems in the satellite wagering network, and the industry still has an obligation to provide the Board with a business plan well before June 30 that clearly shows how the network can operate without continuing to run up deficits that are draining money from purses and other racetrack operations. Liebau said he understood the mandate and that such a business plan would be provided. This matter will be taken up by the Board’s Committee on Innovative Marketing and Promotion of Horse Racing, chaired by Commissioner Rosenberg. Commissioner Derek also serves on that committee.

- Chris Meany, senior vice president of Hollywood Park Land Company, reported that plans are moving forward for the demolition of Hollywood Park racetrack and development of its 238-acre site, but until the economy shows signs of improvement, Hollywood Park would like to continue racing on a meet-by-meet basis with a promise to let everyone know at least six months before any planned closure. When asked if he could provide the Board and the industry with a longer-term commitment beyond just one meet to another, Meany flatly answered “no.” Vice Chairman Israel said that under that scenario, “While you have a very clear plan, no one else who owns a racetrack can make a plan because they don’t know what dates they are going to be running the next year. Six-months warning doesn’t work for others.” Commissioner Choper and Chairman Brackpool both urged Meany to provide a longer-term guarantee of a year or more, but Meany did not reply one way or the other to their pleas.

Other representatives of Hollywood Park then stepped forward to discuss their upcoming spring-

summer meet, which will run from April 21 through July 18. Due to a shortage of horses prepared to run, Hollywood Park will operate some four-day weeks, resulting in five fewer racing days than the Board originally allocated. Hollywood Park will eliminate live racing on six Thursdays: April 22 and 29, June 3, and July 1, 8, and 15. However, they will offer simulcast wagering on those Thursdays. They will continue to offer Friday night racing, which attracts more young adults than most daytime programs, but that is partly due to the music concerts that follow the racing program. When questioned by Chairman Brackpool about Hollywood Park's efforts to convert those young people into racing fans, General Manager Eual Wyatt conceded that they haven't been as successful as they wished. But Wyatt did provide details on an extensive marketing program that includes Facebook, MySpace, Twitter, and other social networking sites and services. The Board approved the Hollywood Park license application.

- Representatives of the California Marketing Committee provided their 2010 budget and details of various CMC programs. CMC is funded by a deduction of 0.4 percent of handle at satellite facilities, which is designated to be used to market and promote thoroughbred and fair horse racing and if necessary defray the cost of workers compensation coverage for stable employees and jockeys. The 2010 budget is nearly \$3.6 million, more than \$2 million of which is earmarked for track media match/purse enhancements at Santa Anita, Hollywood Park, Del Mar, Oak Tree, Fairplex, and Golden Gate Fields. In addition to providing matching funds for racetrack marketing efforts, the program will this year begin targeting funds to increase certain purses, subject to approval by the CMC and Thoroughbred Owners of California. The CMC program will expire after this year due to a sunset clause in the law unless there is legislation to extend it.

Chairman Brackpool and Vice Chairman Israel repeatedly questioned one of the CMC representatives, Craig Fravel, executive vice president of Del Mar, about how decisions are made for CMC budgeting and whether there is any long-term, coherent, concerted marketing activity that benefits all segments of the industry. They said this is the type of information the CMC needs to provide to the Board and to the Legislature if they hope to extend the program beyond 2010.

- Reporting on the March 4 meeting of the Legislative, Legal, and Regulations Committee in the State Capitol, Chairman Brackpool said he and Commissioner Choper met with industry leaders, lobbyists, and representatives of legislators and the governor to discuss the possibility of coming up with "one common piece of legislation that we could agree on to promote horse racing." He said Governor Schwarzenegger is "very keen to have something on his desk this year to protect horse racing, and he wants us to dream a little and be creative." Among the ideas floated at the committee meeting was a proposal to introduce exchange wagering in California, provided the legislation would include minimum revenue guarantees to horse racing as well as a sunset clause to protect against any misstep. Another proposal would expand traditional wagering to convenient locations, possibly through a streamlined account-wagering process. "It was a very productive session," said the chairman, "and we plan to meet again in Southern California within the next month."
- Commissioner Moss reported on the meeting held earlier Friday morning of the Pari-Mutuel, ADW, and Simulcast Committee. Commissioner Choper also serves on that committee. Trainer Darrell Vienna provided details for a proposal to give losing tickets a second chance to win by entering them into a drawing or a wager specifically designed to be difficult to win, so as to create carryovers and large payoffs. Vienna said there are many details yet to be worked out, and essentially he was seeking the committee's blessing to continue the dialogue and further develop the proposal. The commissioners asked the CHRB staff to assist Vienna and the industry in that regard. In another matter, Terry McWilliams, representing Scientific Games, reported that the final acquisition of the

company by Sportech probably is less than a month away. McWilliams said he anticipated business as usual after Scientific Games is acquired by the British company, and there should be no change or disruption to totalizator services in California. Sportech officers will go through the CHRB licensing process. And in another matter, racetrack representatives agreed to work out a plan to provide wagering odds in decimals, instead of or in addition to the fractional odds currently displayed on totalizator boards, and to present the plan at the next committee meeting.

- The Board instructed staff to send five proposed rules and regulatory amendments out for 45-day public notice and comment. The proposed rules all pertain to outrider and their duties, testing, licensing, and roles in the control of horses during training and racing. Details of these proposals can be viewed on the CHRB Website ([www.chrb.ca.gov](http://www.chrb.ca.gov)) by clicking on the links Board Meeting/Package/Board/March 2010/Item 5.
- Gregg Scoggins, representing MEC, the owner of Santa Anita Park, Golden Gate Fields, and XpressBet, said that under the reorganization plan submitted to the bankruptcy court there will be no change in the day-to-day management team of these entities when the parent company, MI Developments, takes over MEC operations coming out of bankruptcy. Chairman Brackpool, reading the proposed organizational chart, noted the California racetracks are “subsidiaries of subsidiaries of subsidiaries...and I’m wondering why there are so many levels between the racetracks and the top.” He asked Scoggins, who did not have an immediate response, to provide the answer to the Board within one week.
- The Board authorized for 45-day public notice a proposed regulatory amendment to tighten the penalty process for suspended jockeys and drivers. Details of this proposal also are on the CHRB Website, item 6.

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