

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

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 5-20-10

ALBANY, CA – The California Horse Racing Board conducted its regular meeting Thursday, May 20, at Golden Gate Fields. Chairman Keith Brackpool presided. Vice Chairman David Israel and Commissioners Bo Derek, John Harris, Jerry Moss, and Richard Rosenberg were in attendance. During the meeting:

- Following the decision by the new owner of Santa Anita Park, MI Developments, to void the longstanding lease with the Oak Tree Racing Association, which has been conducting a popular fall meet at Santa Anita since 1969, the Board authorized Oak Tree to conduct its 2010 meet at any thoroughbred racetrack in Southern California. The motion approved unanimously by the racing commissioners said the CHRB “authorizes the Oak Tree Racing Association to utilize the 2010 race dates allocated to the association at another thoroughbred horse racing venue in the central or southern zones.”

MID acquired ownership of Santa Anita, Golden Gate Fields, and XpressBet, along with others assets, through bankruptcy proceedings for its subsidiary, MEC. Under bankruptcy law, a new owner is not required to honor existing leases. Last week, MID voided the lease with Oak Tree. But at the meeting Thursday, Dennis Mills, MID’s vice chairman and chief executive officer, advised the commissioners that he would be meeting June 4 with Sherwood Chillingworth, executive vice president of Oak Tree, to discuss new terms for a lease at Santa Anita. Chillingworth responded that the previous lease proposal offered by MID was “well beyond our economic capabilities,” and he hoped that whatever is presented to Oak Tree for consideration on June 4 would be a “reasonable proposal.”

Mills and three other MID executives attended the Board meeting, along with newly appointed Santa Anita President George Haines, to address five items on the agenda relating to MID. Some of the commissioners took the opportunity to express not only their opinions but to convey the fears and resentments of the larger horse racing community over some of the statements and actions of MID. Chairman Brackpool, Vice Chairman Israel, and Commissioners Derek and Moss all indicated in their own ways that MID should be more of a team player and that MID executives should be more specific both in their criticisms of California horse racing and their hoped-for solutions. Vice Chairman Israel noted the “sweeping statements” made by MID and their lack of specificity. Chairman Brackpool added, “You’ve got to understand there has been a great deal of concern over what the takeover would mean, and your words and actions have raised the level of concern.” Commissioner Moss summarized, “We need to know what our largest investor is planning to do. Once we get our questions answered, I think you’ll find this Board to be more receptive.”

Commissioner Derek, in addition to requesting more specific and timely information from MID, asked Chillingworth to elaborate on the lease proposal MID previously presented to Oak Tree. Chillingworth explained that the longstanding lease required Oak Tree to turn over 75 percent of its profits to Santa Anita, which amounted to about \$4 million most years. Independently of the lease,

Oak Tree contributed \$3 million for the installation of a synthetic surface at Santa Anita. Chillingworth said that in addition to 75 percent of the profits, the new proposal would have required Oak Tree to loan MID \$10 million with no principal payments for two years. He said MID also wanted Oak Tree to pay a non-recoverable portion of all capital improvements attributed to racing (approximately 23 percent based on the ratio of Oak Tree race dates to other Santa Anita race dates). And MID proposed an arrangement that would result in Oak Tree's loss of about \$1 million in commissions and purses during the regular Oak Tree meet in those years when the Breeders' Cup is run at Santa Anita.

The sentiments of the commissioners were echoed by various other speakers, all in support of Oak Tree, which has contributed more than \$20 million to charitable causes over the last 41 years.

Three agenda items pertained to amending the operating licenses of the current operators of Santa Anita and Golden Gate to include their parent company MID. Vice Chairman Israel cited sections of the California Horse Racing Law that prohibit an individual or entity from having a financial interest in more than one California racing facility unless the Board waives this restriction by determining that common ownership would be in the public interest. The Board made such a determination when MEC acquired both Golden Gate and Santa Anita. However, Chairman Brackpool said the Board does not currently have enough information to warrant such a waiver for MID. Therefore, he proposed granting MID short-term licenses to operate Golden Gate and Santa Anita through July 22, which is the tentative date for the Board's July meeting at Del Mar. He said an item would be placed on the Board's June meeting agenda requiring MID, Santa Anita, and Golden Gate to "submit detailed reasons and plans" by July 1 to the Board for consideration at the July 22 meeting. The commissioners unanimously approved this motion and the short-term licenses.

- The Board approved a rule amendment requiring the wearing of improved safety helmets by any person mounted on horseback or riding in a sulky on a racetrack and by members of starting gate crews. The helmets must meet new laboratory safety standards that have been developed in recent years. The helmets are specifically designed to be more shock absorbent and reduce head injuries. Members of the starting gate crews in Northern and Southern California had sought to be exempted from wearing the helmets. They said the helmets might interfere with their work. But the commissioners felt safety must be the overriding issue, so the assistant starters were included in the motion approved in a 5-1 vote. Commissioner Harris voted against the amendment because he felt this matter would be better handled by the parties without CHRB involvement unless there is more compelling evidence that head injuries are occurring in the starting gate that helmets would mitigate.
- The Board approved the application for the Del Mar Thoroughbred Club to operate a race meet at Del Mar from July 21 through September 8. Del Mar President and General Manager Craig Fravel reported that advance sales of tickets and reserved seats are up significantly over last year, especially among corporate interests, suggesting improved business for the upcoming meet. He also noted that Del Mar will be offering 50-cent Pick 4 wagering. And at the suggestion of the CHRB's Pari-Mutuel Operations Committee, Del Mar will experiment with decimal odds displays in a limited way while retaining all of its traditional fractional odds displays. Chairman Brackpool agreed with Fravel that if full decimal odds displays are going to be presented, they should be introduced methodically and at all California racetracks, not just at Del Mar. In another agenda item pertaining to Del Mar but unrelated to the 2010 Del Mar application, the Board set a June 15 deadline for any prospective operator of a race meeting at Del Mar for 2011 and beyond to submit an application to the CHRB for a certificate of eligibility.
- The Board approved license applications for race meets of the San Joaquin County Fair in Stockton

(June 16 through June 20), California Exposition and State Fair in Sacramento (July 14 through July 25), and the Sonoma County Fair in Santa Rosa (July 28 through August 15).

- The Board approved service, steward, and official veterinarian contracts for the fiscal year 2010-2011. Contracts with 17 stewards will total \$2,188,000. Contracts with 12 official veterinarians will total \$898,000. Service contracts with the University of California, Davis, will total \$2,470,000, nearly \$2 million of which will be for drug testing.

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