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CHRB NEWS RELEASE

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REVIEW OF CHRB ACTIONS AND DISCUSSIONS 11-9-10

INGLEWOOD, CA – The California Horse Racing Board conducted its regular monthly meeting Tuesday, November 9, at Hollywood Park. Chairman Keith Brackpool presided. Vice Chairman David Israel and Commissioners Jesse Choper, Bo Derek, Jerry Moss, and Richard Rosenberg were in attendance. During the meeting:

- The meeting began with a standing ovation for Commissioner Jerry Moss – an acknowledgement of Zenyatta’s remarkable effort in the Breeders’ Cup Classic on Saturday. Chairman Brackpool thanked Commissioner Moss and his wife, Ann, for their decision to continue racing Zenyatta in 2010 and for the excitement and enthusiasm she has brought to horse racing.
- The Board waived the CHRB requirement for a synthetic surface at Santa Anita Park and authorized the installation of an all-natural main track composed of clay and various types of sand. This action followed weeks of discussions and meetings between CHRB Executive Director Kirk Breed and representatives of Santa Anita, the Thoroughbred Owners of California (TOC), and California Thoroughbred Trainers (CTT) to make certain the design and materials used in the new track were to everyone’s satisfaction and would provide a safe racing surface.

After Santa Anita President George Haines and Scott Daruty, representing Santa Anita’s parent company MI Developments, provided an overview of the project, Chairman Brackpool stated, “I have been following this almost on a daily basis as our staff has been working with you. There has been an extraordinary amount of detail. We have stressed a cooperative process, trying to get buy-ins from all concerned. I have letters from John Sadler representing the CTT and Bob Baffert representing the TOC indicating their support for this waiver and these plans. The emphasis all along has been safety, safety, safety.” These thoughts were echoed by CTT Executive Director Alan Balch, who said in all of his 40 years in the horse racing industry “I have never seen this degree of collaboration on a racing surface.” They all thanked the Santa Anita/MID project team and MID Chairman Frank Stronach for their cooperation and the openness of the process.

Haines said the demolition of the previous synthetic track had been completed over the last few weeks and, pending Board approval of the waiver, 50 trucks were

standing by to begin bringing in decomposed granite for the new base. He said this “rock dust” would be “extremely compacted to form a concrete-like base,” installed to exact specifications for hardness, grade, and consistency using lasers, transponders, and GPS technology. After the base is set, they will bring in thousands of tons of clay, silt, and sands, mixed to specifications for the new surface. He said installation should be completed by December 6, giving horses nearly three weeks to train on the new surface before the December 26 start of the winter meet.

Daruty said maintenance of the new track would obviously be a top priority for management and they were spending nearly \$1 million on new equipment, including a “precision, laser-guided grader to maintain the precise grade of the track.” Pointing to this new equipment and the fact they had not gone with the least-expensive surface, he said “money did not enter into our considerations. The point was not to save money but to try to come up with a safe racetrack that could be used for a long, long time.”

Commissioner Derek suggested that because this will be a brand new racing surface and the first natural racing surface that many horses based in Southern California have ever been exposed to, it would be prudent for Santa Anita to hire an extra veterinarian to help conduct thorough pre-race examinations of all horses entered to run. Haines quickly agreed to the suggestion. The Board then voted on the waiver request and unanimously approved it (6-0).

Chairman Brackpool, referring to a new law designed to boost overnight purses by an estimated 26 percent through an increase in the takeout, said this combination of a new racing surface and higher purses made him extremely optimistic about the upcoming winter meet at Santa Anita and the new direction of horse racing in general in California.

- After months of discussion and review, the Board determined that the purposes of the California horse racing law would be better served by allowing MI Developments to own three California-licensed horse racing entities – Santa Anita, Golden Gate Fields, and XpressBet – and the racing commissioners unanimously approved a waiver to the section of law that otherwise prohibits such multiple ownership.

The waiver was conditioned upon seven requirements spelled out in a letter to Daruty and agreed to by MID. These conditions are:

1. Each of the three licensed entities must annually submit stand-alone, audited financial statements to the CHRB.
2. MID must post a \$1,750,000 bond with the CHRB to ensure payment of certain financial obligations by Santa Anita and Golden Gate.
3. Santa Anita must comply with listed specifications and requirements for the installation and maintenance of the new, natural racing surface.

4. Santa Anita must remain open for training during its off season, subject to customary compensation by the Vanning and Stabling Program.
5. Should MID sell or close any of the three licensed entities, they would need to reapply for a new waiver.
6. Should Santa Anita apply for any racing dates in addition to its historical winter meet, the CHRB will require a wider distribution of the television signal of Santa Anita's races prior to granting any new dates. This could be accomplished either by HRTV significantly increasing the distribution of its programming or by Santa Anita providing the signal to all other distribution networks on a non-exclusive basis.
7. Within 90 days, Golden Gate must work with the other constituents of the Northern California racing industry to resolve payment issues relating to the bankruptcy of Golden Gate's previous owner, MEC. The resolution must be consistent with the resolution recently reached by Santa Anita and Southern California interests on the same payment issue.

After granting the waiver, the Board approved the license applications for the Los Angeles Turf Club to operate a meet at Santa Anita from December 26, 2010, through April 17, 2011, and for the Pacific Racing Association to operate a meet at Golden Gate also beginning December 26 through June 17. Chairman Brackpool again referenced the overnight purse increases and urged the two racetracks to do everything possible to enhance their stakes programs as well.

- The Board approved the complete 2011 racing calendar for Northern California thoroughbred and fair meets and approved a partial calendar for Southern California thoroughbred meets through the close of Del Mar on September 7, 2011. Still unresolved is the location of the fall race meet traditionally run by the Oak Tree Racing Association. Oak Tree and Hollywood Park jointly have requested those dates be allocated to Hollywood Park. Santa Anita has requested those dates be run at Santa Anita. Representatives of the TOC and CTT asked the Board to delay a decision on those fall dates in order to give horsemen more time to consider their positions on the competing requests.

As approved, the Southern California thoroughbred schedule will begin December 26, 2010, at Santa Anita for a meet that will conclude April 17, followed by meets at Hollywood Park (April 20 through July 17) and Del Mar (July 20 through Sept. 7). The Northern California calendar also will begin December 26 with a Golden Gate meet that runs through June 12, followed by meets at Stockton (June 15-19), Pleasanton (June 22 -July 10), Cal Expo (July 13-24), Santa Rosa (July 27-August 14), Ferndale (August 12-21), Golden Gate (August 19-October 2), Fresno (October 5-16), and finally back to Golden Gate (October 19-December 18), giving Golden

Gate a total of 179 racing dates for the year. In a compromise negotiated by Northern California racing interests, Ferndale will race two days not overlapped by any other Northern California meet and on a third day will share in simulcast commissions with Golden Gate. Chairman Brackpool thanked the northern interests for reaching a sensible compromise and for presenting the Board with a single calendar for consideration.

- The Board approved a jockey pension fund plan presented by the Jockeys' Guild and the CHRB executive staff. Attorney Barry Broad and other Guild and jockey representatives have been working with CHRB executive to develop a retirement program for jockeys in California mandated by state law and funded by a portion of access market fees from Advance Deposit Wagering (ADW). To date, the fund has amassed more than \$1.5 million and is expected to receive annual contributions of approximately \$650,000. Broad explained the assets will be pooled collectively in conservative investments but the funds actually will belong to each jockey based proportionately on his or her number of mounts in a given year. Jockeys will not have access to the funds until they retire and only after the age of 50 or serious injury. An oversight committee will be formed with membership from the Guild and CHRB.
- The Board approved license applications for Cal Expo to operate a harness meet from December 30 through June 18 and for Los Alamitos to operate a quarter horse meet from January 1 through December 18. The Board retains the right to impose new standards on the Los Alamitos racing and simulcast facility based on standards currently being developed that will apply to all California licensed racing and wagering facilities.
- The Board authorized the distribution of \$158,706 in race day charity proceeds by the Los Angeles Turf Club to 35 beneficiaries.
- The Board approved a new Official Veterinarian contract and extensions of Safety Project Manager contracts.
- Following the public meeting, the Board conducted a closed executive session during which the commissioners approved a jockey license through the end of this year for Jacky Martin.

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