

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6042



REGULAR MEETING

of the **California Horse Racing Board** will be held on, **Thursday, December 4, 2003**, commencing at **3:30 p.m.**, at the **Cypress Golf Club**, 4921 Katella Avenue, Los Alamitos, California.

AGENDA

Action Items

1. Approval of the **minutes** of the regular meeting of **October 23, 2003**.
2. Discussion and action by the Board on the **Application for License Renewal to Conduct Advance Deposit Wagering (ADW) by Xpressbet**.
3. Discussion and action by the Board on the request of the **Hollywood Park Racing Charities, Inc. to distribute \$230,000 in charity race day proceeds to 25 beneficiaries**.
4. Discussion and action by the Board on the request of the **Bay Meadows Foundation to distribute \$70,000 in charity racing proceeds to 28 beneficiaries**.
5. Discussions on the **use of security barns during race meetings**.
6. Staff report on the following **concluded race meetings**:
 - A. **Fresno District Fair** at Fresno from October 1 through October 13, 2003.
 - B. **Capitol Racing, LLC**. at Cal Expo from December 26, 2002 to July 26, 2003.
 - C. **Oak Tree Racing Association** at Santa Anita from October 1 through November 9, 2003.
7. Election of **Board Chairman and Vice Chairman**.

Committee Reports

8. Report from the **Pari-mutuel Operations Committee**
Commissioner Alan W. Landsburg, Chairman
Chairman Roger H. Licht, Member

Other Business

9. **General Business:** Communications, reports, requests for future action of the Board.
10. **Old Business:** Issues that may be raised for discussion purposes only, which have already been brought before the Board.
11. **Executive Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by Section 11126 of the Government Code.
 - A. Personnel.
 - B. Board may convene an Executive Session to consider any of the attached pending litigation.
 - C. The Board may also convene an Executive Session to consider any of the attached pending administrative licensing and disciplinary hearings.

Additional information regarding this meeting may be obtained from Roy Minami, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. A copy of this notice can be located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who requires aids or services in order to participate in this public meeting, should contact Roy Minami.

CALIFORNIA HORSE RACING BOARD

Roger H. Licht, Chairman
John C. Harris, Vice Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
Alan W. Landsburg, Member
Marie G. Moretti, Member
John C. Sperry, Member
Roy C. Wood, Jr., Executive Director

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PENDING LITIGATION
NOVEMBER 2003

CASE

CASE NUMBER

MARTIN, JOHN v.
California Horse Racing Board

Sacramento County Superior Court
No. 98 CS00952

DELONG, GREGORY KENNETH v.
California Horse Racing Board

Los Angeles County Superior Court
No. BS 076967

BURNETT-NUTTER, LAURIE v.
California Horse Racing Board

Riverside County Superior Court
No. RIC 382077

DUFFY, NORMA v.
California Horse Racing Board
and Pacific Racing Association

Hayward Superior Court
No. VG 03079504

LONG, GREGORY ALLEN v.
California Horse Racing Board

Los Angeles County Superior Court
No. BS 082483

**CALIFORNIA HARNESS HORSEMEN'S
ASSOCIATION and CAPITOL RACING,
LLC, v.**
California Horse Racing Board

Sacramento County Superior Court
No. 03 CS01033

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Arcadia City Council Chambers**, 240 West Huntington Drive, Arcadia, California, on **October 23, 2003**.

Present: Roger H. Licht, Chairman
 John C. Harris, Vice-Chairman
 William A. Bianco, Member
 Alan W. Landsburg, Member
 Marie G. Moretti, Member
 John C. Sperry, Member
 Roy C. Wood, Jr., Executive Director
 Derry Knight, Deputy Attorney General

Commissioner Moretti asked for a **moment of silence** in memory of the late jockey, William Shoemaker.

APPROVAL OF THE **MINUTES** OF THE REGULAR MEETING OF **AUGUST 21, 2003**.

Chairman Licht asked for approval of the minutes of the Regular Meeting of August 21, 2003.

Commissioner Sperry **motioned** to approve the minutes. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

APPROVAL OF THE **MINUTES** OF THE REGULAR MEETING OF **SEPTEMBER 18, 2003**.

Chairman Licht asked for approval of the minutes of the Regular Meeting of September 18, 2003. Commissioner Sperry **motioned** to approve the minutes. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES TURF CLUB (T), AT SANTA ANITA, COMMENCING DECEMBER 26, 2003 THROUGH APRIL 18, 2004, INCLUSIVE.

Roy Minami, CHRB staff, said the Los Angeles Turf Club (LATC) proposed to run 84 days, one day less than in 2003, for a total of 726 races. Mr. Minami stated the first post time would be 1:00 p.m. weekdays and 12:30 p.m. weekends and holidays. The horsemen's agreement, fire clearance and post time for the Sunshine Millions were missing from the application. Mr. Minami said staff recommended approval of the application conditioned on receipt of the missing items. Jack Liebau of LATC said the horsemen's agreement would be signed when the stakes schedule was finalized, the post time for the Sunshine Millions would be determined by the National Broadcasting Company's agenda, and the fire clearance would be issued after an inspection of the facility. Mr. Liebau commented that the graded stakes committee recently ruled all Grade 1 stakes would be for \$250,000. He stated LATC has six Grade 1 stakes at \$200,000 and was requesting the stakes committee review its ruling. Mr. Liebau said LATC did not receive a favorable response from the committee; however, the Thoroughbred Owners of California (TOC) made the same request and he hoped the committee would reconsider. Mr. Liebau said raising the graded stakes would require lowering the overnights, which LATC opposed. Commissioner Landsburg commented he hoped the Board would soon have the opportunity to read the TOC report on off-site wagering facilities that offered rebates. He said if the associations worked with the Board to apply its rule against rebates the industry would be taking a big step forward. Commissioner Landsburg added he hoped that would be part of the report when it was published. Chairman Licht asked if LATC's contracts with off-site wagering facilities forbid rebating. Mr. Leibau said he believed all California tracks had such provisions in compliance with the Board's rules. He stated Magna Entertainment Corporation (MEC) had a

strategy to deal with rebaters that would be advantageous to itself, the horsemen and the tracks. Mr. Van de Kamp said the TOC and MEC were working closely on the issue. Commissioner Moretti **motioned** to approve the application for license to conduct a horse racing meeting of LATC. Vice-Chairman Harris **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION TO ADD ONE ADDITIONAL NIGHT OF QUARTER HORSE RACING TO THEIR 2004 ALLOCATION OF RACE DATES.

John Reagan, CHRB staff, said an error was made in the calculation of racing nights during the dates-allocation process. Los Alamitos Quarter Horse Racing Association (LAQHRA) requested and was given 203 nights. Mr. Reagan said when LAQHRA prepared its application for license to conduct a horse racing meeting it realized the same set of dates was actually 204 nights. Mr. Reagan stated LAQHRA was asking that their date allocation be increased by one night to 204 nights. The request for an additional night would still represent a reduction of nights as compared to LAQHRA's 2003 meeting, which was 208 nights. Michael Monjoi of LAQHRA said his organization miscalculated the number of nights it was requesting and wished to correct the error. Chairman Licht said the Board had asked LAQHRA and the Capital Racing Association (CRA) to resolve their dispute. He asked if Mr. Monjoi could provide a status report on the issue. Alan Horowitz of CRA said there were two meetings at which substantial progress was made. He stated one of the parties was out of the country for the week, but the task of reaching an agreement would soon commence. Vice-Chairman Harris **motioned** to approve the addition of one night to the LAQHRA allocation of race dates. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION (Q) AT LOS ALAMITOS, COMMENCING DECEMBER 26, 2003 THROUGH DECEMBER 19, 2004, INCLUSIVE.

Roy Minami, CHRB staff, said the Los Alamitos Quarter Horse Racing Association (LAQHRA) proposed to run 204 nights for a total of 2,048 races. The first post time would be 7:15 p.m., Thursday and Friday; 6:30 p.m., Saturday; and 5:30 p.m., Sunday. Mr. Minami stated the fire clearance and the horsemen's agreement were missing from the application. He said staff recommended approval of the application conditioned on receipt of the missing items. Commissioner Landsburg asked when a horsemen's agreement would be ready. Michael Monji of LAQHRA said he did not know when the document would be signed. He stated the fire clearance was issued the week of October 13, 2003. Dan Schiffer of the Pacific Coast Quarter Horse Racing Association (PCQHRA) said the horsemen withheld their consent to the importation of the Capital Racing Association (CRA) signal. He stated he was not aware of any other issues regarding the horsemen's agreement. Mr. Schiffer added there was still no agreement on the May 2003 order of the Board concerning the monies to be paid for the ongoing importation of the CRA signal. Chairman Licht asked if the PCQHRA wanted LAQHRA's application deferred to the December 2003 Regular Board Meeting. Mr. Schiffer said his organization did not object to the approval of the application, provided the importation of the CRA signal was withheld. Executive Director Roy C. Wood, Jr., said the Board had the authority to defer approval of the application; however, a deferral could impact LAQHRA's preparations for their meeting. Mr. Wood said he did not think the horsemen had a problem with the application, the problem was the receipt of the signal from CRA. He stated two meetings had been held regarding the issue, and he believed it would be resolved prior to the opening of the meeting. Commissioner Moretti asked if Mr. Monji thought the horsemen's agreement would be

signed prior to the meeting. Mr. Monji said he believed an agreement would be signed. Vice-Chairman Harris asked if Mr. Monji anticipated the issue of CRA's signal being sent to LAQHRA would also be resolved. Mr. Monji said he could not answer that question. He stated there was no disagreement between the horsemen and LAQHRA. The issue was between LAQHRA and CRA over impact fees, a portion of which would go to the horsemen. That was why the PCQHRA objected to the importation of CRA's signal. Alan Horowitz of CRA said his organization would object if the application were approved without the proviso that LAQHRA take CRA's signal. Chairman Licht said he understood horse racing law compelled LAQHRA to take CRA's signal. Mr. Horowitz stated that was CRA's interpretation of the law. The law stated that if LAQHRA took harness imports at night, or thoroughbred signals during the day, it would have to take California's live harness product. Mr. Schiffer said the horsemen had the right, under the law, to withhold consent, but the ramifications of withholding consent were not clear under the statute, and the Board had the right to overrule the horsemen. Mr. Schiffer stated if the Board wished to overrule the horsemen, PCQHRA wished it to be on the record. Mr. Horowitz said over the past several years the Board approved LAQHRA applications that included the same horsemen's objections. Commissioner Sperry **motioned** to approve the application for license to conduct a horse racing meeting of LAQHRA. The **motion** was **withdrawn**. Commissioner Landsburg **motioned** to approve the application for license to conduct a horse racing meeting of LAQHRA subject to a horsemen's agreement being completed, and in place by December 1, 2003. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST FROM HOLLYWOOD PARK TO IMPLEMENT THE 10-DAY VETERINARIAN'S LIST FOR ANY HORSE SCRATCHED AFTER SCRATCH TIME (LATE SCRATCHES), EXCEPT FOR HORSES SCRATCHED AT THE GATE.

Rick Baedeker of Churchill Downs California Operating Company (CDCOC) said the Board allowed his organization to conduct an experiment with the vet's list at its 2003 spring-summer meeting. The vet's list was extended from five to ten-days in the case of late scratches. Mr. Baedeker said CDCOC instituted the experiment in response to the perception that some horsemen were abusing veterinary scratches. Trainers who entered horses had the opportunity to look at the post-position draw, the competition in the race, or even races that were coming up at a different time or place, and as a result, could make late-program scratches. Mr. Baedeker stated CDCOC wanted to see if an extended vet's list would reduce such scratches. He said CDCOC believed the results of its experiment were conclusive. Late scratches declined 43 percent in 2003 as compared to the 2002 meeting. A decline in late scratches meant there were more horses available. Mr. Baedeker said the next question was: "Did field size increase during the 2003 spring-summer meeting?" He stated field size decreased slightly, however, there were other problems – such as horses being claimed and taken to "slot-rich" states. Additionally, there was a reduction in the number of owners and trainers in California due the high cost of racing in this state. Mr. Baedeker stated there were seven percent fewer horses in the stable area in 2003 versus 2002, and ten percent fewer than in 2001. He conceded there could have been some horses that did not come back and start due to the ten-day rule. Mr. Baedeker said it was suggested the stewards take individual action against trainers who seemed to be abusing their ability to scratch late. He stated action was taken against an individual trainer in 2001 with undesirable results. Mr. Baedeker said CDCOC did not wish to make subjective calls regarding which trainers might be abusing rules. He stated a consistent policy with some flexibility needed

to be instituted. CDCOC's proposal allowed for such flexibility. The state veterinarian would have the discretion to reduce the number of days a horse would stay on the vet's list. In addition, the policy would only apply to horses that were scratched after scratch time and go on the vet's list. Mr. Baedeker said abuse of the ability to scratch was recognized by representatives of California Thoroughbred Trainers (CTT) and Thoroughbred Owners of California (TOC). Such abuse diminished horse racing, and CDCOC wished to continue the ten-day vet's list policy during its fall season. Chairman Licht asked if the vet's list was a punitive instrument, or was in place to protect the horse and the public from running an unfit horse. Mr. Baedeker said the list protected the horse and the jockey. Chairman Licht said he agreed. He stated he questioned the punitive aspect of the policy and suggested it might mean the rule needed to be enforced. Mr. Baedeker said he would argue if five days protected the horse, perhaps ten-days was a greater protection. Vice-Chairman Harris said it appeared to him the policy would apply to more than just scratches after scratch time. It would also apply to anyone with a horse in a field of less than ten. If one decided to scratch the afternoon one entered, it would have to be a vet scratch. Commissioner Moretti asked if the policy would only apply to the fall CDCOC meeting, and would CDCOC continue to keep statistics for additional comparisons? Mr. Baedeker said Commissioner Moretti was correct. Ed Halpern of CTT said the Board should take a broader view of the issue. He stated the first question was "How does California attract owners and trainers?" The second question was "How does California increase its inventory of horses?" He stated instituting a ten-day scratch policy at CDCOC was of questionable validity and would fail to answer any of the questions. Mr. Halpern said a ten-day vet's list was counterproductive and would lead to a reduction in owners, trainers and horses. The number one issue with most owners was the cost of maintaining a race horse. Any increase in the time an owner could not

race his horse increased the owner's costs. A ten-day vet's list would reduce the inventory of horses by forcing scratched horses to remain idle. Mr. Halpern said sometimes a horse was scratched for entirely legitimate, but short-term reasons. He stated there were alternatives that would be as effective and not as destructive. Mr. Halpern said most racing secretaries would agree the problem existed due to a few trainers. The idea of punishing every trainer due to the actions of a few was not practical. Mr. Halpern stated the numbers presented by CDCOC did not provide evidence the policy worked. He said the number of scratches changed greatly from year to year depending on a multitude of circumstances. As an example, Mr. Halpern stated at the last CDCOC meeting the one and two post position did very well. At prior meetings horses were scratched out of the same positions. He said that alone could account for a reduction in many scratches. Trainers stopped scratching out of the one and two post positions because they did not feel they were at a disadvantage anymore. Mr. Halpern stated the policy did not accomplish its purpose as there was a reduction in the number of scratches, but also in field size. Mr. Halpern said one alternative would be to have the trainer or the veterinarian take responsibility for the scratch and call the stewards to record the scratch and the reason for it in person. He suggested a veterinarian might make such a call once or twice, but not five or six times a week. Currently a veterinarian merely had to call the state veterinarian or his secretary to report a scratch. Mr. Halpern said there was no follow-up, nor was there a line of responsibility. Another possibility was to have the veterinarian complete a form for the stewards that provided all the pertinent information regarding a scratch. Mr. Halpern stated another avenue would be to use the power of the racing office to stop the practice. In 2002 a trainer was removed from the grounds due to excessive scratches. Mr. Halpern said he was sure the trainer was not scratching as many horses in 2003. In conclusion, Mr. Halpern said the CTT and TOC might conduct an information

campaign among owners and trainers regarding the destructive nature of such scratches. Vice-Chairman Harris said he believed the CTT and TOC should be talking with the tracks regarding alternatives to the ten-day scratch policy. He asked if such discussions had taken place. Mr. Halpern said he had discussed the issue with the tracks, but did not receive a promising response. Commissioner Landsburg commented some of the alternatives sounded more draconian than the ten-day scratch policy. He stated the ten-day scratch policy was intended to stop trainers and owners from scratching their horse because they did not like their post position. He stated the policy would only be in place for six weeks of racing, but would continue to provide a rational view of statistical merit. Commissioner Landsburg said the parties should do research to determine the relationship between the number of horses on the grounds, and the races in which there were scratches, so the numbers had a little more validity. He praised CDCOC for wanting to go forward with the policy, and added that instead of complaining about it without factual evidence, the CTT and TOC should provide the Board with statistics and information it could verify and work with. Vice-Chairman Harris said if it was five-days or ten-days, horses would still be scratched. Without instituting some type of paper trail that involved the stewards, the Board would, in effect, be endorsing the idea of scratching for illegitimate purposes. John Van de Kamp of TOC said the original motion to institute the ten-day vet's list at CDCOC provided the state veterinarian with discretion regarding scratched horses. He stated it was his understanding that the state veterinarians refused to exercise their discretion in such matters. If the policy was going to work, there needed to be flexibility that worked in practice. Mr. Van de Kamp said there could be any number of reasons the Los Angeles County Fair and Del Mar Thoroughbred Club had increases in entries, and CDCOC experiencing decreases. He stated, however, the tracks needed to sit down with TOC and CTT and develop a policy that would

make sense for everyone. Executive Director Wood said the original approval of the ten-day scratch policy stated "Horses scratched after scratch time shall be placed on the vet's list for not less than ten-days except for horses scratched at the gate. Official veterinarians may use his or her discretion for an earlier return in these cases. The procedure for removal from the vet's list remains unchanged." Mr. Wood added he was informed the state veterinarian did use discretion when called on to make late scratches. He stated 90 percent of the scratches that took place at the gate were recommendations of the track veterinarian working at the gate through the state veterinarian. The official veterinarian worked in the receiving barn and only handled the scratches that took place at or shortly after scratch time. Jack Liebau of Los Angeles Turf Club said when the original policy was discussed one of the arguments against it was there were alternatives. He stated since that time no alternatives had been pursued. Mr. Liebau said he thought a 43 percent reduction in late scratches was impressive. He suggested if the Board was inclined to continue the policy, the tracks should formally meet with trainers and owners to investigate alternatives. Commissioner Moretti said no one stated there was not a problem with late scratches. CDCOC was attempting a solution while others in the industry were implying that neither the state veterinarian, the stewards or the trainers wanted to take responsibility for addressing the issue. Commissioner Moretti said the industry needed to address the issue under the auspice of the Board and arrive at a solution that would be best for everyone. Commissioner Bianco said he had reviewed the report regarding late scratches and could not find evidence that any one trainer was abusing the system. Mr. Baedeker said the argument that only a few trainers were abusing late scratches originated with the trainers. He stated it had never been CDCOC's position. Mr. Baedeker said CDCOC believed late scratches was a widespread practice among all trainers, and owners, as it was a convenience for them to pull their horses to run elsewhere. A

late scratch would only result in five days on the vet's list, then the horse was eligible to run again. Mr. Halpern said he got his information from CDCOC's racing secretary. He stated other racing secretaries had given him the same information. Chairman Licht said he would urge CTT and TOC to meet with the tracks to work on a solution to the problem. Commissioner Landsburg **motioned** to allow CDCOC to institute a ten-day veterinarian's list for any horse scratched after scratch time based on a written presentation from the veterinarian or trainer. Commissioner Moretti **seconded** the motion, which **did not pass**, with Vice-Chairman Harris, Commissioner Sperry and Commissioner Bianco voting "no." Chairman Licht said he expected the tracks to meet with TOC and CTT regarding the issue of late scratches for a later presentation to the Board.

REPORT AND ACTIVITY UPDATE FROM THE NATIONAL THOROUGHBRED RACING ASSOCIATION.

Greg Avioli of the National Thoroughbred Racing Association (NTRA) stated the economic impact of the Breeders' Cup Day in California would be over \$50 million. He said there would be five hours of national television coverage, and the NTRA expected ratings to be up. Mr. Avioli stated ratings for horse racing were increasing over the last few years. The 2003 Triple Crown event out-rated the National Basketball Association finals, the National Hockey League finals and each of golfing's four majors. Mr. Avioli added the Belmont was the highest rated programming of all television shows of the week it ran, with over 10 million households watching. Mr. Avioli stated such ratings were not unique as there were several programs for horse racing, and interest in horse racing had increased – second only to extreme sports. Approximately 36 percent of Americans identified themselves as horse racing fans – as opposed to 30 percent when the NTRA started in 1997. Mr. Avioli said that meant 95 million Americans

identified themselves as fans. Regarding California: Mr. Avioli stated three years ago 14 California races were broadcasted nationally. In 2004 there would be 36 California races broadcasted nationally, with 11 broadcasted live. Mr. Avioli said the NTRA was honored in 2002 with an ADDY Award for its radio and television advertising campaign. The NTRA's campaign was number one out of 60,000 entries. Mr. Avioli said sponsorship of horse racing events was also increasing. He stated such companies as Dodge, Nextel and FedEx, as well as Sega and Guinness would provide sponsorship of horse racing events. Mr. Avioli spoke about other NTRA marketing strategies such as the "mystery mutuel voucher" - which mailed 800,000 vouchers to fans nationwide and had an 11 percent redemption rate. On a national level, Mr. Avioli stated the NTRA's lobbying efforts were producing results. He stated the Congressional horse caucus, which did not exist four years ago, had 59 members. In addition, the NTRA experienced success with legislation such as the internet-gambling-prohibition bill which specifically protected horse racing. The NTRA also formed a political action committee, which raised nearly \$300,000 in individual contributions. Finally, Mr. Avioli stated the NTRA, with the help of the industry, was able to convince VISA to reverse its policy banning the use of its credit cards for account wagering. Commissioner Moretti asked if the gains in horse racing's popularity - along with those of extreme sports - meant the industry was attracting a younger audience. Mr. Avioli said he could not make such a claim, however, horse racing television ratings were stronger among a young demographic.

**REPORT AND PRESENTATION ON THE DEL MAR SECURITY CAMERA
INSTALLATION.**

Mike Kiplack, CHRB staff, said during the Del Mar Thoroughbred Club (DMTC) meeting two video cameras were placed in the restricted areas. The cameras were an experiment conducted

with the cooperation of DMTC management. One of the cameras was a pan-and-tilt and the other was a fixed camera. Mr. Kilpack said the 22nd Agricultural District also had a total of eight video surveillance cameras on the front side of the facility. The cameras were installed by Nighthawk Security. Chairman Licht said he understood DMTC and Hollywood Park had the infrastructure in place that would allow expansion of their surveillance systems. Mr. Kilpack said that was correct. Greg Levorchick of Nighthawk Security Systems spoke about his organization's video surveillance product and gave a demonstration of its capabilities as they related to the 22nd Agricultural District and DMTC. Chairman Licht said the demonstration was impressive – more so when it was viewed in live action. He stated he hoped the industry would look at the video surveillance systems issue as a mandate to upgrade their capabilities to the level of what had been demonstrated. Commissioner Landsburg said video surveillance represented the future. The more perfect a view of what happens on the backside and other areas of the track, the better off security and the integrity of racing would be. Vice-Chairman Harris said he hoped the Board would not have to create rules governing video surveillance. He stated he would rather see the industry voluntarily adopt the technology.

PUBLIC HEARING BY THE BOARD ON THE ADOPTION OF THE PROPOSED REGULATORY ADDITION OF CHRB RULE 1979.5 – BEAT THE ODDS.

Roy Minami, CHRB staff, said the proposed addition of Rule 1979.5, Beat the Odds (BTO), was before the Board for adoption. Mr. Minami said the proposed regulation was first presented at the Pari-Mutuel Operations (PMO) committee meetings in January and February 2003. The rule was approved for a 45-day public notice period, and was heard for adoption at the June 2003 Regular Board Meeting, where it was referred back to the PMO committee. The PMO committee approved the rule for another 45-day public comment period. Mr. Minami stated staff

did not receive any negative comments during the public comment period. Staff did receive an endorsement of the regulation from the Southern California fan's committee. Commissioner Landsburg said the BTO would have a relatively small pool until the majority of fans understood the wager. He stated it was a difficult wager to comprehend and he remained unconvinced it would be beneficial to horse racing. He stated he was concerned that a small BTO pool could be manipulated, and the wager could, in the long run, do harm to the sport. Jack Liebau of Santa Anita said his organization was in favor of giving the wager a try. John Van de Kamp of Thoroughbred Owners of California said his organization shared Commissioner Landsburg's concerns regarding the integrity of the wager. He stated the BTO was a complicated wager and would probably take a while to catch on with the public. Commissioner Moretti **motioned** to adopt Rule 1979.5, BTO. The motion **died** for lack of a second.

STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETINGS:

- A. **DEL MAR THOROUGHBRED CLUB AT DEL MAR FROM JULY 23, 2003, TO SEPTEMBER 10, 2003.**
 - B. **CALIFORNIA EXPOSITION AND STATE FAIR AT SACRAMENTO FROM AUGUST 20, 2003, TO SEPTEMBER 1, 2003.**
 - C. **LOS ANGELES COUNTY FAIR AT POMONA FROM SEPTEMBER 12, 2003, TO SEPTEMBER 28, 2003.**
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John Reagan, CHRB staff, said overall, the meetings were up, due to increases in advance deposit wagering (ADW), and interstate exported handle. There were also some overall increases in on-track attendance. Chairman Licht asked if there was still no way to determine if ADW was cannibalizing on-track handle. Mr. Reagan the easiest indicator would be an increase in ADW from simulcast sites within the state. He stated there were some minor drop-offs in the off-track, but there were also some increases in on-track.

REPORT FROM THE PARI-MUTUAL OPERATIONS COMMITTEE

Commissioner Landsburg said the Pari-Mutual Operations Committee met on October 22, 2003. The Committee discussed the possibility of requiring racing associations to include approval of any licensed advance deposit wagering (ADW) entity on their application for license to conduct a horse racing meeting. Commissioner Landsburg stated the issue was not one to rush to, and was greeted with a mixed response. He said the Committee would need more information before a proposal could be presented to the Board. The Committee also discussed the four second cancellation policy, and learned some states had a longer cancellation time, which affected the pools. Commissioner Landsburg said the Thoroughbred Owners of California made a report to the Committee regarding its ongoing investigation of offshore and other wagering venues in the United States.

GENERAL BUSINESS

Chairman Licht said the Breeders' Cup obtained a ruling from the Los Angeles Superior Court that prohibited jockeys from wearing advertising on their clothing. Chairman Licht commented the ruling was in accordance with the Board's suspension of Rule 1691, Colors, Number, and Advertising. He stated that if any jockey's attempted to circumvent the prohibition on advertising, strong sanctions would be issued, including possibly scratching the horse. Chairman Licht said he believed the Board's security staff had done an outstanding job over the past few months and with the Breeders' Cup specifically. He stated there would be state-of-the-art security in place for the Breeders' Cup, both on the front and backside of the race track. Chairman Licht commented he was personally tired of hearing totally unfounded innuendo and accusations about supposed improprieties on the backside. He stated many individuals had come

forward to Board members and staff with accusation about different people and “things” that were happening. Chairman Licht said not one person had presented any evidence; it was all innuendo and supposition. Most all of the rumors came from disgruntled persons, and - until real facts were presented - Chairman Licht said the Board was not going to pursue any of the hearsay statements.

OLD BUSINESS

Dr. Ron Jensen, CHRB Equine Medical Director, spoke about the spread of West Nile Virus into California. He stated there had not been any cases of the virus in California horses, but it was a concern to the industry. Locally, there continued to be dead birds diagnosed with the virus in Orange and San Diego Counties. Dr. Jensen said the industry was in good shape regarding vaccination of horses, and the associations were doing a good job of mosquito control.

MEETING ADJOURNED AT 12:46 P.M.

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof:

Chairman

Executive Director

STAFF ANALYSIS
December 4, 2003

ISSUE: APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING FOR XPRESSBET, INC., JANUARY 25, 2004 THROUGH JANUARY 24, 2006.

XpressBet, Inc. filed its application as a California multi-jurisdictional wagering hub to provide advance deposit wagering.

- Dates of operation will be January 1 to December 31 during all times races are run which could be up to twenty-four hours a day.
- They will provide service for the following associations and fairs on the dates listed:
 - Los Angeles Turf Club, Incorporated at Santa Anita Park
January 1 through April 18, 2004
December 26 through December 31, 2004
 - Pacific Racing Association at Golden Gate Fields
January 1 through April 4, 2004
November 10 through December 20, 2004
December 26 through December 31, 2004
 - Capitol Racing LLC at Cal Expo
January 1 through July 31, 2004
October 7 through December 24, 2004
 - Bay Meadows Operating Company, LLC at Bay Meadows Racecourse
April 7 through June 20, 2004
September 3 through November 7, 2004
 - San Joaquin Fair at Stockton
June 16 through June 27, 2004
 - Alameda County Fair at Pleasanton
June 30 through July 11, 2004
 - Solano County Fair at Vallejo
July 14 through July 25, 2004
 - Sonoma County Fair at Santa Rosa
July 28 through August 9, 2004
 - San Mateo Fair at Bay Meadows Racecourse
August 11 through August 23, 2004
 - California Exposition & State Fair at Sacramento
August 25 through September 6, 2004

Items **still needed** to complete this application:

1. Contract with the California Authority of Racing Fairs.
2. Horsemen's approval.

RECOMMENDATION:

Staff recommends the Board hear from the XpressBet representative.

- E. Betting systems and CA Hubs – attach the contract with the Licensee and the required horsemen’s approval under the Interstate Horseracing Act¹ that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the Licensee for access to the California market for wagering purposes.

Attached as Exhibit 1 are (i) the proposed contract to be entered into with each of the following Licensees for the following periods, and (ii) an undertaking from Applicant to distribute the market access fee in respect of all remaining periods of the calendar year.

| <u>Race Track</u> | <u>Licensee</u> | <u>2004 Racing Schedule²</u> (actual calendar dates) |
|------------------------|-------------------------------------|--|
| Santa Anita Park | Los Angeles Turf Club, Incorporated | 01/01/04 - 04/18/04 12/26/04 - 12/31/04 |
| Bay Meadows Racecourse | Bay Meadows Operating Company, LLC | 04/07/04 - 06/20/04 09/03/04 - 11/07/04 |
| Golden Gate Fields | Pacific Racing Association | 01/01/04 - 04/04/04 11/10/04 - 12/20/04 12/26/04 - 12/31/04 |
| California Expo | Capital Racing | 01/01/04 - 07/31/04 10/07/04 - 12/24/04 |
| Stockton | San Joaquin Fair | 06/16/04 - 06/27/04 |
| Pleasanton | Alameda County Fair | 06/30/04 - 07/11/04 |
| Vallejo | Solano County Fair | 07/14/04 - 07/25/04 |
| Santa Rosa | Sonoma County Fair | 07/28/04 - 08/09/04 |
| Bay Meadows Racecourse | San Mateo Fair | 08/11/04 - 08/23/04 |
| Sacramento Fairgrounds | California Exposition & Fair | 08/25/04 - 09/06/04 |

¹Prior to offering or accepting a wager on a race conducted outside of California from a California resident, Applicant shall use its best efforts to secure the consent required by the Interstate Horseracing Act (the “IHA”) of the horsemen’s association at the track where the race is conducted (the “Host Track”). It should be noted that under the IHA, the Host Track has the obligation to secure such consent. If the Host Track is located outside of California and affiliated with Applicant, the requisite consent shall be filed with the CHRB prior to any wager being offered or accepted on a race from that track.

²Only the dates for the 2004 Racing Schedule have been provided. The agreement with these Licensees will cover the 2004 and 2005 race meetings to coincide with the two-year term of the license that we are applying for.

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:
January 1 to December 31, inclusive
- B. Hours Advance Deposit Wagering will be conducted:
While races are run, up to twenty-four (24) hours per day

3. **BUSINESS STRUCTURE**

- A. Corporation (complete subsection B)
 LLC (complete subsection C)
 Other (specify, and complete subsection D)

Complete the applicable subsection

B. **CORPORATION**

1. Registered name of the corporation:

XpressBet, Inc.

2. State where incorporated:

Delaware

3. Registry or file number for the corporation:

3373240

4. Name of all officers and directors, titles, and number of shares of the corporation held by each;

| <u>Name</u> | <u>Title</u> | <u>Number of Shares Owned</u> |
|-----------------------|---|-------------------------------|
| Frank Stronach | Director | None |
| Jim McAlpine | Director, Chief Executive Officer | None |
| Ron Luniewski | President | None |
| Blake Tohana | Executive Vice-President and Chief Financial Officer | None |
| Gary Cohn | Vice-President and Secretary | None |
| Doug Tatters | Vice-President and Controller | None |
| F. Jack Liebau | Vice-President, California | None |

5. Names (true names) of all entities and persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:

Magna Entertainment Corp. – 100 Shares

6. Number of outstanding shares in the corporation:

100 common shares

7. Are the shares listed for public trading? Yes No **X**
If yes, on what exchange and how is the stock listed:

Note that Magna Entertainment Corp.'s Class A Subordinate Voting Stock is traded on the Nasdaq National Market under the symbol "MECA" and on the Toronto Stock Exchange under the symbol "MEC.A".

8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:

Not applicable

9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:

Magna Entertainment Corp.

10. Attach the most recent annual audited financial statements for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.

Magna Entertainment Corp. reports its financial results on a consolidated basis and therefore separate financials of the Applicant are not available. Attached as Exhibit 2 for your review are the 2002 audited annual financial statements and the unaudited six-month financial statements for the period ending June 30, 2003 of the Applicant's parent, Magna Entertainment Corp.

11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

As per discussions with the CHRB, the XpressBet business plan for 2004 and 2005 is being provided under separate cover and shall remain confidential at all times to the CHRB.

C. LLC

Not Applicable

1. Registered name of the LLC:

2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual audited financial statements for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

D. OTHER

Not Applicable

1. Name(s) of partners/sole proprietor:
 2. If a partnership, attach partnership agreement.
 3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.
4. **ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS** – must comply with Rule 2074.

- A. List the procedures to establish an Account:

Attached as Exhibit 3 are Applicant's Account Opening Procedures.

- B. If an application form is used to establish an Account, attach a copy of the form.

Attached as Exhibit 4 is a copy of the application form and terms and conditions used when a customer uses the XpressBet web site. Similar forms are used for on-site or in-person applications.

- C. Name and address of the third party you will use to confirm identity, residence and age verification:

**Corporate Office
Equifax Information Services LLC
1550 Peachtree N.W.
Atlanta, Georgia 30348**

By separate letter, we will provide general information concerning Equifax Information Services LLC.

5. **OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS** – must comply with Rule 2073.

- A. Submit a copy of your plan for operation.

Attached as Exhibit 5 is Applicant's *Plan of Operation*.

- B. List the type of deposits you will accept:

Applicant will accept the following types of deposits: cash deposits made directly, personal checks, cashier's checks, money orders made directly or mailed, debits to an Account Holder's credit card or debit card, and wire and other electronic transfers from a monetary account controlled by Account Holder.

- C. Identify any fees or transaction-related charges and the amount that will be assessed:

Customers will not be charged a monthly membership or wagering fee or a per call or wager transaction fee. However, customers may be charged a value added transaction fee of \$0.25 per telephone call when dealing with a live teller. Processing fees may be charged in respect of deposits made pursuant to Item 5B above, via credit card cash advance or wire transfers.

Processing fees for credit card cash advances will be no greater than 6%. High value customers may not be subject to credit card cash advance processing fees.

A wire transfer of less than \$250.00 is subject to a \$5 processing fee. A wire transfer of greater than \$250.00 is not subject to any charge.

Customers requesting special delivery (e.g. courier) may be charged the cost of those services.

As the distribution platforms evolve and future enhancements deliver increased functionality to customers, monthly fees or surcharges may be implemented for added value services.

6. SECURITY ACCESS

- A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

Please refer to Exhibit 6 for Items 1 – 4.

1. Description of the technology to ensure identity, residence, and age verification when an Account is established.
2. Description of the technology to ensure confidentiality of the Means of Personal Identification.
3. Methods and locations available for Account Holders to withdraw funds from their Account.
4. If the Account Deposit Wagering records will be maintained at a site other than the applicant's, provide the name, address, telephone and fax numbers and the hours of operation.

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:

**Bowen & McBeth
10722 Arrow Route, Suite 110
Rancho Cucamonga, California 91730
Telephone: 909-944-6465
Facsimile: 909-980-4788**

- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

- (i) Types of pari-mutuel or totalizator equipment to be used.

Totalizator equipment and services will be provided to Applicant by Autotote Systems, Inc. In addition to standard totalizator equipment and services, Applicant will be utilizing (a) IVR – “interactive voice response

technology” (an automated touch-tone betting system), (b) on-line computer wagering technology (provided by Trackplay, LLC (a subsidiary of Autotote Systems, Inc.)), (c) IVR – natural language voice recognition system (provided by VeCommerce Limited), and (d) Tiny-Tim personal wagering devices (provided by Autotote Systems, Inc.).

- (ii) Simulcast Organization

Autotote Systems, Inc. and Roberts Communications Network, Inc.

- (iii) Name of entity supplying equipment, and expiration date of the service contract.

Equipment to be supplied by:

**Autotote Systems, Inc.
100 Bellevue Road
Newark, Delaware 19714**

Applicant and Autotote Systems, Inc. have executed a letter of intent and are currently finalizing the terms of a binding long-form tote services and technology license and maintenance contract. The contracts will be effective through the term of this Advance Deposit Wagering License.

**VeCommerce Limited
2 Apollo Place
Lane Cove NSW 2066
Australia**

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

Attached as Exhibit 7 is the list of racing venues from which the Applicant currently intends to accept Advance Deposit Wagering. We will update you as racing venues are confirmed or added.

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. **CONTRACTS AND AGREEMENTS**

List name and address of all organizations you contracted with to facilitate Advance Deposit Wagering:

**Autotote Services, Inc.
c/o Autotote Systems, Inc.
100 Bellevue Road
Newark, Delaware 19714**

**VeCommerce Limited
2 Appolo Place
Lane Cove NSW 2066
Australia**

**Trackplay, LLC
c/o Autotote Systems, Inc.
100 Bellevue Road
Newark, Delaware 19714**

**Washington Trotting Association, Inc. and Mountain Laurel Racing, Inc.
(operators of XpressBet call center who provide administrative and
account opening functions)
c/o XpressBet, Inc.
499 Race Track Rd., P.O. Box 499
Meadow Lands, PA 15347**

NOTICE – Pursuant to B&P Section 19604 (c) (1) you must contract with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting.

XpressBet Center representatives are currently members of the Pari-Mutuel Employees Guild – SEIU Local 280.

9. **ADVERTISING**

Name and address of the advertising agency you will use:

**Candelaria Advertising
1545 Idlewood Rd.
Glendale, California
91202**

NOTICE – Pursuant to Rule 2071 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. **DECLARATIONS**

All contracts and agreements necessary have been signed except (if no exceptions, so state):

**Contract with the California Authority of Racing Fairs
Horsemen's approval**

11. **CERTIFICATION**

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized to attest to this application.

Ron Luniewski
Print Name:


Signature:

President
Print Title:

October 29, 2003
Date:

**STAFF ANALYSIS
REQUEST FOR APPROVAL OF
CHARITY DISTRIBUTION**

REGULAR BOARD MEETING
DECEMBER 4, 2003

Background:

The Hollywood Park Racing Charities, Inc., is requesting that the Board approve its proposed distribution of charity racing day proceeds of \$235,500. The list of 33 beneficiaries is attached for your review. The proposed distribution meets the requirements of current law and provides more than 67% of the total to industry-related organizations. Staff finds this request to be in order.

Recommendation:

Staff recommends that the Board approve this request.

**Hollywood Park Racing
Charities, Inc.**

1050 South Prairie Avenue
Inglewood, California 90301

Mailing Address:
P.O. Box 369
Inglewood, California 90306

(310) 419-1500

President and Chairman:
Tirso Del Junco, M.D.

Secretary:
Barbara Richardson Knight

Treasurer:
Angie Dickinson

Vice Presidents:
Willie D. Davis
Alvin Segel, Esq.

November 24, 2003

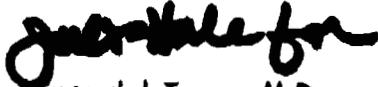
Mr. Roy Wood
Executive Secretary
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Mr. Wood:

Attached is a copy of our 2003 grants. We would appreciate having this included on the December agenda, if possible.

If you have any questions, please call (310) 419-1518.

Sincerely,



Tirso del Junco, M.D.
Chairman & President

jh
Enclosures

Hollywood Park Racing Charities, Inc. - 2003

Culture

Greater Los Angeles Zoo Association \$1,000

Education

Fairplex Education Fund \$ 1,500

Inglewood Educational Fund \$20,000

\$21,500

Health

Children's Dental Center of Inglewood \$2,500

Villa Scalabrini \$1,000

\$ 3,500

Miscellaneous

Actors & Others for Animals \$2,000

Los Angeles NAACP \$5,000

Los Angeles Sports Council Foundation \$1,000

Los Angeles Urban League \$5,000

Mothers in Action \$5,000

100 Black Men of Los Angeles \$5,000

\$23,000

Racing

California Equine Retirement Foundation \$5,000

California Thoroughbred Foundation \$3,000

California Thoroughbred Horsemen's Foundation \$30,000

Disabled Jockeys Endowment \$47,100

Edwin Gregson Foundation \$10,000

Kids to the Cup \$3,500

Don MacBeth Memorial Jockey Fund \$ 5,000

Race Track Chaplaincy \$10,000

Shoemaker Foundation \$23,000

U C Regents - Center for Equine Health \$2,500

Winners Foundation \$20,000

\$159,000

Social Services

| | |
|---|------------------|
| Centinela Valley Juvenile Diversion Project | \$2,000 |
| Children's Bureau of So. California | \$2,500 |
| Inglewood After School Program | \$2,000 |
| Inglewood Recreation Department | \$2,000 |
| Inglewood Senior Citizens Center | \$2,000 |
| International Life Services | \$5,000 |
| National MS Society | \$ 500 |
| Saint Margaret's Center | \$3,500 |
| Salesian Boys & Girls Club | \$2,500 |
| Salvation Army | \$3,000 |
| Watts/Willowbrook Boys & Girl Club | <u>\$2,500</u> |
| | \$27,500 |
| | <u>\$235,500</u> |

**STAFF ANALYSIS
REQUEST FOR APPROVAL OF
CHARITY DISTRIBUTION**

**REGULAR BOARD MEETING
DECEMBER 4, 2003**

Background:

The Bay Meadows Foundation is requesting that the Board approve its proposed distribution of charity racing day proceeds in the amount of \$70,000. The list of 28 beneficiaries is attached for your review. The proposed distribution meets the requirements of current law and provides for 50% to be distributed to industry-related organizations. Staff finds this request to be in order.

Recommendation:

Staff recommends that the Board approve this request.

Bay Meadows Foundation
P.O. Box 4687
Burlingame, Ca. 94011-4687

October 13, 2003

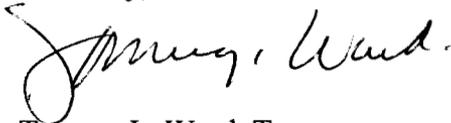
Mr. John Reagan
California Horse Racing Board
1010 Hurley Way, Ste. 300
Sacramento, Ca. 95825

Dear Mr. Reagan,

Enclosed is a list of grants proposed by the Bay Meadows Foundation at our recent Board Meeting. The total of \$70,000 in grants includes the proper percentages for horse racing related charities. The Bay Meadows Foundation received \$69,063.96 from Bay Meadows in 2003 representing Charity Day proceeds from the 2002 Spring and Fall meets.

Your approval of our grants will be appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Tormey L. Ward". The signature is written in a cursive style with a large initial "T".

Tormey L. Ward, Treasurer

**BAY MEADOWS FOUNDATION
GRANT AMOUNTS - 2003 MEETINGS**

| | CHARITY | AMOUNT GRANTED |
|-------------------------------|--|----------------|
| TRADITIONAL CHARITIES: | | |
| 1 | THE ARC | \$1,000 |
| 2 | ARCHBISHOP RIORDAN HIGH SCHOOL | \$1,000 |
| 3 | BIG BROTHERS/BIG SISTERS OF SAN FRANCISCO & PENINSULA (MENTORING PROGRAM) | \$1,000 |
| 4 | BIG BROTHERS/BIG SISTERS OF SAN FRANCISCO & PENINSULA (DISABLED PROGRAM) | ---- |
| 5 | CENTER FOR DOMESTIC VIOLENCE PREVENTION (DVP) | \$1,000 |
| 6 | COMMUNITY UNITED AGAINST VIOLENCE (CUAV) | --- |
| 7 | GATEPATH (POPLAR RE-CARE) | \$5,000 |
| 8 | GRACENTER/SISTERS OF THE GOOD SHEPHERD | \$1,000 |
| 9 | GUIDE DOGS FOR THE BLIND | \$1,000 |
| 10 | INDEPENDENT LIVING RESOURCE CENTER | \$1,000 |
| 11 | JEWISH HOME | \$1,000 |
| 12 | JUNIOR ACHIEVEMENT OF THE BAY AREA | \$1,000 |
| 13 | MID-PENINSULA BOYS & GIRLS CLUB (POWER HOUR) | \$1,000 |
| 14 | MID-PENINSULA BOYS & GIRLS CLUB (BAYSHORE COMMUNITY) | \$1,000 |
| 15 | MISSION HOSPICE, INC. OF SAN MATEO COUNTY | \$1,000 |
| 16 | (THE) NEW CONSERVATORY THEATRE (YOUTH AWARE & FAMILY MATINEE SERIES) | \$1,000 |
| 17 | (THE) NEW CONSERVATORY THEATRE (SCHOLARSHIPS FOR THE NEW CONSERVATORY THEATRE CENTER/COMMUNITY SATELLITE THEATRE ARTS TRAINING PROGRAM) | --- |
| 18 | NOTRE DAME HIGH SCHOOL | \$1,000 |
| 19 | POLICE ACTIVITIES LEAGUE (PAL) RC | \$1,000 |
| 20 | RAPHAEL HOUSE | \$1,000 |
| 21 | SAINT VINCENT DE PAUL SOCIETY (SF) (OZANAM CENTER) | \$1,000 |
| 22 | SAINT VINCENT DE PAUL SOCIETY (SF) (EXPANDED SERVICES AT OZANAM CENTER) | \$1,000 |
| 23 | SAINT VINCENT DE PAUL SOCIETY (SM) | \$1,000 |
| 24 | SAMARITAN HOUSE | \$5,000 |
| 25 | SAN FRANCISCO SUICIDE PREVENTION | --- |
| 26 | SAN JOSE DAY NURSERY | ---- |

**STAFF ANALYSIS
DISCUSSION ON
THE USE OF SECURITY BARNS
DURING RACE MEETINGS**

**Regular Board Meeting
December 4, 2003**

BACKGROUND

Some horsemen in Southern California have suggested that security barns be established during race meetings for the purpose of sequestering horses for a specified period of time prior to racing. In previous discussions on the feasibility of using security barns during race meetings, the use of security barns was generally not supported by the industry.

Interest, however has been expressed to revisit the issue.

RECOMMENDATION

This item is presented for discussion.

STAFF ANALYSIS
STAFF REPORT ON END-OF-MEET RESULTS

REGULAR BOARD MEETING
DECEMBER 4, 2003

Background:

This item contains end-of-meet reports for concluded race meets. Staff is prepared to answer questions regarding the information presented.

Recommendation:

This item is for information and discussion.

END-OF-MEET OUTLINE SUMMARY

For the California Horse Racing Board meeting, December 4, 2003. This report includes a summary for the following racing meetings: OAK TREE RACING ASSOCIATION, CAPITOL RACING AT CAL EXPO (SPRING) and the FRESNO FAIR.

OAK TREE RACING ASSOCIATION

September 28 – November 9, 2003

Race days: 32

AVERAGE DAILY STATISTICS

| | PERCENTAGE CHANGE |
|------------------------------|-------------------|
| Ave. Daily handle | 27.05% |
| Ave. On-track | 12.25% |
| Ave. Off-track | -6.43% |
| Ave. Interstate-exported | 50.89% |
| Ave. ADW | 123.18% |
| Ave. Daily attendance-Calif. | -0.31% |
| Ave. On-track | 2.85% |
| Ave. Off-track | -3.41% |

Capitol Racing at Cal Expo, Sacramento

December 26, 2002 – July 26, 2003

Race days: 123

AVERAGE DAILY STATISTICS

| | PERCENTAGE CHANGE |
|------------------------------|-------------------|
| Ave. daily handle | 12.12% |
| Ave. On-track | 2.23% |
| Ave. Off-track | 2.91% |
| Ave. Interstate-exported | 2.02% |
| Ave. ADW | 635.20% |
| Ave. daily attendance-Calif. | -0.86% |
| Ave. On-track | -0.44% |
| Ave. Off-track | -0.91% |

Fresno Fair at Fresno

October 1 – October 10, 2003

Race days: 11

AVERAGE DAILY STATISTICS

| | PERCENTAGE CHANGE |
|------------------------------|-------------------|
| Ave. daily handle | -0.40% |
| Ave. On-track | -4.30% |
| Ave. Off-track | -15.14% |
| Ave. Interstate-exported | -11.22% |
| Ave. ADW | 238.33% |
| Ave. daily attendance-Calif. | -1.15% |
| Ave. On-track | -0.75% |
| Ave. Off-track | -1.92% |

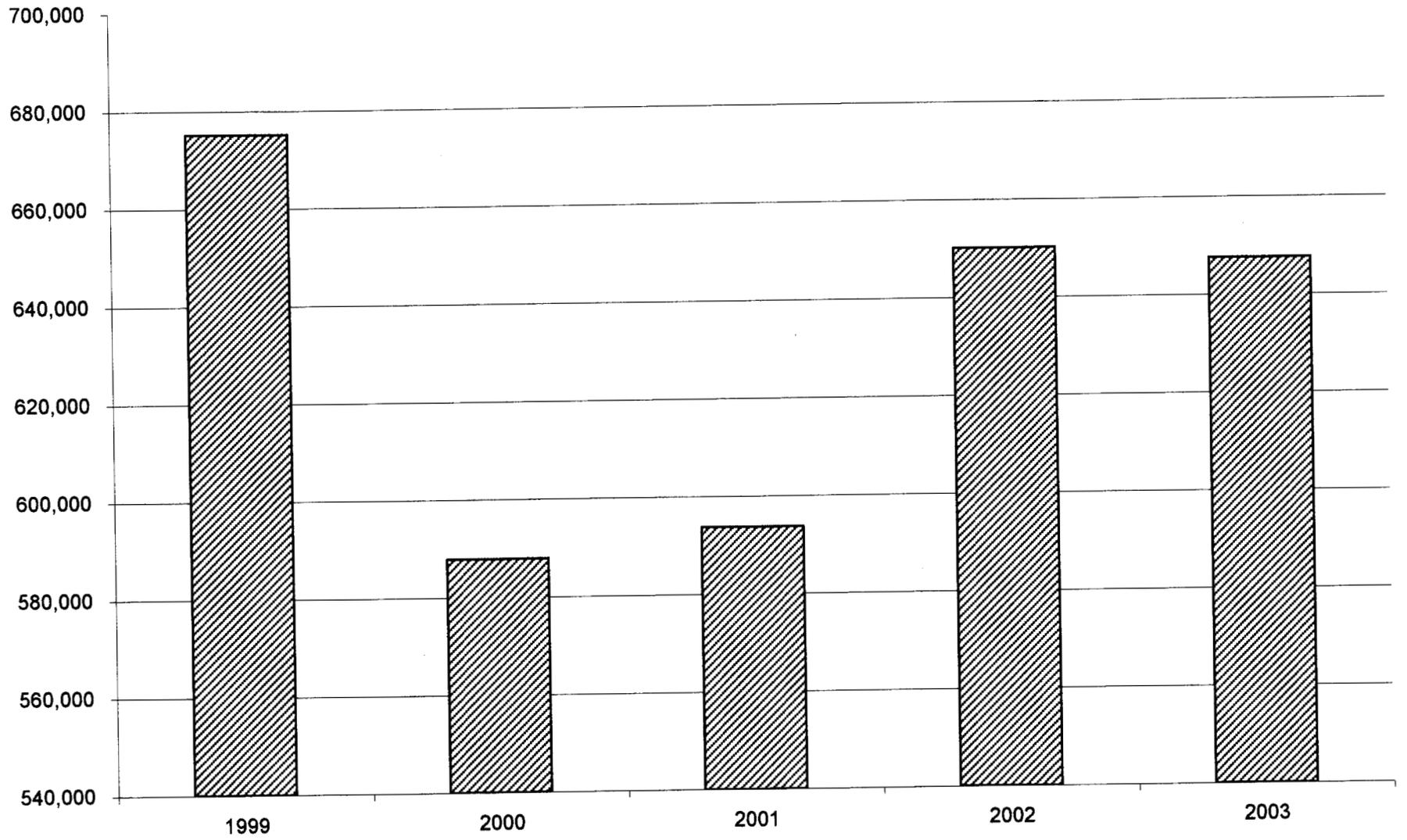
FRESNO FAIR

| YEAR | 1999 | 2000 | 2001 | 2002 | 2003 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| TOTAL RACE DAYS | 11 | 10 | 11 | 10 | 11 |
| TOTAL HANDLE | 7,426,628 | 5,878,164 | 6,530,750 | 6,501,327 | 7,122,973 |
| ON-TRACK | 3,940,127 | 3,038,268 | 3,377,998 | 3,147,300 | 3,313,016 |
| OFF-TRACK | 3,350,618 | 2,635,677 | 2,922,105 | 2,427,820 | 2,266,360 |
| INTERSTATE | 135,883 | 204,219 | 230,647 | 660,670 | 645,210 |
| ADW | 0 | 0 | 0 | 265,538 | 898,388 |
| LIVE | 7,426,628 | 5,878,164 | 6,530,750 | 6,501,327 | 7,122,973 |
| INTRASTATE IMPORTED | 0 | 0 | 0 | 0 | 0 |
| INTERSTATE IMPORTED | 0 | 0 | 0 | 0 | 0 |
| AVE. DAILY HANDLE | 675,148 | 587,816 | 593,705 | 650,133 | 647,543 |
| AVE. ON-TRACK | 358,193 | 303,827 | 307,091 | 314,730 | 301,183 |
| AVE. OFF-TRACK | 304,602 | 263,568 | 265,646 | 242,782 | 206,033 |
| AVE. INTERSTATE | 12,353 | 20,422 | 20,968 | 66,067 | 58,655 |
| AVE. ADW | 0 | 0 | 0 | 26,554 | 89,839 |
| AVE. CALIFORNIA DAILY HANDLE | 662,795 | 567,394 | 572,737 | 557,512 | 507,216 |
| AVE. LIVE | 675,148 | 587,816 | 593,705 | 650,133 | 647,543 |
| INTRASTATE IMPORTED | 0 | 0 | 0 | 0 | 0 |
| INTERSTATE IMPORTED | 0 | 0 | 0 | 0 | 0 |
| TOTAL TAKEOUT | 1,499,025 | 1,188,800 | 1,325,192 | 1,267,290 | 1,261,192 |
| EFFECTIVE TAKEOUT | 20.18% | 20.22% | 20.29% | 19.49% | 17.71% |
| STATE LICENSE FEES | 102,544 | 80,068 | 88,889 | 80,258 | 80,181 |
| STATE % | 1.38% | 1.36% | 1.36% | 1.23% | 1.13% |
| TRACK COMMISSIONS | 485,306 | 379,023 | 423,318 | 389,192 | 391,003 |
| ADW COMMISSIONS | 0 | 0 | 0 | 6,362 | 40,546 |
| TOTAL COMMISSIONS | 485,306 | 379,023 | 423,318 | 395,554 | 431,549 |
| TRACK % | 6.53% | 6.45% | 6.48% | 6.08% | 6.41% |
| HORSEMEN'S PURSES | 512,202 | 399,910 | 446,307 | 410,913 | 414,005 |
| ADW PURSES | 0 | 0 | 0 | 6,136 | 42,755 |
| TOTAL PURSES | 512,202 | 399,910 | 446,307 | 417,049 | 456,760 |
| HORSEMEN'S % | 6.90% | 6.80% | 6.83% | 6.41% | 6.41% |

FRESNO FAIR

| YEAR | 1999 | 2000 | 2001 | 2002 | 2003 |
|---------------------------|---------|---------|---------|---------|---------|
| CALIFORNIA ATTENDANCE | 123,726 | 106,271 | 112,195 | 102,024 | 110,934 |
| ON-TRACK | 78,855 | 66,644 | 70,708 | 67,143 | 73,301 |
| OFF-TRACK | 44,871 | 39,627 | 41,487 | 34,881 | 37,633 |
| DAILY ATTENDANCE | 11,248 | 10,627 | 10,200 | 10,202 | 10,085 |
| AVERAGE DAILY ON - TRACK | 7,169 | 6,664 | 6,428 | 6,714 | 6,664 |
| AVERAGE DAILY OFF - TRACK | 4,079 | 3,963 | 3,772 | 3,488 | 3,421 |
| TOTAL RACE EVENTS | 114 | 98 | 102 | 98 | 101 |
| STARTS | 962 | 785 | 830 | 755 | 762 |
| AVERAGE STARTS PER EVENT | 8.4 | 8.0 | 8.1 | 7.7 | 7.5 |
| AVERAGE HANDLE PER START | 7,720 | 7,488 | 7,868 | 8,611 | 9,348 |

**FRESNO FAIR
AVERAGE DAILY HANDLE**



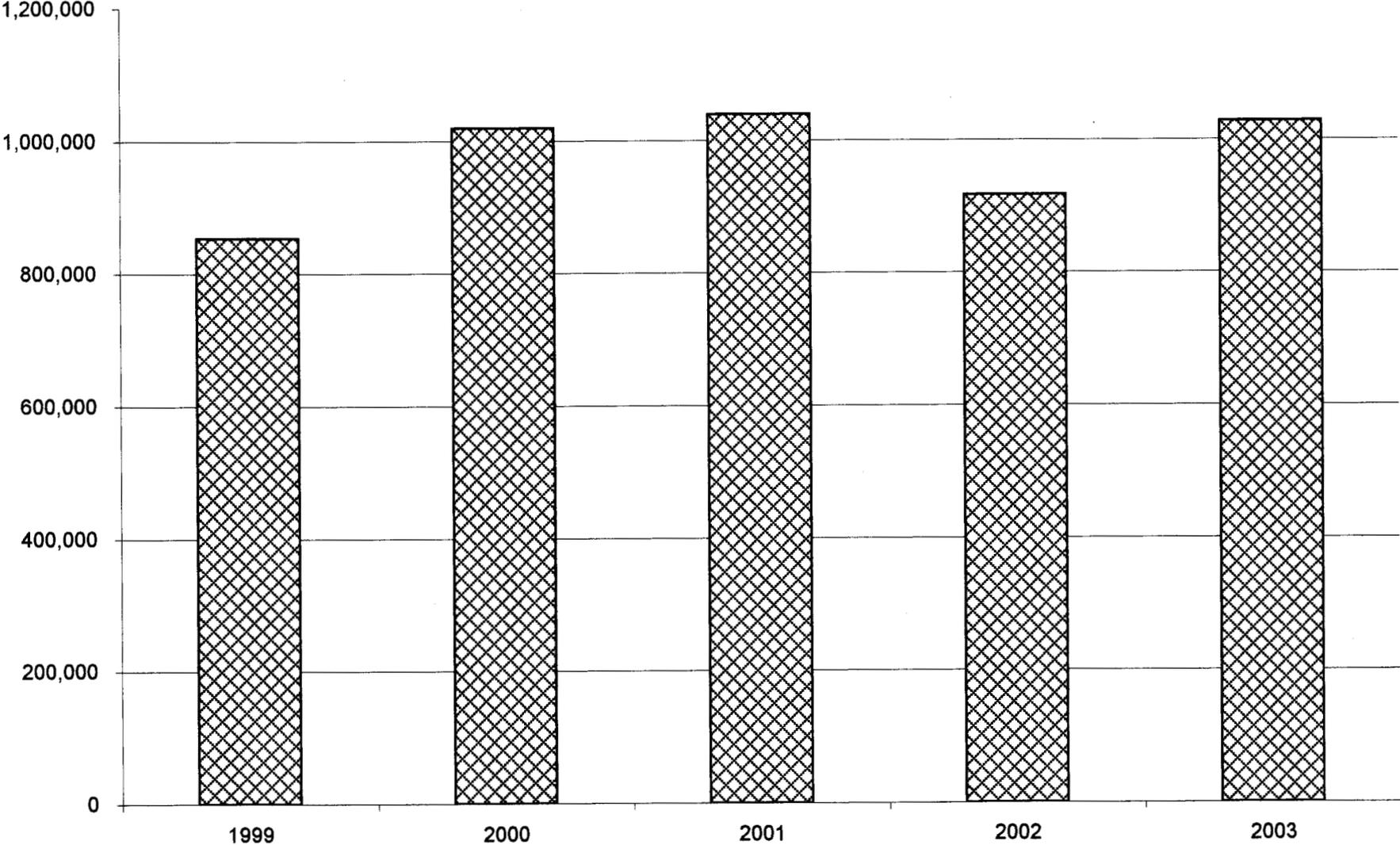
CAPITOL RACING @ CAL EXPO (SPRING)

| <u>YEAR</u> | 1999 | 2000 | 2001 | 2002 | 2003 |
|------------------------|------------|------------|-------------|-------------|-------------|
| TOTAL RACE DAYS | 64 | 56 | 115 | 134 | 123 |
| TOTAL HANDLE | 54,649,041 | 57,086,334 | 119,473,272 | 122,836,169 | 126,417,814 |
| ON-TRACK | 4,957,661 | 5,505,945 | 10,507,398 | 10,174,466 | 9,557,115 |
| OFF-TRACK | 36,901,815 | 37,576,895 | 80,362,294 | 83,942,946 | 79,296,817 |
| INTERSTATE | 12,789,564 | 14,003,494 | 28,603,580 | 28,718,757 | 26,893,760 |
| ADW | 0 | 0 | 0 | 1,581,117 | 10,670,122 |
| LIVE | 43,198,629 | 44,677,164 | 89,653,333 | 93,563,977 | 100,637,561 |
| INTRASTATE IMPORTED | 0 | 0 | 0 | 0 | 0 |
| INTERSTATE IMPORTED | 11,450,412 | 12,409,170 | 29,819,939 | 29,272,192 | 25,780,253 |
| INTERNATIONAL IMPORTED | 0 | 0 | 0 | 602,920 | 961,333 |
| AVERAGE DAILY HANDLE | 853,891 | 1,019,399 | 1,038,898 | 916,688 | 1,027,787 |
| ON-TRACK | 77,463 | 98,320 | 91,369 | 75,929 | 77,700 |
| OFF-TRACK | 576,591 | 671,016 | 698,803 | 626,440 | 644,690 |
| INTERSTATE | 199,837 | 250,062 | 248,727 | 214,319 | 218,648 |
| ADW | 0 | 0 | 0 | 11,799 | 86,749 |
| AVERAGE LIVE | 674,979 | 797,806 | 779,594 | 698,239 | 818,192 |
| INTRASTATE IMPORTED | 0 | 0 | 0 | 0 | 0 |
| INTERSTATE IMPORTED | 178,913 | 221,592 | 259,304 | 218,449 | 209,596 |
| INTERNATIONAL IMPORTED | 0 | 0 | 0 | 4,499 | 7,816 |
| TOTAL TAKEOUT | 12,027,257 | 12,538,047 | 26,477,799 | 27,482,306 | 25,972,135 |
| EFFECTIVE TAKEOUT | 22.01% | 21.96% | 22.16% | 22.37% | 20.54% |
| STATE LICENSE FEES | 252,517 | 264,118 | 541,623 | 567,551 | 530,227 |
| STATE % | 0.46% | 0.46% | 0.45% | 0.46% | 0.42% |
| TRACK COMMISSIONS | 2,856,392 | 2,974,157 | 6,165,497 | 6,404,289 | 6,053,962 |
| ADW COMMISSIONS | | | | 238,422 | 563,707 |
| TOTAL COMMISSIONS | | | | 6,642,711 | 6,617,669 |
| TRACK % | 5.23% | 5.21% | 5.16% | 5.21% | 4.79% |
| HORSEMEN'S PURSES | 2,668,754 | 2,782,367 | 5,754,005 | 5,975,028 | 5,649,537 |
| ADW PURSES | | | | 222,135 | 527,134 |
| TOTAL PURSES | | | | 6,197,163 | 6,176,671 |
| HORSEMEN'S % | 4.88% | 4.87% | 4.82% | 4.86% | 4.47% |

CAPITOL RACING @ CAL EXPO (SPRING)

| <u>YEAR</u> | 1999 | 2000 | 2001 | 2002 | 2003 |
|---------------------------|---------|---------|---------|---------|---------|
| CAIIFORNIA ATTENDANCE | 279,523 | 293,614 | 481,440 | 564,009 | 513,243 |
| ON-TRACK | 40,017 | 39,336 | 62,195 | 61,315 | 56,035 |
| OFF-TRACK | 239,506 | 254,278 | 419,245 | 502,694 | 457,208 |
| DAILY ATTENDANCE | 4,368 | 5,243 | 4,186 | 4,209 | 4,173 |
| AVERAGE DAILY ON - TRACK | 625 | 702 | 541 | 458 | 456 |
| AVERAGE DAILY OFF - TRACK | 3,742 | 4,541 | 3,646 | 3,751 | 3,717 |
| | | | | | |
| TOTAL RACE EVENTS | 747 | 731 | 1,500 | 1,677 | 1,561 |
| STARTS | 5,392 | 5,367 | 11,223 | 12,992 | 11,999 |
| AVERAGE STARTS PER EVENT | 7.2 | 7.3 | 7.5 | 7.7 | 7.7 |
| AVERAGE HANDLE PER START | 8,012 | 8,324 | 7,988 | 7,202 | 8,387 |

**CAPITOL RACING @ CAL EXPO SPRING
AVERAGE DAILY HANDLE**



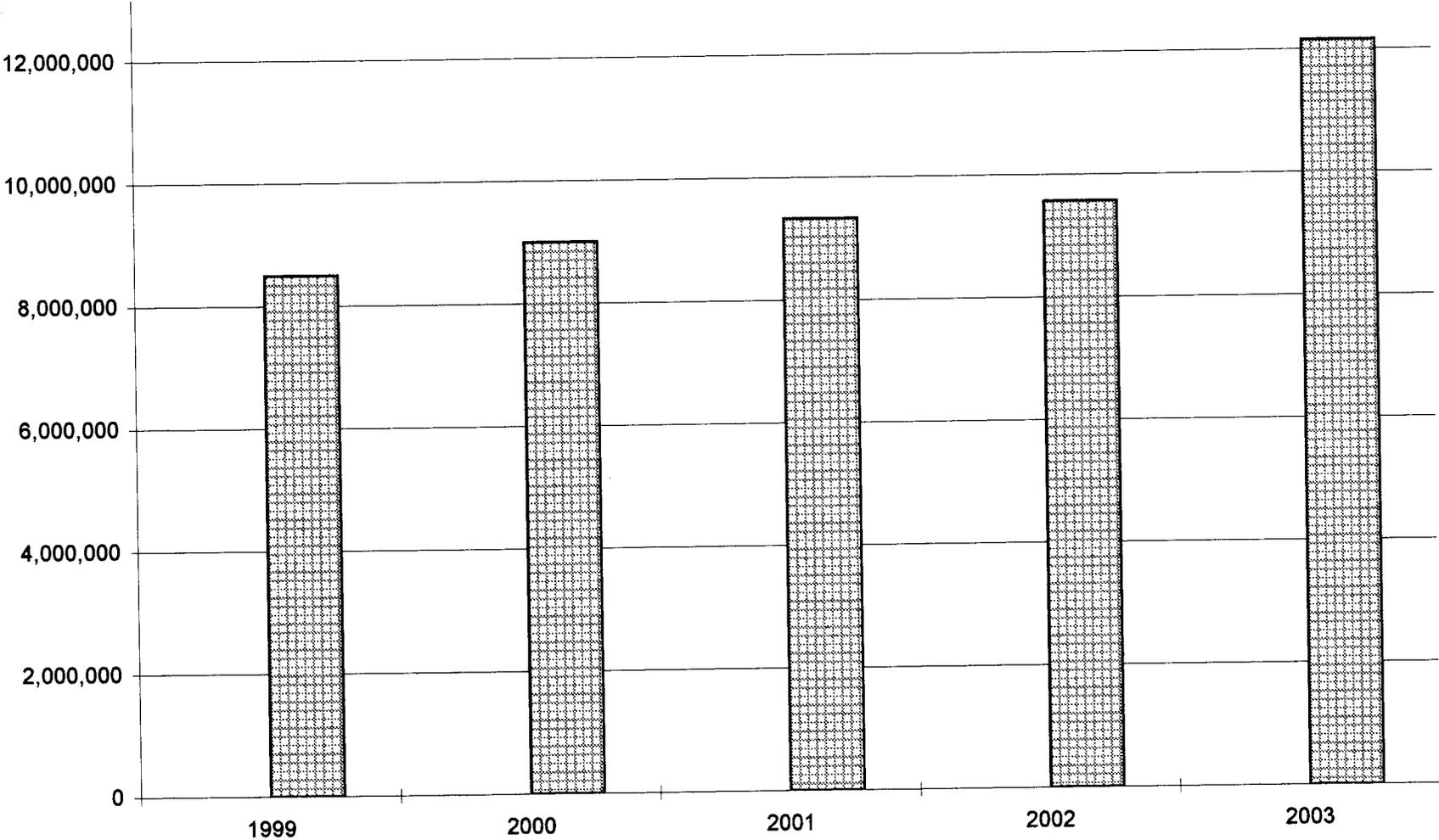
OAK TREE RACING ASSOCIATION

| YEAR | 1999 | 2000 | 2001 | 2002 | 2003 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Total race days | 32 | 27 | 32 | 26 | 32 |
| Total Handle | 271,861,234 | 243,041,165 | 298,522,691 | 248,731,416 | 388,933,438 |
| On-track | 72,160,924 | 62,035,814 | 72,974,774 | 56,896,643 | 78,607,430 |
| Off-track | 98,854,579 | 85,359,306 | 102,779,242 | 77,441,144 | 89,182,330 |
| Interstate-exported | 100,845,731 | 95,646,046 | 122,768,675 | 104,610,909 | 194,272,322 |
| ADW | 0 | 0 | 0 | 9,782,719 | 26,871,357 |
| Live | 201,324,148 | 181,315,927 | 223,341,603 | 190,114,300 | 329,324,409 |
| Intrastate-imported | 35,383,325 | 29,676,620 | 34,633,365 | 24,663,260 | 28,473,464 |
| Interstate-imported | 34,364,834 | 32,000,379 | 40,327,443 | 33,686,153 | 31,135,565 |
| International imported | 788,927 | 48,239 | 220,279 | 267,703 | 0 |
| Ave. daily handle | 8,495,664 | 9,001,525 | 9,328,834 | 9,566,593 | 12,154,170 |
| Ave. On-track | 2,255,029 | 2,297,623 | 2,280,462 | 2,188,332 | 2,456,482 |
| Ave. Off-track | 3,089,206 | 3,161,456 | 3,211,851 | 2,978,506 | 2,786,948 |
| Ave. Interstate-exported | 3,151,429 | 3,542,446 | 3,836,521 | 4,023,497 | 6,071,010 |
| Ave. ADW | | | | 376,258 | 839,730 |
| Ave. California daily handle | 5,344,234 | 5,459,079 | 5,492,313 | 5,166,838 | 5,243,430 |
| Ave. Live | 6,494,327 | 5,848,901 | 7,204,568 | 6,132,719 | 10,623,368 |
| Ave. Intrastate-imported | 1,141,398 | 957,310 | 1,117,205 | 795,589 | 918,499 |
| Ave. Interstate-imported | 1,073,901 | 1,185,199 | 1,260,233 | 1,295,621 | 972,986 |
| Ave. International imported | 24,654 | 1,787 | 6,884 | 10,296 | 0 |
| Total takeout | 52,302,234 | 46,656,423 | 57,278,869 | 46,246,337 | 69,030,731 |
| Effective takeout | 19.24% | 19.20% | 19.19% | 18.59% | 17.75% |
| State license fees | 3,740,472 | 3,249,184 | 3,902,970 | 3,019,155 | 3,722,452 |
| State % | 1.38% | 1.34% | 1.31% | 1.21% | 0.96% |
| Track Commissions | 11,870,317 | 10,243,724 | 12,373,221 | 9,644,550 | 15,075,838 |
| ADW Commissions | 0 | 0 | 0 | 659,799 | 1,169,939 |
| Total Commissions | 0 | 0 | 0 | 10,304,349 | 16,245,776 |
| Track % | 4.37% | 4.21% | 4.14% | 4.14% | 4.18% |
| Horsemen purses | 11,635,247 | 9,989,152 | 12,077,137 | 9,409,416 | 14,773,536 |
| ADW Purses | 0 | 0 | 0 | 642,122 | 1,138,438 |
| Total Purses | 0 | 0 | 0 | 10,051,538 | 15,911,974 |
| Horsemen % | 4.28% | 4.11% | 4.05% | 3.78% | 3.80% |

OAK TREE RACING ASSOCIATION

| YEAR | 1999 | 2000 | 2001 | 2002 | 2003 |
|-----------------------------|---------|---------|---------|---------|---------|
| Total California attendance | 717,712 | 599,918 | 684,495 | 524,038 | 642,953 |
| On-track | 357,550 | 301,587 | 333,575 | 259,073 | 327,959 |
| Off-track | 360,162 | 298,331 | 350,920 | 264,965 | 314,994 |
| Ave. daily attendance | 22,429 | 22,219 | 21,390 | 20,155 | 20,092 |
| Ave. daily on-track | 11,173 | 11,170 | 10,424 | 9,964 | 10,249 |
| Ave. daily off-track | 11,255 | 11,049 | 10,966 | 10,191 | 9,844 |
| Total race events | 265 | 231 | 273 | 222 | 270 |
| Starts | 2,241 | 1,973 | 2,184 | 1,866 | 2,122 |
| Ave. per event | 8.5 | 8.5 | 8.0 | 8.4 | 7.9 |
| Ave. handle per start | 89,837 | 91,899 | 102,263 | 101,883 | 155,195 |

**OAK TREE RACING ASSOCIATION
AVERAGE DAILY HANDLE**



ITEM 7

CALIFORNIA HORSE RACING BOARD

December 4, 2003 Regular Board Meeting

There is no board package material for this item.

Information to be presented at the board meeting.