

CALIFORNIA HORSE RACING BOARD
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REGULAR MEETING

of the California Horse Racing Board held on, **Thursday, March 24, 2005**, commencing at **9:00 a.m.**, at the **Bay Meadows Race Track, The Longchamps Room, 2600 S. Delaware Street, San Mateo, California.** **The meeting will open at 9:00 a.m., then the Board will adjourn into Executive Session with the regular meeting commencing at approximately 9:30 a.m.**

AGENDA

Action Items

1. Discussion and action by the Board on the **approval of the minutes of the Regular Board meeting of January 20, 2005.**
2. Discussion and action by the Board on the **proposed change in venue for the 2005 State Fair meet.**
3. Discussion and action by the Board on the **allocation of 2005 race dates for harness racing at:**
 - A. The California Exposition and State Fair (Cal-Expo).
 - B. The Los Angeles County Fair (Fairplex).
4. Discussion and action by the Board on the **request of the California Jockey's Guild, Inc. (a recently established jockeys group), to address the Board regarding their deep dissatisfaction with the administration of the California Jockeys Health and Welfare Fund.**
5. Discussion and action by the Board on the **primary drug testing contract for the 2005/2006 fiscal years.**
6. Discussion and action by the Board on the **regulatory amendment to CHRB Rule 1663(a) – Entry of Claimed Horse.**
7. Discussion and action by the Board on the **uniformity of TCO2 testing, the notification of trainers and the requirement of detention barns for trainers between meets.**
8. Discussion and action by the Board on the **employment of Pari-Mutuel Employees Guild Local 280 members at advance deposit-wagering facilities in California.**
9. Discussion and action by the Board on the **location and display of the satellite signal of the harness meet (at Cal-Expo) at Los Alamitos.**

10. Report on the status of **handle and attendance for all 2005 California race meets**.
11. Staff report on the following concluded race meetings:
 - A. **Capitol Racing, LLC**. at Sacramento from September 24, 2004 through December 18, 2004.
 - B. **Pacific Racing Association** at Golden Gate Fields from December 26, 2004 through January 30, 2005.

Committee Reports

12. Report of the **Race Dates Committee**

Commissioner Richard Shapiro, Chairman
Commissioner Marie Moretti, Member
Commissioner John Sperry, Member

13. Report of the **Medication Committee**

Chairman John Harris, Chairman
Vice Chairman William Bianco, Member
Commissioner Richard Shapiro, Member

Other Business

14. **General Business:** Communications, reports, requests for future action of the Board.
15. **Old Business:** Issues that may be raised for discussion purposes only, which have already been brought before the Board.
16. **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

John C. Harris, Chairman
William A. Bianco, Vice Chairman
Sheryl L. Granzella, Member
Marie G. Moretti, Member
Jerry Moss, Member
Richard B. Shapiro, Member
John C. Sperry, Member
Ingrid Fermin, Executive Director

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 **January 20, 2005**.

Present: John C. Harris, Chairman
William A. Bianco, Vice-Chairman
Sheryl L. Granzella, Member
Marie G. Moretti, Member
Jerry Moss, Member
Richard B. Shapiro, Member
Ingrid J. Fermin, Executive Director
Derry Knight, Deputy Attorney General

MINUTES

Chairman Harris asked for approval of the minutes of the Regular Board Meeting of December 2, 2004. Commissioner Moretti **motioned** to approve the minutes. Vice-Chairman Bianco **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION ON THE PROPOSED POLICY RECOMMENDATIONS OF THE NTRA PLAYERS PANEL.

John Reagan, CHRB staff, said the recommendations of the National Thoroughbred Racing Association (NTRA) Players Panel were extensive. Mr. Reagan stated staff recommended a Board committee review the recommendations and submit a report regarding their implementation. Chairman Harris said the NTRA Panel did a good job of compiling its recommendations. He stated the Board would look at the recommendations and in the near future decide which could be easily implemented, and which would require rule changes. Jim Quinn of the NTRA Players Panel explained the function of the Panel and talked about its recommendations. Chairman Harris asked if a representative of a totalizator company could

state any progress on the implementation of the Panel's recommendations. Dave Payton of Scientific Games Racing (SGR) said the issues raised by the Panel were not new. He stated there was a long list of items the industry had attempted to address. Among the attempted solutions was increasing the cycle times. SGR was able to reduce its cycle time to 45-seconds. Mr. Payton explained how SGR introduced its "Fast-Final Display," which after stop-betting posts information coming in at 15-second intervals until the pools were final. Mr. Payton added SGR was investigating a 10-second interval. In addition, other totalizator companies agreed to implement the same cycles. The exception was AmTote, which had different displays, but was still able to get final odds within 10 to 15 seconds. Mr. Payton stated up to 90 percent of the win pools would be in place within the first 10-second period. The amount of money represented would depend on the site as there was always a significant amount wagered within the last minute. There were also two issues that would affect the 10-seconds: the close-cancel delay and the double-hop. Some jurisdictions allowed pari-mutuel clerks up to four seconds to cancel a wager if a patron walked away. That automatically extended the 10-second period to 14 seconds. In addition, other jurisdictions - including California - consolidated pool information in one place before it could be sent to another state. Mr. Payton said SGR was working to eliminate the double-hop requirement; however, the close-cancel delay was not something SGR could fix. Mr. Quinn stated another issue that needed to be addressed was the practice of automatically replacing a wager on a horse that was scratched late with the favorite in Pick-3 and Pick-4 wagers. He said persons who make such wagers often were wagering against the favorite. Mr. Quinn read the committee's recommendations, which he said had been implemented in New York and other tracks, but not in California. Mr.

Reagan said the recommendations involved some complex issues. He stated he would prefer to address them at a Pari-Mutuel committee meeting where they could be thoroughly discussed. Chairman Harris said he agreed, but he wanted the entire Board to become familiar with some of the issues. Commissioner Shapiro stated he agreed with the committee's recommendations. He added staff was looking at New York's practices regarding surface changes and alternate picks for late scratches. He stated he would like to see the issues vigorously pursued for adoption. Commissioner Moretti asked who bore the costs for the totalizator changes. Mr. Payton said the totalizator companies tried to work within existing tote agreements at the various racetracks, and if compensation was available, it was negotiated. In addition, some of the recommendations were absorbed by the totalizator companies' research and development budgets. Steven Crist, publisher and chairman of The Daily Racing Form spoke in support of the NTRA Player's Panel recommendations. He stated the changes adopted by New York were very popular with the wagering public and he urged the Board to implement such changes as soon as possible. Ron Charles of Magna Entertainment Corporations spoke in favor of the NTRA Player's Panel recommendations. Commissioner Shapiro asked if it was possible to rank the recommendations by those that could be implemented immediately through those that would require further study. He stated he was concerned any changes that could be made immediately might become lost in the process. Mr. Charles said he and his associate would provide such a list within the near future.

PUBLIC HEARING ON THE ADOPTION OF THE PROPOSED CHRB RULE 1843.6 – TOTAL CARBON DIOXIDE TESTING.

John Reagan, CHRB staff, said the proposed addition of Rule 1843.6, Total Carbon Dioxide (TCO₂) Testing, had been noticed for the 45-day public comment period and was ready for hearing. He stated the rule could be adopted, but the regulatory process could not be completed and the rule put into effect until the law was changed to exempt the TCO₂ sample from the split sample requirement. Dr. Ron Jensen, CHRB Equine Medical Director, said a CHRB survey revealed alkalizing agents were being administered to horses. This resulted in the proposed regulation. He stated the rule gave the Board the authority to collect samples for the purpose of testing for TCO₂, which was used to detect the excess use of alkalizing agents. The proposed regulation also set levels at which a violation would occur, and provided for penalties in cases where testing was refused. He stated a violation of the rule would be considered a Class 3 medication violation for administrative purposes. Dr. Jensen reiterated Mr. Reagan's statement regarding the need for legislative action before the proposed regulation could be enforced, and added that such legislation had been introduced and was going forward. He added that other horse racing jurisdictions had inquired about the proposed regulation and were using it as the basis for their own regulations. Dr. Jensen said staff recommended the Board adopt the regulation as presented. Dr. Rick Arthur of Oak Tree Racing Association said he agreed that a violation should occur at 37 millimoles per liter of blood serum or plasma. He stated, however, he believed anyone in violation of the regulation should be subject to detention barn security for a period of time. In addition, because the split-sample was being eliminated for TCO₂ samples, the Board should establish rigorous laboratory standards. Dr. Arthur stated TCO₂ was a naturally occurring substance, and although the possibility of a false

positive was statistically insignificant, the effect of Lasix could have an effect and was something to consider. Dr. Scott Stanley of the University of California (UC) at Davis said the laboratory had researched the issue and developed a procedure that it felt would provide a very low incidence of false positives. He stated the samples would be collected pre-race and be sent to the laboratory post-race. The laboratory did some analysis and determined that if the sample was tested within five days, a legitimate result could be obtained. Dr. Stanley added the target for testing was within 72 hours of collection. He commented time would only decrease the amount of TCO₂ in a sample; the likelihood of a false positive would not be increased. Dr. Stanley said the laboratory worked with racetracks to analyze sampling and testing and determined the technical requirements to get accurate data was not sufficient to do legally defensible pre-race testing. Post-race testing was also problematic. To collect post-race samples it would be necessary to have a facility that could detain horses for at least three hours. Dr. Stanley concluded by stating the thoroughbred racetracks and owner's organization were an important and supportive part of the process. Commissioner Shapiro asked if a laboratory could be set up at the track so samples would not have to be shipped to Davis. Dr. Stanley said the scenario was difficult, but it could be done. He commented he did not see a benefit as it would not result in more accurate testing, nor would it necessarily decrease the time in which testing was completed. Commissioner Shapiro asked if the laboratory was only looking at TCO₂ levels in the samples. Dr. Stanley said the laboratory was looking for changes resulting from use of an alkalizing agent. Such an agent would increase the total TCO₂ in the sample. The laboratory was not looking for drugs or other agents in the blood samples. Chairman Harris asked if TCO₂ could inhibit the ability to test for other illegal

substances. Dr. Stanley said the laboratory believed its testing of urine samples was sensitive enough to overcome any potential dilution effects. He stated the post-race testing program was very strong. The intent of the pre-race testing was only to address the TCO₂. Commissioner Shapiro asked if there were any testing methods that could detect agents not being detected by the current testing regime. Dr. Stanley said California had one of the most sophisticated post-race testing programs in the United States. He stated any testing program could be improved with additional effort and funding. Commissioner Shapiro asked what substances the laboratory tested for. Dr. Stanley said the laboratory tested for every substance for which it had a test. He stated he believed there was a very high probability there was no nefarious drug use in the industry. Commissioner Shapiro asked if the laboratory could detect topical use of drug substances. Dr. Stanley said the laboratory could detect topical use. He stated the laboratory's tests were very sensitive and could detect many of the drugs below one part per billion, or pictogram concentrations, which was far less than many jurisdictions. Chairman Harris said the June 2005 Regular Board Meeting would be held at Davis where a visit to the laboratory could be arranged. Alan Horowitz of Capitol Racing said the harness industry was in favor of the proposed regulation. However, he was concerned about the 37-millimole level for violations. He stated the standardbred industry's testing program had levels for horses that were on Lasix and horses that were not. Mr. Horowitz said the concern was for false positives in horses on Lasix. He stated he hoped the sophisticated level of testing at the UC Davis Laboratory would result in accurate results without false positives. Dr. Arthur said a 37 - 39 millimole differentiation was part of the original proposal, but after surveying research and current practice nationally, the 37-millimole level appeared to be the correct level. Dr. Arthur

commented the Racing Medication Testing Consortium (RMTTC) was considering proposals to look at the effect of furosemide/Lasix as the difference between horses on the medication and those without it did not have a lot of scientific basis. Commissioner Moss asked what the status of the enabling legislation was. Commissioner Moretti said Assemblyman Horton was carrying the bill. She stated the legislative session had just commenced, so even on an urgency basis it would take a couple of months at minimum. Kim Hankins of the California Harness Horsemen's Association stated his organization supported the regulation. Ed Halpern of California Thoroughbred Trainers said his organization supported the proposed regulation. Vice-Chairman Bianco said he was involved with the committee on TCO₂ testing since its initiation. The initial idea was to buy testing equipment for use at the racetracks. If a positive were discovered, the sample would be sent to the UC Davis laboratory for further testing. Vice-Chairman Bianco said he believed testing at the racetracks was better, as once the trainers saw it, and publicity was generated, there would no longer be a problem. He stated he was sorry it took a year for the project to come to fruition, but it did demonstrate that the Board could accomplish its goals and not have negative publicity. Chairman Harris said he agreed with Vice-Chairman Bianco. He stated a violation would be a Class 3 medication violation, which would allow the stewards to impose server penalties, so he did not believe anyone would attempt to circumvent the rule. His only concern was that the laboratory work was done correctly so there could be no arguments that the tests were wrong. Dr. Stanley said there were many ways to test for TCO₂, however, for a legally defensible result one needed a specific type of equipment with a standard operating procedure criteria for identification and confirmation. One reason for testing at one laboratory was uniformity in testing. Other

jurisdictions have found that using any laboratory that can measure TCO₂ ended with data that was not legally defensible, and cases were overturned in court. Dr. Stanley said testing at the racetrack was analyzed and looked more problematic than was initially thought. He concluded by stating Thoroughbred Owners of California (TOC) delivered on its promise to purchase new equipment that could handle the number of samples the laboratory would receive. He added the horsemen, racing associations and the TOC had been very generous and supportive. Commissioner Shapiro **motioned** to adopt Rule 1846.3. Vice-Chairman Bianco **seconded** the motion. Commissioner Shapiro said other jurisdictions had sanctions in place and he thought that in connection with adopting Rule 1846.3 the Board ought to consider minimum sanctions for different classes of violations. Executive Director Ingrid Fermin said there were penalty guidelines prior to the Class 1, 2 and 3 violations. She stated the Board could revisit penalty guidelines through the Medication Committee. Commissioner Shapiro said drug testing was one side of the deterrent. He stated if California had minimum sanctions, without mitigating circumstances, horsemen would understand what they faced. The sanctions would be an additional deterrent. Deputy Attorney General Derry Knight said the Board could set minimum sanctions, but they would have to be adopted as regulations under the Administrative Procedures Act. Chairman Harris said he agreed the Board should pursue the issue, but at a future time. Craig Fravel of Del Mar Thoroughbred Club said the RMTC was working on the issue and would shortly have national recommendations for minimum sanctions. The motion was **unanimously carried**.

DISCUSSION AND ACTION REGARDING CAPITOL RACING LLC.

John Reagan, CHRB staff, said at the October 2004 Regular Board Meeting Capitol Racing (CR) was asked to furnish an audited financial statement and a letter of credit or a bond in the amount of \$1 million. Mr. Reagan stated a letter of credit and a "draft" audited financial statement were provided. Staff was given a final copy of the audited financial statement on January 7, 2005. Mr. Reagan commented that several additional issues were raised via letters, which were presented to staff. He stated those letters, along with a copy of the letter of credit and the financial statement were included in the Board package. Commissioner Shapiro said the Board requested audited financial statements by December 31, 2004. He stated he found it unacceptable that the statements were delivered late. In addition, the content of the statements was woefully short. Commissioner Shapiro added he had grave concerns about the financial condition of CR, as he believed it was a single asset entity with a negative net worth, which put the horsemen at risk. Commissioner Shapiro stated issues had been raised regarding the improper handling of funds such as commissions that should have been split with the horsemen, Southern California Off-Track Wagering, Inc. funds and monies from unclaimed tickets. He suggested staff review the issues so the Board could be more fully informed. Commissioner Shapiro stated he personally spoke with representatives of CR and reiterated it was critical for them to provide audited financials on the required date. Prior to the meeting with CR, staff was unable to get the same materials after many months of asking. In the meeting it was represented that Earnst and Young was working on the financials; however, what was received from a company that was not Earnst and Young, was a qualified balance sheet based on what management said were its assets. Commissioner Shapiro said harness

racing could not be ignored and he did not want to see the horsemen harmed. CR was allocated nearly a full year of racing, so the entire industry was in its hands. CR had met its obligations to date, but if it were unable to meet its obligations there would be no one for the horsemen or the state to turn to for relief. Commissioner Shapiro stated he understood the lease on the Cal-Expo facility was finished at the end of July 2005, and it would be incumbent on the Board to ensure a sound operator ran the meeting. Steve Bieri of CR said his organization invited the Board's scrutiny. He stated every suggestion of poor financial management had been proven unfounded, and he hoped Board staff would look closely at CR.

REPORT OF THE EFFORTS BY THE RACING SECRETARIES TO VOLUNTARILY ADDRESS THE NEED FOR A HIGHER SCALE OF WEIGHTS FOR JOCKEYS ON A NATIONAL BASIS.

Chairman Harris said a recent proposal from the Jockeys' Guild (Guild) for a new scale of weights had been tabled for further discussion. One of the issues was a national effort to raise jockey weights, as concern was expressed regarding raising weights in California without a concurrent national change. Chairman Harris said he requested the racing secretaries speak to the Board regarding progress on a higher scale of weights for jockeys on a national basis. Tom Robbins, racing secretary at Del Mar Thoroughbred Club, said racing secretaries across the United States had discussed how condition books were written with regards to the issue of weight. He stated an informal agreement had been reached wherein efforts would be made to raise the minimum weight in most races to one hundred eighteen pounds. Mr. Robbins said the racing secretary at Los Angeles Turf Club (LATC) wrote his book in the agreed manner, and Northern California racing secretaries would soon adopt the recommendations. Chairman

Harris asked what was the previous weight for races. Mr. Robbins said in 2004 the weights were around one hundred twelve, or one hundred thirteen pounds, depending on the allowance. There could be three allowances in a race: three, five and seven pounds. Mr. Robbins said the racing secretaries agreed the allowances could be reduced, with maybe one allowance in a race, so a horse does not enter at one hundred twelve pounds. Commissioner Moss asked if the weight of equipment would be a separate weight. Mr. Robbins said the racing secretaries were not advocating a change in how riders were weighed. Jockeys would continue to be weighed as they had always been weighed. The racing secretaries were only advocating that a jockey's minimum weight be raised to a level acceptable to the entire industry. Barry Broad, representing the Guild, said his organization was not privy to any of the racing secretaries meetings. He stated the Guild believed the informal agreement was an inadequate gesture, and was not right. Mr. Broad said the Guild would like the Board to adopt the regulation discussed in late 2004. If the industry could not solve the problem of jockey weights, the Guild was prepared to take its case to the legislature. Mr. Broad reviewed jockey weights from Santa Anita's program of January 7, 2005. He stated the informal increase in weights could help late in the season, but early in the year conditions would be such that jockeys would continue to endanger their health to make weight. Mr. Broad said the issue was a serious public health matter and the Guild wanted something more. Commissioner Shapiro asked if the weight in the program was the jockey's weight without equipment. Drew Couto of Thoroughbred Owners of California (TOC) said the program weight included five pounds of equipment. In addition, another five pounds of equipment, the safety helmet, safety vest, whip and bridle were not counted under the Board's rules. If a horse were listed at 122 pounds in the program,

the rider would weigh roughly 117 pounds with five pounds of equipment included in the total weight. Chairman Harris said he understood there was concern California's weights would not match other jurisdictions, but if the equipment weighed ten pounds, that was its weight. Commissioner Shapiro asked if the Guild objected to the weight of the equipment being included in the program. Mr. Broad said the Guild's position was the weight of the jockey and a minimum of ten pounds of equipment that would be listed in the program. Mr. Broad added the Guild's proposal was comprehensive, as it also dealt with body fat issues. Commissioner Shapiro said he was sure the public did not understand that the weight in the program was not all the horse was carrying. He asked why all the weight was not disclosed. Darrell Haire of LATC said the issue could be solved if the weight was set at 125 pounds and the jockey weighed with all the weight. He stated in other countries jockeys got on the scale with all of their equipment. Mr. Haire said when the current rules were written there were no safety helmets or safety vests. It was time to change the rules and have full disclosure. Commissioner Shapiro said he believed the regulations should be changed to inform the wagering public about the true weight a horse was carrying. He stated the other issue was the debate over the jockey's minimum weight. Chairman Harris said the Guild's original proposal would be revisited as a starting point for further discussion.

DISCUSSION AND ACTION BY THE BOARD ON THE REVISIONS TO THE CHRB LICENSE APPLICATION TO CONDUCT RACE MEETINGS.

John Reagan, CHRB staff, said the forms CHRB-17, Application for License to Conduct a Horse Racing Meeting, and CHRB-18, Application for License to Conduct a Horse Racing Meeting of a California Fair were revised after comment from the Board and other interested

parties. Mr. Reagan reviewed the proposed changes to the applications, which included the requirement that an audited financial statement of the licensee be submitted; the requirement that the licensee provide information regarding its electronic security system, as well as other security measures; and a request for information regarding the licensee's plans to attract new fans and increase on-track attendance. Chairman Harris asked if the industry needed time to review and comment on the changes to the applications, or were they ready for notice. Mr. Reagan said more changes could be made to the forms, or they could be noticed. Drew Couto of Thoroughbred Owners of California spoke about additional changes his organization would like to see added to the application for license. Commissioner Shapiro **motioned** to initiate a 45-day public comment period for the amendment to the applications for license to conduct a horse racing meeting as discussed. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

REPORT AND DISCUSSION FROM AUTOTOTE ON THE STATUS OF THE ALTERNATE SELECTION OPTION ON PICK (N) WAGERS.

John Reagan, CHRB staff, said an alternate selection for the Pick 6 wager existed prior to the Breeders' Cup scandal. Changes were made to the security system to address the scandal, which took away the alternate selection. Mr. Reagan stated efforts were being made to reincorporate the alternate selection on Pick (n) wagers. Dave Payton of Scientific Games Racing (SGR) said the alternate selection on Pick (n) wagers was a feature patrons wanted. He stated that after the alternate selection was turned off the industry requested that SGR produce a new format wherein after every leg of a race in a Pick (n) pool, the information would be automatically sent to the host to centralize such information. It took a while for the tote

companies to agree on a method to fulfill the request, but the work was done. Subsequently, a way to support alternate-runner capabilities was proposed and adopted by the industry. Currently, methods of supporting the "will-pays" as well as the alternate-runners were being explored. Mr. Payton said SGR hoped to have the alternate runner selection available in California by the July 2005 Del Mar meeting. He stated the selection would be for Pick 4 and higher Pick (n) pools alternate runners. Chairman Harris said he understood a consolation payout was proposed for the Pick-3 wager. Mr. Payton said that would require a rule change. He stated SGR implemented a payout in other states, so it was something that could be done.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE BAY MEADOWS FOUNDATION TO DISTRIBUTE CHARITY RACING PROCEEDS IN THE AMOUNT OF \$64,500 TO 23 BENEFICIARIES.

John Reagan, CHRB staff, said the request of the Bay Meadows Foundation to distribute charity racing proceeds was in order and staff recommended the Board approve the distribution. Vice-Chairman Bianco **motioned** to approve the request of the Bay Meadows Foundation to distribute charity racing proceeds. Commissioner Moss **seconded** the motion, which was **unanimously** carried.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE DEL MAR THOROUGHBRED CLUB TO DISTRIBUTE CHARITY RACING PROCEEDS IN THE AMOUNT OF \$176,400 TO 23 BENEFICIARIES.

John Reagan, CHRB staff, said the request of the Del Mar Thoroughbred Club to distribute charity racing proceeds was in order and staff recommended approval of the distribution. Vice-Chairman Bianco **motioned** to approve the request of the Del Mar Thoroughbred Club to

distribute charity racing proceeds. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE HOLLYWOOD PARK RACING CHARITIES TO DISTRIBUTE CHARITY RACING PROCEEDS IN THE AMOUNT OF \$192,812 TO 29 BENEFICIARIES.

John Reagan, CHRB staff, said the request of the Hollywood Park Racing Charities to distribute charity racing proceeds was in order and staff recommended approval of the distribution. Vice-Chairman Bianco **motioned** to approve the request of the Hollywood Park Racing Charities to distribute charity racing proceeds. Commissioner Shapiro **seconded** the motion, which was **unanimously carried**.

REPORT AND UPDATE ON THE STATUS OF THE CALIFORNIA PERFORMANCE REVIEW COMMISSION RECOMMENDATIONS.

Paige Noble, CHRB staff, said Governor Schwarzenegger initiated the California Performance Review (CPR) in 2004. The CPR was a top-to-bottom review of California government whose purpose was to provide recommendations regarding restructuring and reorganizing state government. The CPR was issued in August 2004 and contained over 1,200 recommendations, including a recommendation to eliminate 117 boards and commissions. Among the boards to be eliminated was the CHRB. In November 2004, after conducting eight public hearings across the state, the CPR submitted another report to the governor, which recommended an evaluation of boards and commissions proposed for elimination. The governor's office subsequently submitted a government-reorganization plan to the Little

Hoover Commission. The reorganization plan did not include the CHRB on its list of boards and commissions recommended for elimination. However, there had been indications that any board or commission on the list submitted to the Little Hoover Commission could be subject to further review. Mr. Noble commented staff would continue to monitor any reorganization plan submitted by the governor for its impact on the CHRB. Chairman Harris said the Board should work with the governor's office to provide any information needed. He stated it was clear, from the industry and Board perspective, the CHRB needed to remain a state entity. Commissioner Moretti stated the boards and commissions slated for elimination were categorized as "licensing boards" that were duplicative in many ways. She stated the Board stood out because it dealt with issues, such as medication, that pertained to upholding the integrity of the sport. Commissioner Shapiro asked if the CPR brought into question whether the Board should join the Racing Consortium licensing program. He stated the governor's office could see it as a benefit. Chairman Harris said he agreed the Board should look at a national license, but it would only impact a small percentage of licensees. Assistant Executive Director Roy Minami said California accepted Racing Consortium licenses. He stated, however, California fees still needed to be paid, fingerprints taken and background investigations initiated. Commissioner Shapiro said for California horsemen going to other jurisdictions, the program could be beneficial. Deputy Attorney General Derry Knight stated California was a member of the interstate compact. He said the enabling legislation required that applicants satisfied California licensing standards.

DISCUSSION AND ACTION BY THE BOARD ON THE POLICY OF RELEASING NAMES OF INDIVIDUALS WHO HAVE BEEN SERVED WITH COMPLAINTS/ACCUSATIONS/RULINGS FOR CLASS 1, 2, OR 3 MEDICATION POSITIVES AND THE BEST METHODS TO UTILIZE FOR THE RELEASE OF THIS INFORMATION.

Assistant Executive Director Roy Minami said information regarding Class 1, 2 and 3 positives became public under Business and Professions (B&P) Code once a complaint was served. The Board's current policy was not to actively disclose information regarding trainers who were served with complaints for such positives. Mr. Minami said the exception was certain high-profile trainers. He stated if the media requested information, it would be given to the Board's information officer for release. Mr. Minami said staff proposed posting information regarding service of an accusation or complaint regarding Class 1, 2 and 3 positives on the Board's website. The information would not be actively disseminated, but would be available to those who wished to know about the latest complaint or accusation. Chairman Harris said he agreed with the proposed policy. He stated the Board needed to be as transparent as possible. Commissioner Shapiro said he did not believe the Board should actively comment on a complaint or accusation for Class 1, 2 and 3 positives. If the information was posted on the Board's website, there should be no differentiation between trainers. Mr. Minami said the only information disclosed would be the name of the trainer and the drug substance, the classification, the horse's name, the track and the date of the race. He stated the date of the hearing could also be indicated, but any other information could not be disclosed because of the pending investigation. Chairman Harris said he believed the Board's website would be the best solution.

REPORT BY THE CALIFORNIA MARKETING COMMITTEE ON PROPOSED 2005 PROGRAMS AND EVALUATION OF THE 2004 PROGRAM.

John Reagan, CHRB staff, said representatives of the California Marketing Committee (CMC) were available to speak. Craig Fravel of the CMC explained the structure, funding and history of the organization. He stated the CMC was currently funded through 2005. Mr. Fravel said the Board was provided with a copy of the CMC's 2004-2005 budget. He stated some modifications were made to the 2005 budget. The 2004 budget was in the process of being closed out, and a complete record of expenditures should be available in the near future. Chairman Harris said he believed there was a lot of anxiety in the industry regarding the effectiveness of the CMC. He stated he did not know if the Board had the information to make a judgment, but the budget needed to be examined. Chairman Harris added he would like to see a third party evaluate the CMC's marketing to determine if the money was spent on effective programs. Mr. Fravel said the CMC would not object to Chairman Harris's suggestion. He stated the organization was open to questions and ideas from the industry, and anyone was welcome to attend its meetings. Commissioner Shapiro said it appeared the CMC had a budget of \$5.6 million in its first year. He stated what he could not judge what the effect of such programs as "Golden State Rewards" has been. There was no indication of the program's success in bringing customers back, or how often they were wagering. Mr. Fravel said the CMC could provide such information. Commissioner Moretti stated a couple years had passed since the CMC gave the Board a full presentation of its activities. She stated she would like to know more of what the CMC had been doing, as the only program she was aware of was the Golden State Rewards. Chairman Harris said a date for a presentation to interested parties could be set. He stated there was concern a lot of money had been spent

without any subsequent growth. Commissioner Shapiro reviewed the expenditures listed in the CMC budget sheet. He stated he questioned some of the items, but he did not want to second-guess the CMC. He added he would like to have a discussion with the CMC to talk about how the industry marketed racing. Commissioner Shapiro said he had spoken with other interested parties and found there were different ideas regarding the direction the CMC should be taking. Mr. Fravel said the CMC would welcome a dialogue.

DISCUSSION BY THE BOARD AND REPORT FROM STAFF ON THE CONCLUDED RACE MEETING OF HOLLYWOOD PARK FROM NOVEMBER 3 THROUGH DECEMBER 20, 2004.

John Reagan, CHRB staff, said the end-of-meeting report included the handle and pari-mutuel statistics as well as some comments and concerns forwarded to CHRB headquarters by the investigations unit, the veterinarians and the stewards. Chairman Harris asked if Hollywood Park (HP) had time to evaluate the concerns forwarded to CHRB headquarters. Rick Baedeker of HP said his organization had an opportunity to look at the issues when it received the Board package. He added he believed it was beneficial to have Board staff identify items that needed attention. Chairman Harris commented all future end-of-meeting reports would include issues forwarded by investigative staff, stewards and the official veterinarian. Mr. Baedeker stated none of the issues were brought to HP management's attention during the race meeting and encouraged Board staff to provide information about any issues as soon as there was a problem. Mr. Baedeker said he found the items regarding security troubling, as he was proud of the work HP staff did in responding to requests from the Board. He reviewed HP's security program and stated he believed HP security presented a higher profile on the backside. Mr.

Baedeker said HP management had been made aware of the official veterinarian's concerns and would take immediate action. In addition, Mr. Baedeker spoke about the issues with HP's dirt and turf tracks and the steps HP was taking to address the problems with those surfaces. Commissioner Shapiro commented on the number of breakdowns during the HP fall meeting and said he believed the situation with the turf track could have been handled better. Commissioner Shapiro stated the larger question was what HP was doing to improve horse racing. He asked if Mr. Baedeker could address improvements to HP to attract fans as well as improvements to the track's surfaces. Mr. Baedeker said HP's racing surfaces were historically the safest in California. He stated the fall meeting was an anomaly that HP intended to fix before the spring meeting. Mr. Baedeker added Churchill Downs had invested \$20 million in the facility over the last five years, and was evaluating further investments in the property. He stated remodeling a 60-year-old facility was a major undertaking and he was not able to discuss specifics of the master plan, but he would share such plans as soon as they were completed. Commissioner Shapiro stated between 2001 and 2003 Santa Anita spent \$45 million on capital improvements. Other than unknown costs for improving the clubhouse mutual line, Commissioner Shapiro said he did not know of any other capital improvements at HP. Mr. Baedeker said HP remodeled every inch of its building since it was purchased by Churchill Downs. He reviewed some of the improvements made to the facility and stated he would be happy to provide the Board with details on everything that had been accomplished. Chairman Harris said HP had the same problems as other racetracks with declining attendance and on-track handle. The industry needed to figure a way to reverse the trend, and the Board wanted to make sure HP joined in that effort. Commissioner Moss said he wanted to highlight

that although the rate of injuries was up at HP, the track was not always at fault; trainers could also make mistakes. Perhaps certain trainer would blame the track for their lack of success. Chris McCarron of Santa Anita said his organization recently surveyed the base of its track and discovered it was very uniform. There were only a few minor problems with the base. He stated if HP did the same thing it might also be pleased with the result. Mr. McCarron said Commissioner Moss touched on an issue that was one of his major concerns: discretion. He stated there was a growing use of shock wave-therapy machines, which potentially had a great deal to do with an increase in breakdowns. Mr. McCarron said the Board instituted a policy that required a certain number of days before a horse treated with shock wave-therapy could be entered, but that did not stop a trainer from trying to get his horse off the vet's list by using the therapy. Mr. McCarron said the Board needed to monitor the use of shock wave-therapy machines to ensure the practice does not further increase the number of breakdowns. Mr. Fravel said Del Mar discussed issues with stewards prior to its meetings. He stated it would be a good practice for other associations as he found it enormously helpful. Mr. Fravel added the industry should work with Board staff to improve the information kept on horses that broke down and on the analyzing of such information.

STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETING:

**A. PACIFIC RACING ASSOCIATION AT GOLDEN GATE FIELDS FROM
NOVEMBER 10 THROUGH DECEMBER 20, 2004.**

John Reagan, CHRB staff, said the average daily handle for Pacific Racing Association was up 1.7 percent; however, on-track and off-track handles were down between six and seven percent respectively. The exported handle and advance deposit wagering handles were up.

REPORT OF THE AD-HOC COMMITTEE ON JOCKEY GUILD.

Commissioner Shapiro said the committee sent a letter to the Jockeys' Guild (Guild) requesting an exhaustive list of information. He stated the Guild was in the middle of an audit and was unable to respond to the committee's request. Commissioner Shapiro stated the committee would meet with a representative of the Guild in the near future to coordinate receipt of the information. Barry Broad of the Guild said there was currently four audits of its health and welfare plan being conducted. Mr. Broad stated he believed it would be best for the Board to hire an independent auditor to ensure the plan was being run appropriately. Mr. Broad spoke extensively regarding a dispute between the tracks and the Guild and the confusion caused by reports in the industry press. He stated that when the dispute was solved, the Board would receive all the information it needed to make a judgment. Vice-Chairman Bianco asked when the audits would be completed. Mr. Broad said some were completed. The others were six-month audits that would be turned over to the Board. He stated the information requested was not audit material. Mr. Broad said the Board requested volumes of documents; however, the parties needed to determine what information the Board already had in its possession, then develop a time-line by which information could realistically be provided. Commissioner Shapiro said a meeting needed to be held to work on the issue of providing information. He stated the scope of the completed audit was limited and did not shed light on whether legitimate claims were made against the health plan. Commissioner Shapiro said the committee looked forward to working with the Guild to arrive at some answers. Drew Couto of Thoroughbred Owners of California (TOC) said at the December 2004 Regular Board Meeting his organization requested Guild documents be provided to the Board. He stated Albert Fiss of the

Guild volunteered to provide all documents requested by TOC to clarify the dispute. Mr. Couto said TOC sent a letter to the Guild, and in response, the Guild indicated the CHRB was the appropriate venue and it would not comply. He stated he did not believe the Guild was a union and the National Labor Relations Board did not have jurisdiction over the racing industry. Mr. Couto said the issue was not union dues; instead, it was public money allocated under the statute for the health and welfare of jockeys. Some California's jockeys were raising questions, and have asked for clarification.

MEETING ADJOURNED AT 12:59 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
PROPOSED VENUE CHANGE FOR STATE FAIR

REGULAR BOARD MEETING
MARCH 24, 2005

Background:

The Race Dates Committee met on March 7, 2005, to discuss the proposals for harness dates for the remainder of 2005. The proposal from the California State Fair and Exposition (Cal Expo) would have harness racing during the State Fair (August 24 to September 5, 2005). The traditional fair race meet of thoroughbreds, quarter horses, and other breeds would be moved to another fair venue pursuant to the authority of B&P Code Section 19549.1.

The Race Dates Committee will meet on March 23, 2005, to continue the discussion of allocating the harness dates. This item is on the agenda so that if they should decide to recommend the allocation of harness dates to Cal Expo then the matter of the traditional fair meet can be addressed. If the Committee recommends harness dates for Fairplex, then this agenda item becomes moot.

It should be noted that at its March 7 meeting the Race Dates Committee voted to recommend a one-year experiment of running harness races during the State Fair. However, representatives of the State Fair made it clear that although they appreciated the Committee's support, their proposal could not be taken piecemeal, i.e., the State Fair harness dates were only viable if Cal Expo had the fall/winter harness dates as well.

Recommendation:

Staff recommends that the Board hear from the Race Dates Committee regarding their recommendation to conduct harness racing during the State Fair race meet.



Arabian Racing Association of California

March 4, 2005

California Horse Racing Board
Racing Dates Committee
1010 Hurley Way, Suite 300
Sacramento, Ca. 95825

Re: Harness Race Date Application
Cal-Expo

Commissioners:

The Arabian Racing Association of California (ARAC) represents the Arabian horsemen and women who support the racing fairs program in our state. We are aware that Cal-Expo has requested dates for the harness racing interests to compete through December 2005 which would include the dates of the California Exposition and State Fair.

The mixed meet normally held at Cal-Expo has been an integral part of the fair racing program and our horsemen have expressed concerns about changes that may result from this application. Our horsemen, who would prefer that the mixed meet remain at Cal-Expo, will obviously abide by and support any decision by the Board as regards this matter. Our Board of Directors would like to make it clear that we can only support this "experimental" program provided it in no way alters, or results in the loss of, the dates or terms our program currently enjoys during the mixed meeting normally held at Cal-Expo.

Respectfully,



Jay R. Corcoran,
Administrator

Cc: ARAC Board
Cal-Expo
California Authority of Racing Fairs

(714) 820-2817 • Fax (714) 820-2818
4961 Katella Avenue Los Alamitos, CA 90720
Web Site www.arac.org e-mail arac@LosAlamitos.com

Minami, Roy

From: CHUCK HECHT [mr_chucksterh@sbcglobal.net]
Sent: Tuesday, March 01, 2005 11:20 AM
To: darrington@sacbee.com
Subject: CALIFORNIA STATE FAIR

I was so shocked today when I read your article. Why is it that the State Fair with its rich horse racing tradition is always the one to take a beating when some crisis arises? Way back it was the overlap with Bay Meadows at Fairs end. Then it was reduction in allocated days! The Board can't be serious about stomping the daylights out of 150 years of tradition! Not only are the thoroughbreds hurt, but consider the emerging breeds who have races at the State Fair. Now instead of an afternoon program they want a 430 pm post time all through the Fair's operation. My friends and I have a boxseat we buy every year for the past 20 years and thoroughly enjoy the live and simulcast racing. We have been fans for over 50 years. Nobody asked us about this capricious change! A good number of fans are Seniors who for the most part enjoy an afternoon program of live horse racing. To me this proposal mocks those who most support the Fair and that is the the fans.

Chuck Hecht
9271 Linda Rio Drive
Sacramento, Ca 95826
916 261 1364
mr_chucksterh@sbcglobal.net

Minami, Roy

From: Mark Kohnen [MKohnen@InterCareins.com]
Sent: Thursday, March 03, 2005 9:56 AM
To: Minami, Roy
Subject: Proposed Harness Meet at the State Fair

As a Sacramento based owner and fan I wanted to lodge my opposition to the proposed replacement of the regular State Fair racing schedule with a Harness meet.

I have requested an agenda for the forthcoming meeting from Brook at your office, however, she was unsure if public comment would be heard so I thought I would at least e-mail my concerns.

First, the cancellation of this meet would be an extreme injustice to the many loyal owners in the Sacramento area who look forward to two weeks a year when they do not have to either spend a day driving or flying to see their horses (or mules) run. I do not have statistics of how many owners there are in Sacramento, however, I do feel that taking this meet away will ultimately impact willingness to invest in future horses especially for the fair circuit.

Second, the State Fair is the only showcase of Live Thoroughbred racing in Northern California each year and is the one opportunity to really generate new fans in this area, therefore, the pulling of the meet will have an impact on a major market in California.

It seems grossly unfair that the Harness community would be given such a windfall when they have a monopoly on live racing for 10 months out of the year here in Sacramento

I would appreciate it if you would advise if public comment will be heard at the meeting. Additionally, if appropriate and allowable I would also respectfully request that these comments would be entered into the minutes of the meeting as well.

Thank you for your time. Please do not hesitate to advise should you have any questions.

Mark Kohnen
CHRB License 256482
916-569-5317

Minami, Roy

From: Dennis [karenanddennis@sbcglobal.net]
Sent: Sunday, March 06, 2005 3:29 PM
To: Minami, Roy
Subject: State Fair Racing

I am a long time box holder at the California State Fair. My friends and I clear our calendars a year in advance for State Fair racing, it is one of the highlights of the year.

I was appalled to learn that it is to be converted to harness racing. Please, please do not let this happen.

Thank you

Dennis Bellinger
Racing fan, Citizen

Reagan, John

From: Minami, Roy
Sent: Monday, March 14, 2005 8:14 AM
To: Reagan, John
Subject: FW: Fair Racing

Would you respond? Thanx, roy.

-----Original Message-----

From: Jay Kessler [mailto:lcdrjkk@earthlink.net]
Sent: Saturday, March 12, 2005 1:37 AM
To: Minami, Roy
Subject: Fair Racing

Dear Sir/Madam:

As a fan of both harness and thoroughbred racing since 1975, I have seen the general demise of harness racing throughout the country, including California. In the not too distant past, there used to be harness meets conducted at Hollywood Park, Los Alamitos, and Bay Meadows in addition to Sacramento, with some of the top horses and drivers competing at these venues. For example, Ross Croghan, one of California's top drivers for many years is now a leading trainer at The Meadowlands in New Jersey. Currently, only Cal-Expo in Sacramento holds a harness racing meet and that facility is clearly less than top notch. I also am aware that there are many in the thoroughbred racing industry who lament the summers, when the only meets in Northern California are at the various fairs. This causes many horsemen to take their better stock out of state thereby diluting an already "minor league" racing program in Northern California. In addition, except for a brief meet associated with the San Mateo Fair in September, both Bay Meadows and Golden Gate Fields sit relatively idle during the summer months. I would suggest the below measure to (1) breath some life into harness racing and potentially create some new fans; and (2) allow thoroughbred racing to continue at either Bay Meadows and/or Golden Gate Fields during the summer months with a better product of racing than at the various fairs.

Suggestion

Harness racing has had a long and storied history of Fair racing throughout the United States. I would have harness racing meet moved to the various Fair sites during the Summer Fair season rather than have it stagnant in Sacramento. This would expose many more individuals to "live" harness racing as the various Fair venues cover a great deal of territory and admission comes free with admission to the fair one is attending. In this regard, Northern California could potentially have one of the most lucrative Fair harness meets in the country. As for thoroughbred racing, Bay Meadows would be a great location for a summer meet as it has an infield that could be used by many for summer barbecues, etc. Golden Gate Fields would also be nice due to its location on the Bay and generally cooler weather during the hot summer months. In any event, this would keep one or both of Northern California's major thoroughbred race tracks open, keep the majority of horsemen in town, and allow for turf racing to continue during the summer months.

I strongly feel that the above suggestion would be of benefit to California racing as it has potential to strengthen both harness and thoroughbred racing in Northern California. Thank you in advance for your consideration.

Sincerely,

Jay Kessler
Attorney at Law

Jay Kessler
lcdrjkk@earthlink.net
Why Wait? Move to EarthLink.

3/16/2005

STAFF ANALYSIS
ALLOCATION OF HARNESS DATES FOR 2005

REGULAR BOARD MEETING
MARCH 24, 2005

Background:

The Race Dates Committee met on March 7, 2005, to discuss the proposals for harness dates for the remainder of 2005. The Committee will meet again on March 23 to continue the discussion on the competing proposals by the California State Fair and Exposition (Cal Expo) and the Los Angeles County Fair (Fairplex).

The proposal from Cal Expo would have a minimum of 26 harness dates conducted by Cal Expo from approximately mid-August to mid-September. After that, a new harness group, the Sacramento Harness Association (SHA), would conduct an additional 52 nights of harness racing from September 23 to December 30, 2005. The entire proposal from Cal Expo and SHA is included in this package.

The proposal from Fairplex would have harness dates at their facility from October 7, 2005 through January 28, 2006 for a total of 69 nights of harness racing. For comparative purposes, approximately 50 of those race dates would be in 2005. Capitol Racing, LLC, would operate the dates for Fairplex. The Fairplex proposal is included in this package for your review.

In addition, a letter from the California Harness Horsemen's Association (CHHA) is included with this package. The CHHA letter indicates that they strongly support the proposal to allocate the dates to Cal Expo although they are not averse to dates at Pomona sometime in the future.

The Race Dates Committee will meet on March 23, 2005, to continue the discussion of allocating the harness dates.

Recommendation:

Staff recommends that the Board hear from the Race Dates Committee regarding this matter.



CAL EXPO

March 11, 2005

Commissioners
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Commissioners:

On behalf of the California Exposition & State Fair, we submit our request for the allocation of harness racing dates for the period July 31 through December 31 at Cal Expo operated by Cal Expo and the Sacramento Harness Association.

We are under the impression the Board wanted only to discuss 2005 harness racing dates. We are confused at the Fairplex harness dates request in that it requests dates until January 29, 2006. Please understand if the Board wishes to allocate racing dates into 2006, we would respectfully modify our request to include harness racing dates from July 31, 2005 through July 30, 2006.

We ask your indulgence in the length of this letter but we want to ensure the Board is clear in the understanding of our concept.

We are aware of the dramatic changes this concept presents and are proposing a **ONE YEAR EXPERIMENTAL CONCEPT**, with approvals, that consist of 1) **Cal Expo operating harness racing dates during August and September; 2) the Sacramento Harness Association operating the meet beginning September 23, 2005. 3) Our Thoroughbred and Mixed Breed meet would be operated at another fair racing facility during the annual state fair racing period of August 24 through September 5, 2005.**

We believe this concept, if approved, is what presents the best opportunities for the entire racing industry at this time.

- Testimony provided indicated the Fairplex/Capitol purse schedule will average \$52,000 per racing program. The Cal Expo and SHA purse proposal is a minimum of \$60,000 per racing program. Any effort to supplement purses at Fairplex, as suggested, is not allowable under current statute, B&P Code Section 19618.1.
- The Fairplex/Capitol proposal is 47 days through December 23, 2005 AFTER the harness industry has taken a 10 week break.
- At no time, in recent history, has the night industry operated racing programs without the benefit of a daytime thoroughbred program. The daytime thoroughbred Christmas break period begins December 20, 2005. The Fairplex/Capitol proposal includes racing dates of December 21, 22, and 23. If we conclude that these dates will not be

CALIFORNIA EXPOSITION & STATE FAIR

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CHRB Commissioners

March 11, 2005

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operated, the Fairplex/Capitol proposal consists of 44 racing dates for the Fall period of 2005.

- The Cal Expo/SHA dates proposal consists of 78 racing dates during the Fall period. The Cal Expo/SHA proposal provides and creates additional racing and employment opportunities during the period.

In closing, we respectfully request the CHRB approve that all harness racing dates be allocated at Cal Expo until such time that the Board believes it is in best interest of harness racing to pursue other appropriate venues. If we can answer any questions you may have, please contact us at 916-263-3283.

Your consideration of our request is sincerely appreciated.

Sincerely,

CALIFORNIA EXPOSITION & STATE FAIR



David Elliott
Assistant General Manager, Racing Events



Norbert J. Bartosik
General Manager/CEO

NJB:DE:lvc



CAL EXPO

February 25, 2005

Commissioner Richard Shapiro
Commissioner Marie Moretti
Commissioner John Sperry
Racing Dates Committee
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Commissioners,

On behalf of the California Exposition & State Fair (Cal Expo), we respectfully request the allocation of harness racing dates for 2005 during the following periods:

- July 31 through September 22, 2005 – Minimum 26 racing days
- September 23 through December 31, 2005 – Minimum 50 racing days

The dates requested represent hosting all harness racing, and specifically, ADW wagering during this inclusive period.

Fair Racing -

Cal Expo would like to offer a **new concept for a one year trial**, an experiment with the racing schedule, if you would, to step forward to operate the harness meeting during the annual State Fair. This period encompasses and presents a **new and exciting opportunity for harness racing industry growth** by exposing the sport to as many of the 1 million fairgoers as possible.

We have been approached by various parties willing to work with us to operate the annual State Fair Thoroughbred and Mixed Breed race meet at a venue other than Cal Expo. **Section 19549.1 of the Business and Professions Code and Section 4058 of the Food & Ag Code** allows for such an occurrence, with approvals. We are confident the 12 day State Fair racing meet will be operated in a manner consistent with past programs and make every assurance that all breeds and participants receive the same opportunities.

The program creates an increase of racing and employment opportunities and allows the harness racing industry participants and families to remain in one location for the current racing season. We will work with the industry in gaining support for this one year concept. We have the support of the California Harness Horsemen's' Association (CHHA) and the newly formed Sacramento Harness Association (SHA).

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CHRB Racing Dates Committee
February 25, 2005
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Fall Dates -

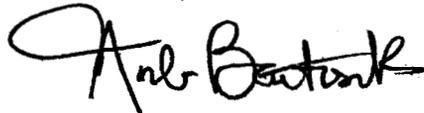
The SHA as a non profit entity will return all profits back into the harness industry the racing facility and the local community. They will provide all documentation requested by the Dates Committee.

In closing, we respectfully request your consideration of the new racing concept and grant the allocation of the requested racing dates requested.

Respectfully,
CALIFORNIA EXPOSITION & STATE FAIR



David Elliott,
Assistant General Manager, Racing Events



Norbert J. Bartosik,
General Manager/CEO

cc: CHRB Commissioners
Cal Expo Board of Directors
Ms. Ingrid Fermin
Mr. Roy Minami
Mr. Michael Treacy
Mr. Ralph Scurfield
Mr. Kim Hankins
Mr. Craig Fravel
Mr. Ed Allred
Mr. Christopher Korby
Mr. Drew Couto
Mr. Ed Halpern
Mr. Richard Castro



CAL EXPO

Harness Racing at Cal Expo

Dates Allocation Request –

July 31 through September 22, 2005 – Cal Expo

September 23 – December 31, 2005 – Sacramento Harness Association at Cal Expo

Actual Live Racing Dates –

Minimum 26 Live Racing Dates

August- 12-14, 17-21, 24-28, 31

September- 1-4, 7-10, 14-17

(actual live racing dates subject to change)

Estimated Handle –

On Track – 2,100,000

Off Track- 14,840,000

Out of State- 5,180,000

ADW (CA)- 3,080,000

ADW (Export)- 560,000

Total Est. Handle 25,760,000

Purse Schedule-

Cal Expo plans to offer a minimum purse schedule of \$60,000 per racing program during the August/September period. A stakes schedule will be forthcoming upon completion of negotiations with the California Harness Horsemen's Association. We are hopeful that purse money generated during the Fair exceeds the amounts paid on a \$60,000 per program schedule. If this occurs, we will retroactively pay those purses to the owners of horses that participated in a timely manner. We do not plan to carry over any excess purse funds generated.

Marketing, Advertising, and Promotion-

The Cal Expo Fair harness meet will be part of the overall \$1,000,000 marketing, advertising, and promotion of the State Fair. Cal Expo entertains approximately 1 million fairgoers as the "largest party in Northern California" gets started on August 12. Various

forms of family entertainment are found at Cal Expo year round but the fair showcases the diverse culture, agriculture, and innovations this great state has to offer. The fairtime concerts, exhibits, livestock shows, carnival, horseracing, and many other attractions will be showcased at the "California Beach Party" this year.

The racing program will feature many entertainment options for the fairgoer. Live music, the popular "Let it Roll" giveaway contest, Jumbotron, and Dachshund Derby are just a few of the promotions that will be offered during the State Fair. We will also again offer our core base of satellite wagering guests the ability to participate in our "Frequent Player Program". This program offers free admission and parking to those guests that accumulate an established amount of paid admissions during the summer fair racing season. We will also be offering other various promotions for our core base, novices, and internet wagering subscribers during the course of the race meet. We estimate that nearly \$75,000 will be generated from the off track promotional fund which we will utilize to promote harness racing throughout the California satellite wagering network.

Facility Improvements

Originally built as a summer racing venue, Cal Expo has continued to improve the infrastructure of the facility in the amount of approximately \$3,750,000 over the last 5 years to accommodate the year round racing program. Here is a partial list of improvements.

The expense of projects designed to become fully compliant with the Sacramento Regional Valley Water Control Board are as follows:

New Rain Gutters on each backstretch building -	\$ 50,000
Horse Bathing Facilities -	\$400,000
Backstretch Road and Gutter Repaving -	\$250,000
Storm Water Diversion Project-	\$450,000
Manure Buildings-	\$650,000
Sweeper truck purchase -	\$125,000

The expense of projects designed for the safety, security, and compliance of CHRB rules 2100 through 2105 are as follows:

New tack room doors -	\$100,000
New tack room heaters -	\$ 50,000
New integrated smoke alarm system in tack rooms-	\$ 20,000
Upgraded tack room fire sprinklers-	\$ 10,000
Rehab of 4 Backstretch restrooms-	\$370,000
New outdoor security lighting-	\$ 15,000
New laundromat-	\$ 60,000

Rehab of Horsemens RV Park-	\$160,000
New Track Maintenance Yard fencing-	\$ 23,000
New Track Maintenance Yard restroom-	\$ 25,000
Rewire and relamping of all racetrack lighting -	\$335,000
Replace Electrical Vault components for racetrack-	\$ 30,000

Some of the other projects related to the racing operation at Cal Expo are as follows:

Upgrade Video Production facility -	\$325,000
Upgrade Air Conditioning in various areas-	\$ 75,000
Upgrade Drivers/Jocks Room-	\$ 25,000
Upgrade PA system in backstretch-	\$ 5,000
Upgrade Alarm and CCTV system-	\$ 30,000
Upgrade Turf Club carpet-	\$ 50,000
Upgrade Satellite Wagering carpet-	\$ 50,000

Impact of Loss of Racing Dates -

Since 2001, Cal Expo has been the home of harness racing in California. Employees and horsemen have purchased homes, enrolled their children in schools, and have become a part of the local community. Many employees and their families would be severely impacted should a reduction of racing dates occur at Cal Expo. It is opined that most, if not all, of these employees would remain in the Sacramento area to find other employment, if available, if competing harness racing dates were granted elsewhere. The entire racing industry has afforded the participants with an improved quality of lifestyle for themselves and their families in that it is not the transient business that it was as lately as the 1990's. The harness racing industry participants should be afforded the same opportunity and quality of lifestyle currently enjoyed by Los Alamitos Quarter Horsemen and Southern and Northern California Thoroughbred Horsemen.

Many types of businesses border Cal Expo. Various restaurants of all types, the Arden Fair Mall, business complexes including the CHRB and Division of Fairs and Expositions, gas stations, apartment complexes and the like all receive the economic benefit of a year round racing program at Cal Expo. The annual economic impact of the Cal Expo facility to the immediate region is in excess \$250,000,000 annually. The reduction of racing dates at Cal Expo would surely impact the local economy and reduce the number of jobs available.

The approximate number of employees and their union affiliation that may be impacted by a reduction of harness racing dates at Cal Expo are as follows:

International Alliance of Theatrical and Stage Employees

(Local B-66 Gates and Admissions Personnel)	21 Employees
Pari-Mutuel Employees Guild – Local 280	7 Employees
Officials – Local 495	5 Employees
Service Employees International- Local 1877	19 Employees
Tote Employees -	3 Employees
Stewards -	3 Contractors
Various non union personnel- (Photo finish, Backstretch Café, Video supervisor, restaurant employees, auditor, masseuse, paymaster)	20 Employees

If our dates request is approved, these employees not only remain in their current employment for the Fall season, but they also gain employment during the State Fair season.

RFQ/RFP Process-

The lease agreement with the current harness racing operator expires on July 31, 2005. For this reason, the CHRB chose to delay the allocation of the Fall harness racing dates at Cal Expo until they determined who would operate future meets.

Cal Expo prepared a Request for Qualifications for prospective bidders. Cal Expo advertised the opportunity in various racing publications. Three responses (Magna, Capitol Racing, and SHA) to the RFQ were submitted and it was determined that all three entities were qualified to operate race meets. On December 16, 2004, a Request for Proposals was issued to the qualified respondents. Capitol Racing then sent via US Mail a letter from their attorney requesting that we address 51 items in the RFP. Staff and the AG's office representative spent the better part of two days responding to the items in question. On January 20, 2005, the RFP was due and we received one proposal from SHA. Staff and the AG's office determined the RFP responsive and forwarded it to our Board of Directors with a recommendation to award the lease and our Board did so at a special board meeting on February 9, 2005.

Backstretch Area

The Cal Expo backstretch is accessed from Ethan Way and Exposition Blvd, approximately 1 mile from the Capital City Freeway. The location of our backstretch on the east end of the fairgrounds provides minimal city traffic related to the safety of those horsemen shipping horses.

Our backstretch contains 1,016 usable stalls for racehorses, a receiving and test barn with office and 18 stalls, 104 livable tack rooms in compliance with CHRB rules 2100 through

2105, and 52 tack rooms for tack and feed. The racing office and backstretch café are located in the center of the barn area.

As noted, Cal Expo is in the process of addressing the concerns of the Sacramento Regional Water Quality Control Board. A storm water diversion system is in place and in the final testing processes. Manure buildings have been constructed and should be operational by March.

The paddock is a 20 stall paddock capable of holding two races with a pony stall. There is room for the expansion of the paddock, if needed, into the adjacent horsemen's parking lot. It is adjoined to the grandstand and the jocks/drivers room that has adequate quarters, restroom facilities, showers, sauna, steam room, and food service counter with oven, stove, freezer, refrigerator and sink.

We are continually expending funds related to the upgrading of our backstretch facility, racetrack, and grandstand. By approving our dates request, the funding will continue to exist and we will work toward the following improvement projects:

- New racing office/café complex
- New segregated building for grooms quarters
- Equine swimming pool
- Winterize grandstand
- Upgrade Turf Club dining area
- New UC Davis equine hospital and facility

Facility accommodations and attributes

As noted, the Cal Expo racing facility was built in 1968 and has undergone many changes since that time. In 1993, a new satellite wagering facility was built in the grandstand. The 58,000 square foot facility features a clubhouse, 129 seat teletheatre, sports bar, general wagering and seating area, 20 large screen projectors, 8 large screen TVs, and over 200 televisions. The facility attributes rival any race book or satellite wagering facility of its kind in the nation.

The grandstand and turf club areas provide seating for 6,000 fans. The SHA and Cal Expo will be addressing ways to provide additional creature comforts in the grandstand and turf club. The turf club restaurant and bar, which is open from March through November, provides a birds eye view of the racetrack with table service. Approximately 112 televisions are located in the grandstand and turf club areas on counters, stands, mutuel lines, turf club tables, and turf club bar featuring all live and imported races and commercial broadcast channels from Direct TV.

Concessions

Currently, the contracted concessionaire at Cal Expo is Ovations Food Service. Ovations is an international company doing business at 12 venues in California and at approximately 24 other locations in the USA and Canada including the Rose Garden in Portland, Oregon.

The concession stands include the Sports Bar, Winners Circle Grille, Fiestas Mexican Food, Java Scooters Coffee, and the Turf Club and Clubhouse restaurants during specific periods. Other food service trailers and locations are available and open during the State Fair period

Security

All security controls at Cal Expo fall under the auspices of the California State Fair Police Department. Our Chief of Police, Robert Craft is a retired captain of the Sacramento County Sheriffs Department and is the most highly decorated officer in the history of the department. Our police department consists of approximately 230 part time police officers from 31 different police agencies state wide, 24/7 mobile patrols, and 24/7 security gate guards. The racing gates and admissions areas are controlled by 17 personnel from Local B-66 during the racing season and supported by the Cal Expo Police Department.

Currently, sensitive areas of the grandstand and satellite wagering facility are under surveillance utilizing 16 cameras, digital video recording device, switchers, monitors, Compaq pro computer, and joy stick with zoom.

The armored car deliveries are coordinated with our police department and mutual department.

In closing, we hope the information requested and provided is satisfactory. We are willing to take the economic risk for the benefit of all concerned. Our "out of the box" approach may seem drastic to some, but the alternatives do not work. Consideration of sending a frail industry accompanied by the increase in expenses and decrease in the quality of life for all doesn't seem to be in the best interest of all concerned at this time. We are confident our dates request and race meets will be successful and we respectfully request Dates Committee's approval.

SACRAMENTO HARNESS ASSOCIATION

2707 K Street
Sacramento, CA 95816
(916) 485-3211

February 28, 2005

COPY

Commissioner Richard B. Shapiro, Chairman
Race Dates Committee
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Commissioner Shapiro:

On behalf of the Sacramento Harness Association, we respectfully submit the following information for your consideration at the special Dates Allocation Committee meeting, scheduled for March 7. Attached are the following items with respect to the Sacramento Harness Association's organization and business plan.

- ❖ Resume and Directory of Officers
- ❖ Pro Forma Budget and related Financial Structure
- ❖ Proposed Calendar of Fall 2005 Racing Days
- ❖ Estimated Opening Purse Structure and Condition Sheet
- ❖ Strategic Promotion and Marketing Plan

We are currently in the process of developing an aggressive late closer and stake schedule to supplement our overnight purse schedule. We look forward to sharing our vision with you on the seventh.

Sincerely,



Christopher J. Schick
Executive Vice President

Enclosures (5)

cc: Ingrid J. Fermin
Roy Minami

RESUME AND DIRECTORY OF OFFICERS

RESUME OF OFFICERS

President – Ralph Scurfield

Executive Vice President – Jack Coffey

Secretary/Treasurer – Victoria Desomer

Vice President of Finance and Auditing – Ivan Axelrod

Vice President of Backside and Horsemen's Relations – Bob Gordon

Vice President of Security and Enforcement – Louis Blanas

Voce President of Legal Affairs – James Kouretas

Vice President of Simulcasting – Christopher Schick

General Manager – Lloyd Arnold

RALPH SCURFIELD

Appointed to the California Horse Racing Board for an unexpired six month term by Governor George Deukmejian in January, 1991 Reappointed by Governor Pete Wilson in July, 1991
President, The Scurfield Company, Inc., Property Management
Wife's name: Barbara; Three sons: ages 50, 48, 38

Born in Pennsylvania, 1928. Arrived in Sacramento, 1934. Attended local schools through Sacramento City College. Graduate of San Jose State College with a Secondary Education Major, 1951

Member of:

Sacramento Trust For Historic Preservation
Sacramento Host Committee
Lincoln Club of Sacramento
Sacramento Pioneer Association
Sacramento History Center
Sutter Lawn Tennis Club
Del Paso Country Club

Formerly

Board of Directors, California Historical Society
Vice-President, City of Sacramento Public Finance Corporation
Member, Sacramento City Planning Commission, 1965-1967
Member, Sacramento City Council, 1968-1969
Member, Sacramento State Fair and Exposition Board, 1984-1990
Chairman, California State Fair and Exposition Board, 1985-1990
Member, California Horse Racing Board, 1991-1992
Chairman, California Horse Racing Board, 1993-2000
Chairman, Sacramento Area State Parks Advisory Commission
Chairman, Easter Seal Campaign
President, Sacramento Easter Seal Society
Treasurer, and Member of Board of Directors, California State Easter Seal Society
President, Oak Park Merchants Association
President, Sacramento Area Commerce and Trade Organization
President, Lincoln Club of Sacramento, Valley
Chairman, Overall Economic Development Committee, City and County of Sacramento
Chairman, Sacramento City and County American Revolutionary Bicentennial Commission
Chairman, Sacramento City and County History and Museum Commission

John J. (Jack) Coffey

Jack has had a 25-year career with ChevronTexaco, joining the company in Washington, DC, as a lobbyist working the United States Senate and moving through a number of public and government affairs positions. Currently, he coordinates all of ChevronTexaco's state government activities as well as its local government and community affairs programs. In addition, Jack is ChevronTexaco's senior political contact in California, responsible for overseeing the company's legislative/regulatory affairs in the State as well as maintaining ChevronTexaco's relationships in the Sacramento community, where the company is an active supporter of various cultural and charitable organizations.

Before moving to Sacramento in 1991, Jack had been Manager - State Relations for Chevron in San Francisco (1988 - 1991) and Senior Representative in Washington DC (1979 - 1988). Prior to joining Chevron, Jack was Washington Manager for the Western Oil and Gas Association (1975 - 1979) and Senior Associate - Natural Resources and Energy for the U.S. Chamber of Commerce (1967 - 1975).

Jack was appointed to the California Horse Racing Board by former Governor Pete Wilson and also served on the Board of the California Exposition and State Fair from 1994 - 1998, chairing that Board in 1996 and 1997. He also sits on the Board of the State Senate's California International Relations Foundation as well as the Board of the Leland Stanford Mansion Foundation, which is restoring the building for the official use of the Governor.

Jack has a B.S. in Civil Engineering and an M.S. in Environmental Engineering from the University of Notre Dame, where he was a National Science Foundation Fellow. Jack's personal interests center around harness racing and thoroughbred racing, both in the United States and Canada.

Jack and his wife Lynn are active in the racing and breeding of standardbreds, both in California and on Prince Edward Island (Canada). They own a registered California trotting sire, four broodmares and their offspring (all boarded at a third party farm in Wilton), plus six horses racing at Cal Expo. In PEI, they have four broodmares and their offspring plus several horses racing. Two of their California race horses were bred by them on PEI.

In addition to his service on the California Horse Racing Board, Jack has served on the Board of the California Harness Horsemen's Association.

VICTORIA DESOMER

11776 Arno Road
Wilton, CA 95693
(916)687-8870
(916)296-8331 (cell)
(916)687-8316 (fax)

EDUCATION

1964-1965: California State University, San Francisco
1965-1966: California State University, Sacramento
1966: University of California, Los Angeles
1967-1968: California State University, Sacramento - Bachelor Of Science in Business Administration
1968-1969: Post graduate studies at California State University, Sacramento

EMPLOYMENT

1968-1969: AT&T, Watt Avenue, Sacramento, engineer
1969-1970: AT&T, Autovon, Santa Rosa, engineer
1975-Present: Vice President and Secretary for Desomer Stable, Inc.

QUALIFICATIONS

30 years of active involvement as an owner, breeder and trainer of Standardbred horses in partnership with my husband Steve. Desomer Stables, Inc. has produced numerous Cal Bred champions in virtually every class and division. After a career that includes nearly 3000 trips to the winner's circle, we are now focusing on our breeding operation in Wilton, California.

IVAN L. AXELROD, C.P.A.
19324 COLLIER STREET
TARZANA, CALIFORNIA 91356
(818) 344-6858 (HOME)
(310) 789-5279 (OFFICE)
(310) 789-5239 (FAX)

Biographical Sketch:

Primary expertise and background:

July 1996 – Present

Chief Operating Officer and Chief Administrative Officer for Provident Financial Management, a division of American Express Tax and Business Services Inc., an American Express Company.

Responsible for the following:

Coordination of the day to day operations of three business management offices located in Los Angeles, San Francisco and New York with a total employee count of approximately 170.

Direct management and operating responsibility for the Los Angeles office operations comprised of 145 employees.

Business Unit liaison with American Express. Coordinate with more than 20 American Express leaders in various aspects of the business including; Human resources, financial reporting, acquisitions, training, development and implementation of company policies and compliance requirements.

October 1990 – July 1996

President and Chief Financial Officer - Recreation World, Inc., parent company of Ice Chalets, Inc. The company operated 14 ice skating rinks in six states with a staff of 450 employees.

Primary responsibilities included:

- Development of Company's business plan
- Restructuring the financial reporting system for the individual locations.
- Raising capital to be used for acquisitions, expansion and new developments.
- All financial reporting to shareholders and lenders.

July, 1972 - October, 1990

Graduated college in 1972 and began business career as a staff accountant for Laventhol & Horwath, a national accounting and consulting firm. Specialized in the entertainment industry and promoted to Partner in January 1981. Managed the firm's entertainment practice from 1981 – 1984.

Transferred to Century City, California office in 1984 and promoted to Managing Partner of the office. Responsible for the management of a 60 person staff and seven partners.

Activities within the Horse Racing Industry

Owned Standardbred race horses since 1981 and have been active in the industry for the past 23 years. Activities have included the following:

Purchased and operated Mariah Ridge Farm in Ojai, California from 1986 – 2000. The property was used as a standardbred breeding farm as well as a turnout operation for standardbred horses. Bred, raised, purchased and raced more than 75 standardbred horses during this time.

Director of California Harness Horsemen's Association during the years 1986 – 1992.

Chairman of District 3 for the United States Trotting Association from 1986 to present. Presently Chairman of the Finance Committee and member of various other committees including the Executive Committee, Marketing Committee, Registration and Owners/Breeders Committee.

Personal

Married 31 years and have 2 daughters, ages 28 and 26.

Active in supporting the following charitable organizations: Cystic Fibrosis Foundation, and American Liver Foundation,

Published in several books and trade publications on the following subjects; profit participation agreements, syndication of horse related business, operations of family entertainment businesses.

R. Burnett Miller

R. Burnett Miller is a native of Sacramento, and attended school in Sacramento, University of Santa Clara, University of California, Berkley and graduated from Georgetown University. He did graduate work at Sorbonne, Paris and California State University, Sacramento. Served for three years in the U.S. Army during WWII. Saw action in Belgium, Germany and Austria; was awarded the Bronze Star and Purple Heart.

Burnett has worked for Burnett and Sons Mill & Lumber Company for thirty five years, fifteen of which he has been President.

He has served two terms on the Sacramento City Council and one year as the Mayor of the city. He has served on the Boards of Directors of Sacramento Builder's Exchange, Sutter Lawn Tennis Club, Mercy Hospital of Sacramento, Metropolitan Arts Commission, Crocker Art Gallery Association, KPXR Radio, Sacramento Trust for Historical Preservation, California Historical Society and Sacramento Foundation. He has served as Chairman of KVIE Channel Six.

He currently serves on the Board of Directors of the Sacramento Trust for Historical Preservation, the Squaw Valley Community of Writers, the Center for Contemporary Art, Public Radio Station KXPR, Valley Vision and is a Commissioner on the Sacramento Metropolitan Arts Commission.

He is married to Mary Glide Miller and has seven children.

BOB GORDON

6166 Palo Alto Drive
Anaheim, CA 92807
Phone: (714) 283-8882

I have been involved in the harness racing industry for over forty five years. I have raced at every major race track in the United States and Canada. I began my career with a two horse stable and built it into one of the best stables in the country. Over the years, I have averaged 30 to 50 horses year around. I have been a leader or among the top producers in the trainer's standings the last 20 years.

I served on the board of directors of the California Harness Horseman's Association for 12 years and served as its president for three years. I also served as a director of the United States Trotting Association for four years. I was instrumental in forming the Premier Harness Racing Corporation for the purpose of racing at Los Alamitos Race Course in Southern California. I served as either president or vice president of that association for the next three years. I next served as a vice president in charge of harness racing for Los Alamitos Race Course.

I am honored to be a part of the Sacramento Harness Benevolent Association and it is my sincere hope that we can benefit the horsemen, the city and county of Sacramento, and the state of California.

Louis J. Blanas, Sheriff

Lou Blanas, a second generation Sacramentan, was re-elected in March of 2002 by an overwhelming margin to serve a second term as Sheriff of Sacramento County.

Lou has been a police officer since 1968, beginning his career with the Sacramento Police Department, and resigning from there in 1981 to accept a position as Chief of Police for the California State Fair Police.

In 1987, at the request of Sacramento's newly elected Sheriff Glen Craig, Lou accepted a position as Community Relations Assistant, and Commander of the Sheriff's Staff Division for the Sacramento County Sheriff's Department. Since then, he has worked in various assignments, including Commander of the Narcotic-Gang Division, Chief Deputy of Court Security Services, and Chief Deputy of Patrol Services. In November of 1993 he was appointed to Undersheriff, the second-in-command position for the Sheriff's Department.

Sheriff Blanas is a graduate of the prestigious Federal Bureau of Investigation National Academy in Quantico, Virginia. He also completed the National Executive Institute of the FBI. Blanas attended Sacramento City College where he earned an Associate of Arts Degree, and graduated from California State University, Sacramento, with a Bachelor's Degree in Criminal Justice. He has attended numerous police leadership and administrative training schools.

Lou Blanas served in the California National Guard from 1965 to 1985 with the rank of Warrant Officer assigned to military police duties.

Sheriff Blanas' re-election with over 86% of the vote in March of 2002 is a clear affirmation of his public service by the voters of Sacramento County. During his first term of office, Sheriff Blanas earned community support by reinforcing the philosophy of community-oriented policing for the entire Department, and by improving the Department's effectiveness in a number of important areas.

- He expanded the Hi-Tech Crimes Division by adding an Identity Theft Task Force.
- He established the School Resource Officer Program, providing officers for all of the high schools in the unincorporated areas.
- He established Station Houses to serve the individual communities in Sacramento County.
- He established the Special Operations Division of the Department to address homeland security and counter-terrorism issues.

Sheriff Blanas has a vision for the Sheriff's Department during the next four years that includes continuous evaluation and improvement of law enforcement services in Sacramento County.

December, 2002

JAMES L. KOURETAS

ATTORNEY AT LAW

TELEPHONE
(916) 441-4274
FAX (916) 441-2545

30TH & H BUILDING
725 30TH STREET
SUITE 101
SACRAMENTO, CALIFORNIA 95816-3841

Resume
Of
James L. Kouretas

EDUCATION

: B.A. Economics
Sacramento State University
Sacramento, Ca-1973

Juris Doctorate Degree
Lincoln Law School
Sacramento, CA-1977

BUSINESS
INTERESTS

: Attorney at Law
1977 to Present

Real Estate Development/ Investment
1982 to Present

Consultant to Indian Gaming Interests
1993 to Present

Consultant to Horsemen and Racetrack Operators on
various legal matters involving racing & horse related
matters.

HORSE RACING
INTERESTS

: Horse Owner/ Breeder of Standardbred Race Horses
1977 to Present

Member of various California Harness Associations over
the last 25 years including Western Standard Bred
Association, California Breeders, United States Trotting
Association, and others.

PROFESSIONAL
AFFILIATIONS

: California Consumer Attorneys

American Trial Lawyers Association

Member in Good Standing- California State Bar

Christopher J. Schick
760 Morris Way
Sacramento, CA 95864
(916) 483-4868

Experience:

04/95 – 07/04 Director of Simulcasting, Capital Racing LLC at Cal Expo

Responsible for a broad range of racetrack operations: marketing the Cal Expo signal nationwide to racetracks, account wagering providers and off track wager facilities. Negotiate and execute agreements with such facilities. Coordinate and oversee activities such as television production, satellite uplink services, and wagering hub operations. Develop and implement a budget for the Scotwinc promotional fund with revenue in excess of five hundred thousand dollars annually. Coordinate and select a daily import schedule and publish a daily post time schedule for all live and import races.

- Developed an out of state market that increased nightly average handle from nine thousand dollars (\$9,000) in 1993 to over two hundred sixty thousand dollars (\$260,000) nightly in 2004
- Developed and implemented a California satellite marketing plan which over ten years greatly enhanced the image of harness racing in California. The result was an increase in nightly off track California handle from slightly over three hundred thousand dollars (\$300,000) in 1993 to over six hundred thousand dollars (\$600,000) in 2003. This was accomplished with no new facilities.
- Negotiated and signed major deals with places like New York City OTB, Meadowlands Racetrack and Chicago OTB to name a few. These deals helped put Cal Expo on the national map over the past decade.
- Created and implemented the "Bal Cal Pick Four". This is a unique multi-track wager featuring two races at Balmoral Park in Chicago and two races at Cal Expo. The wages was and continues to be favorably received and carries a guaranteed pool of fifty thousand dollars (\$50,000)
- Developed the early post time strategy. This strategy bridged the gap between the daytime and nighttime racing and is very successful. This strategy also gave the Cal Expo product more exposure in the central and eastern time zones.

12/96 – 04/97 Director of Simulcasting, Los Alamitos Racing Association

- Winter harness racing meet at Los Alamitos while Cal Expo was dark.
- Responsible for all simulcast operations.
- Marketed the Los Alamitos harness signal nationwide.
- Responsible for the daily selection and placement of all night import races. Also scheduled post times for all races.
- Hosted the nightly Los Alamitos harness racing television replay show which airs on Fox Sports Network.

12/93 – 04/95 Vice President, Director of Simulcasting, Premier Harness Racing at Los Alamitos

- Responsible for a broad range of simulcast and management duties.
- In two years, built up a strong nationwide presence for Los Alamitos Harness Racing.
- Introduced for the first time of any breed in California merged simulcast wagering pools with host tracks. This practice is now considered the industry standard, although there were many skeptics in 1995.
- Developed the guaranteed the thousand dollars (\$10,000) twin trifecta pool. This was the first guaranteed twin trifecta ever in harness racing. This exotic wager created big interest and drove patrons to our product.
- Participated in all race office and overall management sessions.

1982-1987 Residential Real Estate Agent, Century 21

Sold, listed and invested in residential real estate in San Diego County.

1978-1981 Insurance Agent, Prudential Insurance Company

Marketed personal lines of health, life and property and casualty insurance. In 1980 I was the first agent in the history of the Albany South (New York) District to achieve three million dollars (\$3,000,000) in paid sales.

Professional Organizations

**1995 – present Member – Board of Directors
United States Trotting Association**

For the past nine years it has been my pleasure to serve this district as elected Director. The USTA is the nationally regulatory body of harness racing. My present committee assignments are finance and I currently co-chair the marketing committee.

**2004 – present Chairman, Insurance Committee
California Harness Horseman Association**

The committee is involved in all aspects of California Harness Horseman Insurance. We recently formulated a plan for distribution of workers compensation relief funds. This plan was approved by the California Horse Racing Board.

Education

Palm Beach Atlantic College
Vister County Community College



Lloyd Arnold
50240 Woodmere
LaQuinta, CA 92253

My Racing career started at the age of nine when my father and I purchased a harness horse. At the conclusion of my formal education, I started racing stables in Illinois and Iowa. During the 1960's and 1970's I was racing a large stable of over 2,000 horses and was constantly rated among the nation's leading owners. In the 1960's I was President of the Illinois Harness Racing Association for five years. The Association is comparable to the California Harness Horse Association whose primary responsibility is negotiating for the horsemen and dealing with their problems.

My first experience as a racetrack operator started at Sportsman Park in Chicago where I conducted a harness race meet. In 1975 I moved to California and took over the harness race meet at Cal Expo. That race meet was conducted under the name of Golden Bear Racing Association. This organization conducted racing at Cal Expo for a number of years. During that time I also conducted harness racing at Golden Gate Fields. I was instrumental in providing extensive capital improvements to the track including lights. These capital improvements were installed by my company, Golden Bear Racing Association.

I leased Los Alamitos Racecourse in the early 1980's. Later I sold that lease to Hollywood Park.

In 1989 I again became involved with Los Alamitos as a result of acquiring an interest in the racetrack. I conducted harness racing at Los Alamitos until 1994. At that time, Los Alamitos was the major harness track on the west coast.

My management and harness racing meets career include:

1. Sportsman Park – Chicago
2. California Exposition and State Fair
3. Golden Gate Fields
4. Los Alamitos Race Course

At the conclusion of my management of Los Alamitos, I continued my involvement as a major breeder in the United States. During this period, our farm produced a number of World Champion horses.

I have been honored as Harness Horseman of the Year in the United States and Canada and been inducted into the Illinois and Iowa Halls of Fame for harness racing.

In 2003, I offered to donate my services to Cal Expo as an interim basis with all profits being donated to charities. It is not my intent to be compensated for any of my services to SHBA as General Manager.

PRO FORMA BUDGET

PRO FORMA BUDGET

The SHBA is a non-profit Corporation which hopes to be awarded the contract to conduct the harness racing meet at California Exposition and Fair facilities. This newly formed entity has not conducted previous race meets but has selected an outstanding Board of Directors knowledgeable in the harness racing industry to oversee the Association as attested in the resumes in Attachment Three. Since SHBA is newly formed, an audit is not practical. In place of an audit, SHBA has prepared the attached Balance Sheet as of January 18, 2005. This balance sheet is supported by the following attachments:

1. Calnet Business Bank's letter of August 24, 2004 in support of SHBA
2. Deposit receipt dated January 18, 2005, evidence of a deposit of \$500,000.
3. Balance Certification from Calnet Business Bank as of January 18, 2005
4. Articles of Incorporation of Sacramento Harness Association.

SHBA hereby submits the attached Pro Forma Budget – Income/Expense Statement in support of its proposal. The main source of the information contained in this Response is from Capital Racing LLC's Financial Statement of 2003. The information was analyzed by consultants, accountants, attorneys and Board Members. Some adjustments were made because consultants felt that there is no rational reason to reflect as assets overpayment of purses and loans to horsemen. These items could create tremendous conflicts of interest. How these items can be considered current assets is unexplainable. SHBA does not intend to classify any items as an asset that is questionable, including restricted cash, goodwill, advances to horsemen and overpayment of purses. Attached are two letters from Mr. Friedberg to the California Horse Racing Board identifying questionable procedures presently being used by Capital Racing, which SHBA intend to avoid.

SHBA has structured the financial proposal sheet with a major payment being in year three. The reason for this structure is that SHBA is a non-profit corporation dedicated to support charitable purposes. The harness industry in California is in such a dismal state that the racing industry is in jeopardy of leaving the state. There has been a recent purse reduction of 25% which has devastated the horsemen and owners. It is essential that purses be increased immediately to keep the industry alive.

The Pro-Forma Budget indicates potential profit of approximately \$1,500,000 during years one and two. A large portion of those funds will be donated to the Horsemen's Association for purses and upgrading the backside. This should create a very positive environment in California for harness racing. The additional purse money will attract new owners and breeders, which will in turn attract new patrons and greater handle.

The SHBA will be funded by contributions with an initial contribution of Five Hundred Thousand Dollars (\$500,000). It has no liabilities. The only request made by the donor is that the first One Hundred Thousand Dollars (\$100,000) of surplus capital be made available to Cal Expo's September 11 Memorial. SHBA intends to solicit additional contributions after it has been selected the successful bidder.

Based upon the criteria and point allocation for evaluation process contained in the RFP, SHBA believes the following is an accurate reflection of its financial status:

1. SHBA's cash flow from the first year of operations will be in excess of \$1,500,000 and our current liabilities are zero.
2. SHBA's cash flow from the first year of operations will be in excess of \$1,500,000 and our total liabilities are zero.
3. SHBA's debt to equity ration is perfect because it has no debt.
4. SHBA's debt to equity to total assets is perfect because it has no debt

Based upon all of the above information, we believe that SHBA has submitted a detailed statement of assets together with supporting documentation that we are relying upon to finance our proposal that satisfies all of the obligations and requirements that relate to this RFP



August 24, 2004

calnet
BUSINESS BANK

1565 exposition blvd.
sacramento, ca.95815

p 916-927-7000
f 916-567-9693
www.calnetbank.com

Ms. Jan Risso
Contracts Manager
California Exposition & State Fair
1600 Exposition Blvd.
Sacramento, CA 95815

Re: Statement of Qualifications

Dear Ms. Risso,

This letter is provided to you in support of the Sacramento Harness Benevolent Association ("SHBA"). Based on my personal knowledge of some of the principals of the association, I am confident that the association possesses the necessary financial wherewithal, either directly or indirectly through the principals, to adequately assist in supporting the financial needs related to harness racing activities at Cal Expo.

Based on my review of some preliminary financial information from the principals involved with SHBA as well as my review of Paragraph 3.1 of the "Statement of Qualifications Form," it would be my expectation that Calnet Business Bank would be in a position to assist SHBA in meeting the stated financial requirements associated with the harness racing contract.

Should you have any questions regarding the Bank's position as it pertains to the association or the principals of the association, please contact me at 916-921-4633.

Sincerely,

Eric Shaw
Vice President
Calnet Business Bank

ES:es

CC: Ralph Scurfield

**SACRAMENTO HARNESS BENEVOLENT ASSOCIATION
BALANCE SHEET
JANUARY 18, 2005**

ASSETS

Current Assets

Cash **\$ 507,786.49**

TOTAL ASSETS **\$ 507,786.49**

LIABILITIES

Current Liabilities **\$ 0.00**

Line of Credit **\$ 0.00**

CAPITAL **\$ 507,786.49**

TOTAL LIABILITIES AND CAPITAL **\$ 507,786.49**

Statement of Account

Page 1 of 1



1565 exposition blvd.
sacramento, ca. 95815

916 927-7000

SACRAMENTO HARNESS BEVEVOLENT ASSOC
C/O THE SCURFIELD COMPANY
2707 K STREET SUITE 3
SACRAMENTO CA 95816

Account Number: 1000343854
Statement Date: 12/31/2004
Number of Checks: 0

Outside Local Area
(866) 522-5638
Website
www.calnetbank.com

Account Summary for Business NOW Checking - 1000343854

Starting Balance	7,783.18	Ending Balance	7,786.49
Deposits	0.00	Number of Credits	1
Interest Paid	3.31	Number of Debits	0
Withdrawals	0.00	Average Balance	7,783.18
Service Charges	0.00		

Transactions for Business NOW Checking - 1000343854 Miscellaneous Credits

Date	Description	Deposits/Credits
12-31-2004	Credit Interest	3.31

Daily Balance for Business NOW Checking - 1000343854

Date	Balance
12-31-2004	7,786.49

The amount of interest earned between 12-01-2004 and 12-31-2004 is \$3.31.
The Annual Percentage Yield Earned for this account is 0.50%.



Please see reverse for important information.





All items are received subject to conditions and terms of your Deposit Agreement and Deposit Account Disclosure. Please hold this receipt until verified with your next statement. Deposits may not be available for immediate withdrawal.

*This is your receipt.
Thank You.*

7
5
B#: 2 NNN: 266 CB#: 27 T#: 390
Acct#: 1000343854 Post Dt: 01-18-200
Timestamp: 01-18-2005 10:38:02
DEP Amt: \$500,000.00





1565 exposition blvd.
sacramento, ca. 95815

916 927-7000

January 18, 2005

Sacramento Harness Bevevolent Assoc.
2707 K Street Suite, 3
Sacramento, CA 95816

Re: Balance Certification

To Whom It May Concern:

As of the above referenced date the Sacramento Harness Bevevolent Assoc.
Account # 1000343854 remains in good standing and has a current balance of
\$307,786.49.

If you should have any questions, please contact me directly at (916) 921-4652.

Thank you,

A handwritten signature in black ink, appearing to read 'Michelle Green', written over a horizontal line.

Michelle Green
AVP/Branch Manager

**PRO FORMA BUDGET
INCOME/EXPENSE STATEMENT**

Revenue:		
	Pari-mutual commissions	\$10,277,740
	Intertrack wagering surplus fund	1,517,072
	Program Sales	89,512
	Concessions	59,160
	Admissions	63,268
		<u>\$12,006,752</u>
Operating expenses:		
1	Salaries and wages	\$ 2,400,000
2	Rental of track and grounds	2,300,000
3	Advertising and promotion	1,500,000
	Pari-mutuel production costs	1,200,000
4	Repair and maintenance	800,000
5	Breeder awards	80,000
6	Professional services	200,000
7	Union and employee benefits	300,000
	Utilities	280,000
	Insurance	250,000
8	Bad debts	-
	Payroll taxes	215,000
9	Office and administration	100,000
10	Depreciation and amortization	80,000
	Program and group costs	130,000
11	Equipment rentals	70,000
	Testing	95,000
12	Other operating expenses - reimbursable	500,000
	Total operating expenses	<u>\$ 10,500,000</u>
	 Income (loss) from operations	 \$1,506,752

This budget is based in large part on information provided by Capital Racing in their 2003 year end statement.

FOOTNOTES

- 1 Reduction of 10% by reducing wages and voluntary services by the General Manager and others
- 2 Cal Expo year 1 - Includes Capital Improvements
- 3 Advertising and promotion joint program with Los Alamitos and volunteer services by others
- 4 Back charging people responsible for damages approximately 250,000
- 5 Breeder awards will be whatever is required by statute
- 6 Professional services - do not expect to be involved with lawsuits with Los Alamitos, Cal Expo, Horsemen's Association, Chris Bardis and the existing lawsuit regarding the pollution of the American River
- 7 10% reduction as a result of 10% reduction of salaries
- 8 Do not expect to make loans
- 9 Many services will be voluntary, possible rent will not be necessary because of use of Cal Expo facilities or donations
- 10 Purchase of existing or used equipment will reduce the need for excessive depreciation
- 11 Some equipment will be leased at cost and from Cal Expo
- 12 Can be reduced by avoiding conflict ect...

ARTICLES OF INCORPORATION

ARTICLE I.

The name of this corporation is SACRAMENTO HARNESS ASSOCIATION.

ARTICLE II.

A. This corporation is a NONPROFIT MUTUAL BENEFIT CORPORATION organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than a credit union business, for which a corporation may be organized under such law.

B. The specific purposes of this corporation are to:

1. Engage in leasing horseracing facilities and conducting harness racing in Sacramento, California;
2. Invest and make expenditures for the improvements and betterment of the fairgrounds and horseracing facilities including the back-stretch owned by the California State Fair and Exposition in consultation with the California State Fair and Exposition Board;
3. Develop, promote and encourage the agricultural and racing aspects of the harness horse industry in the State of California;
4. Acquire, own, maintain and operate such property as may be necessary or desirable to further the purposes set out in clauses 1, 2, and 3 of this Article II; and to engage in such other businesses and activities as may from time to time be necessary or desirable to further said purposes;
5. Do business anywhere in the world; and
6. Have and exercise all rights and powers from time to time granted to a corporation by law.

C. Pursuant to Business and Professions Code Section 19482, the Corporation is not entitled to an exemption from any tax imposed by the State of California.

ARTICLE III.

The name and address in the State of California of this corporation's initial agent for service of process is:

Name: Minna C. Yang
Address: 1792 Tribute Road, Suite 450
Sacramento, CA 95815

ARTICLE IV.

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of this corporation.

Dated: January 10, 2005

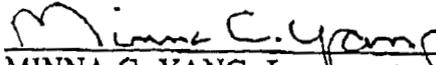

MINNA C. YANG, Incorporator

EXHIBIT A

BANKING RESOLUTIONS

RESOLVED, that CAL NET BANK, a national banking association, is hereby selected and designated as a depository of funds of the Corporation, and that a checking account be established and maintained by and in the name of the Corporation at the Sacramento branch of said Bank upon and subject to such terms and conditions as the officers hereinafter designated, or either of them, may from time to time agree upon with said Bank; and

FURTHER RESOLVED, that all checks, drafts and other instruments for the payment of money drawn or accepted by the Corporation for payment from said account or at said office be signed on behalf of the Corporation by any two directors; and

FURTHER RESOLVED, that any checks, drafts or other instruments for the payment of money endorsed on behalf of the Corporation for deposit with or collection by said Bank may be so endorsed in the name of the Corporation by written or stamped endorsement without designation or signature of the person making such endorsement; and

FURTHER RESOLVED, that the Secretary be and hereby is authorized and directed to certify to said Bank that these resolutions have been duly adopted and are in conformity with the Charter and Bylaws of the Corporation, and to further certify to said Bank the names and specimen signatures of the present officers of the Corporation authorized to sign as aforesaid, and, if and when any change be made in the personnel of said officers, the fact of such change and the name and specimen signature of each new officer; and

FURTHER RESOLVED, that said Bank be and hereby is requested and authorized to honor, receive, certify or pay any such instrument signed or endorsed in accordance with the foregoing resolutions and the certification then in effect as above provided, including any such instrument drawn or endorsed to the personal order of, or presented for negotiation or encashment by, any officer signing or endorsing same; and

FURTHER RESOLVED, that these resolutions and each such certification shall remain in full force and effect, and said Bank is authorized and requested to rely and act thereon, until it shall receive at its office to which the certified copy of these resolutions is delivered, either a certified copy of a further resolution of the Board of Directors amending or rescinding these resolutions or a further certification as above provided, as the case may be.

**PROPOSED CALENDAR OF
FALL 2005 RACING DAYS**

Proposed Calendar of Racing Dates

September 23 thru December 30, 2005

52 Race Days

2005

SEPTEMBER						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

OCTOBER						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

NOVEMBER						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

DECEMBER						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

ESTIMATED OPENING PURSE STRUCTURE

AND

CONDITION SHEET.

SACRAMENTO HARNESS ASSOCIATION

Proposed Opening Purse Schedule

Fall 2005

September 23rd thru December 30th

Condition Events

Event	Purse
1 PACE - 5yo and under N/W 1 or \$2,500. (CB & FM N/W 2 or \$5,000)	\$3,200
2 PACE - 5yo and under N/W 2 or \$5,000 (CB & FM N/W 4 or \$10,000)	\$3,800
3 PACE - N/W 4 or \$10,000. (CB N/W 8 or \$20,000)	\$4,400
4 PACE - N/W 6 or \$20,000. (CB N/W 12 or \$40,000)	\$5,000
5 PACE - N/W \$1,500 L6 (CB \$2,250) W/O \$20,000 in 2005 Ineligible	\$4,000
6 PACE - FM N/W \$1,500 L6 (CB FM \$2,250) W/O \$20,000 in 2005 Ineligible (optional Claiming \$7,500)	\$4,000
7 TROT - N/W \$1,500 L6 (CB & FM \$2,250) W/O \$20,000 in 2005 Ineligible (optional Claiming \$7,500)	\$4,000
8 PACE - N/W \$3,000 L6 (CB \$4,500) W/O \$40,000 in 2005 Ineligible	\$5,300
9 PACE - FM N/W \$3,000 L6 (CB \$4,500) W/O \$40,000 in 2005 Ineligible (optional Claiming \$12,500 plus allowance)	\$5,300
10 TROT - N/W \$3,000 L6 (CB & FM \$4,500) W/O \$40,000 in 2005 Ineligible (optional Claiming \$12,500 plus allowance)	\$5,300
11 PACE - N/W \$4,500 L6 (CB & F&M \$6,750). AE: NW 10 Lifetime	\$6,500
12 PACE - FM N/W \$4,500 L6 (CB & FM \$6,750) (optional Claiming \$20,000)	\$6,500
13 TROT - N/W \$4,500 L6 (CB & FM \$6,750) Optional Claiming \$20,000	\$6,500
14 TROT - FM Open	\$6,000
15 PACE - Open Pace II (optional Claiming \$25,000)	\$7,000
16 PACE - Open (optional Claiming \$40,000)	\$8,000
17 PACE - CB Open	\$8,000
18 TROT - Invitational	\$8,500
19 PACE - FM Invitational	\$8,500
20 PACE - Invitational	\$10,000
21 PACE - Free For All (\$250 Entry Fee)*1	\$15,000

*1 We anticipate a minimum of four of these events per calendar year.

Claiming Events

\$3,000 w/Cond.	\$2,400
\$3,000	\$2,500
\$4,500	\$3,000
\$6,000	\$3,500
\$7,500	\$4,000
\$10,000 - \$12,000	\$5,200
\$16,000 - \$18,000	\$6,000
\$24,000 - \$26,000	\$7,000
\$35,000 - \$40,000	\$8,000

Conditioned Claiming Events

N/W 1 (CB & FM N/W 2) Claiming \$4,000	\$2,600
N/W 2 (CB & FM N/W 3) or \$6,000 (CB & FM \$9,000) Claiming \$6,000	\$3,000
N/W 4 (CB & FM N/W 6) or \$12,000 (CB & FM \$18,000) Claiming \$9,000	\$3,400
N/W 6 (CB & FM N/W 9) or \$18,000 (CB & FM \$27,000) Claiming \$12,000	\$3,800
N/W 8 (CB & FM N/W 12) or \$24,000 (CB & FM \$36,000) Claiming \$15,000	\$4,200

STRATEGIC PROMOTION

AND

MARKETING PLAN

Marketing Plan

The marketing plan involves different strategies for "On Track" and "Off Track" patrons. The "On Track" strategy is to make harness racing a mainstream Sacramento event through community and charitable involvement. Our view is that the image must change before any significant attendance gains can be attained. "Off Track" now accounts for Ninety-Two percent (92%) of the total handle. The "Off Track" goal is to make Cal Expo a "Must Take" signal for all locations in the nation.

On Track

1. Sponsor four to six huge events per season. Special nights featuring Giveaways, Charitable Match Races, add Late Closing Series Finals and Sire Stakes creates excitement. Big purse races combined with large attendance and charity giveaways will not be ignored by the local media. Such sponsored nights serve to enhance the sport's image in the community and always give the meet something big to promote.
2. Return to having a strong presence in local print advertising. Many markets across the nation have seen newspapers pull the entries and race results from the Sport pages. Having a strong advertising presence can help assure the results and entries receive significant coverage. Print advertising should be focused on the main local paper – The Sacramento Bee – however, opportunities exist in local community papers as well.
3. Direct Mail: Developing a data base of the current and new patrons is essential. Targeting the core audience with promotions, mystery vouchers and coupons help retain patrons, increase frequency of visits and generate new patrons.
4. Sacramento's own on air weekly Harness Racing show. This may involve buying the time from the station initially. This show, professionally hosted, will feature interviews with the drivers, trainers and owners. The show will focus on education for patrons, handicappers and prospective owners. The current poker craze has really put gambling on the map. This show can help us add new patrons and recruit new owners. It can also help with image transformation.

Off Track

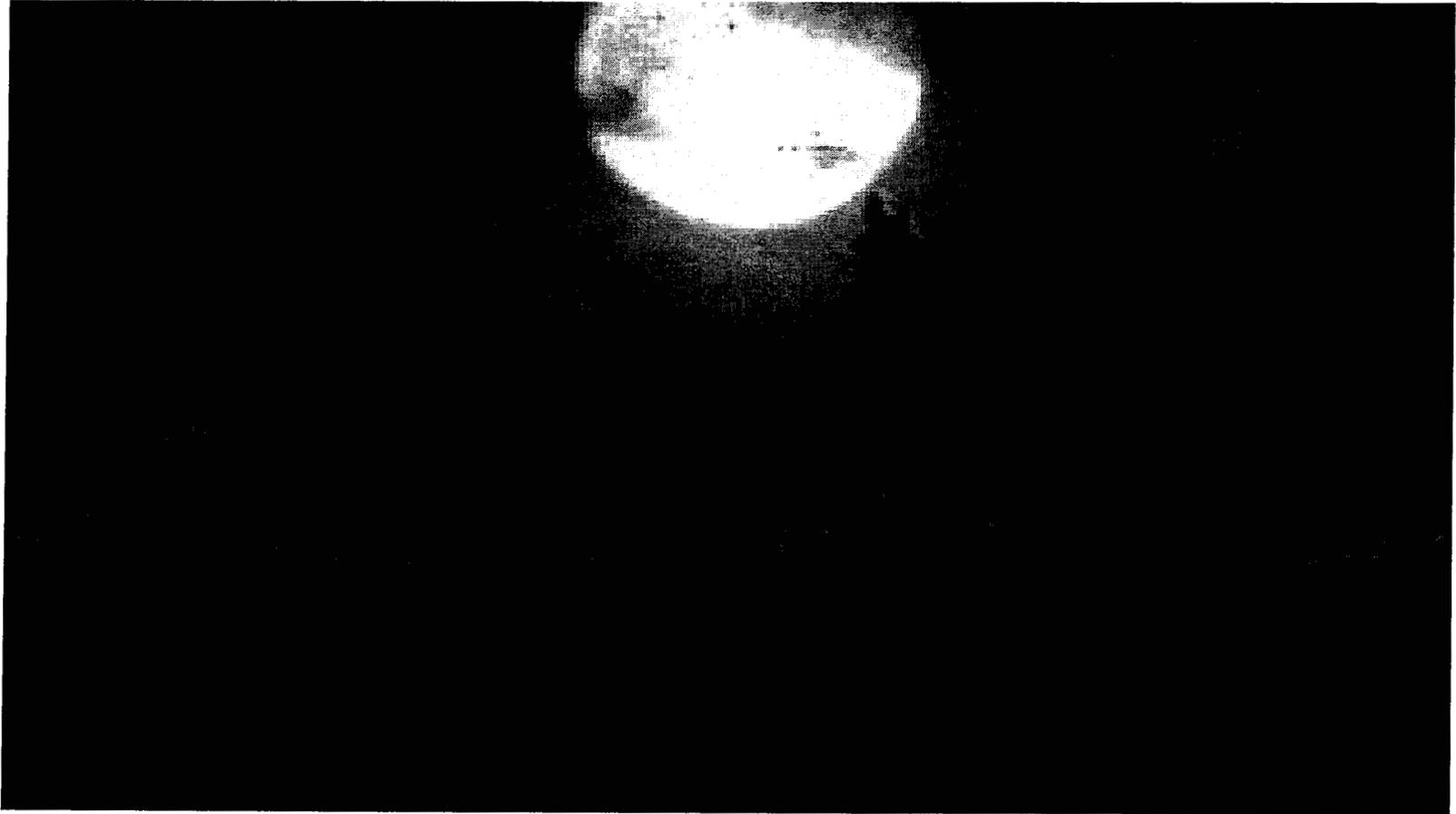
1. World Class Simulcast Production: In today's market you cannot make the major leagues with minor league productions. Ninety-two percent (92%) of the present total handle is wagered off track. The trend is now to bring the product into the patron's home. These patrons perceive you through your television network. Graphics and cameras must be upgraded. Professional hosts and commentators have to develop a relationship with the audience. Our plan would involve a total upgrade of the current production.

2. Promotion within California satellites: Our plan here would be to work individually with each California satellite wagering center to develop a plan tailored to their market. There is approximately five hundred thousand dollars (\$500,000.00) annually available from the SCOTWINC promotional fund for this marketing. SHBA is well aware of the fact that California satellite dollars produce huge revenue. Some promotion examples would be mystery vouchers, statewide giveaway items, second chance drawings, and cash giveaways. We especially like handicapping contests.
3. A strong daily racing form presence. Advertising on Northern and Southern California replay and radio shows. This advertising keeps us in the mainstream of California racing and adds positively to our image.

On and Off Track Marketing

1. New owner seminars: Owners are the life blood of the sport. We must get new owners in the game and reverse the current negative investment and ownership trend. The USTA has conducted these seminars successfully across the country. We plan to have two new owner's seminars per year.
2. Guaranteed jackpot pools and new wagers. Guaranteed pools have sprung up throughout the country. Telling a horseplayer that there will be a certain amount in a pick four or pick six pool drives handle and excitement. We plan on having a guaranteed pool at least once a week. We also plan on bringing back the twin trifecta wager. This wager involves hitting the first trifecta in the two race wager, and exchanging each winning first race ticket, for a second race trifecta. If no one hits the wager each night the carryover grows.
3. Charity Drivers Challenge: Bringing in drivers from the Midwest and northeast to compete in a charity challenge against our top drivers will generate good publicity. Having top drivers from other venues at your track enhances your image, and draws national attention to your product.

Fairplex Park Equine Complex



March 7, 2005

Fairplex Park Equine Complex

Fairplex

- Short for Los Angeles County Fair and Exposition Complex
 - 501c(5) Non-profit, Mutual Benefit Organization
- 543 acres including parking for 30,000 vehicles
- 300 events annually, 3 million guests each year
- L.A. County Fair, 83rd anniversary in 2005, 4th largest fair in North America, 1.3 million guests annually
- Total economic impact of Fairplex events and businesses, \$600 million
- 250 people employed full-time, seasonal employment reaches 10,000 during the Fair
- Year-round businesses at Fairplex include Sheraton Suites, Barretts Equine Limited, KOA/RV Park, NHRA Motorsports Museum, Fairplex Park Satellite Wagering facility, Cornucopia Foods, Fairplex Child Development Center

Fairplex Park Equine Complex

Fairplex

- Principals at Fairplex
 - James Henwood, President and CEO
 - Mike Seder, VP Finance and CFO
 - Dale Coleman, VP Sales, Marketing and Creative Programming
 - Dwight Richards, VP Operations
 - Gerald McMahon, General Manager Barretts Equine Limited
 - George Bradvica, Equine Manager
 - Scott Kelly, Director of Marketing and Communications

Fairplex Park Equine Complex

Introduction to Fairplex Park

- Fairplex Park is the racetrack on the grounds of the L.A. County Fair, the largest fair in California
- Located in Pomona, Fairplex Park is freeway accessible from Orange, Riverside, San Bernardino and Los Angeles counties
- The racetrack is a 5/8ths mile oval, suited for thoroughbred and harness racing
- Home to live thoroughbred, Appaloosa, quarter horse and mule racing in September during the L.A. County Fair
- Year-round satellite wagering facility
- Seating capacity 10,000, hospitality areas include Top of the Park Restaurant, Clubhouse Turn Loge, Infield Corporate Pavilions

Fairplex Park Equine Complex

History of Fairplex Park

Thoroughbred and Mixed Breed Racing

- Racing since 1922, Fairplex Park was the first track in So. Cal. to offer pari-mutuel wagering in 1933
- Ranked number 17 of nearly 125 racetracks in North America in average daily handle and purses paid in 2004
- In 2003, set an all-time record handle of \$109,249,303 for 17 days of racing, producing a daily average of \$6,426,430
- In 2004, second highest ever average daily handle and a gross of \$108,041,622
- All-time single day handle more than \$10.3 million
- Fairplex Park sends its signal out-of-state to nearly as many sites as Del Mar, Santa Anita and Hollywood Park

Fairplex Park Equine Complex

History of Fairplex Park

Harness Racing

- Harness racing was a part of the inaugural L.A. County Fair in 1922, and was featured with thoroughbred racing through 1933
- In 1986, the racetrack, grandstand and clubhouse were renovated. The track was named Fairplex Park and lighting was added for the seasonal debut of night harness racing
- Harness racing at Fairplex Park:
 - April 22-June 21, 1986
 - November 4-December 13, 1986
 - April 24-June 27, 1987



Fairplex Park Equine Complex

Plans for a 60-day Harness Meet at Fairplex Park

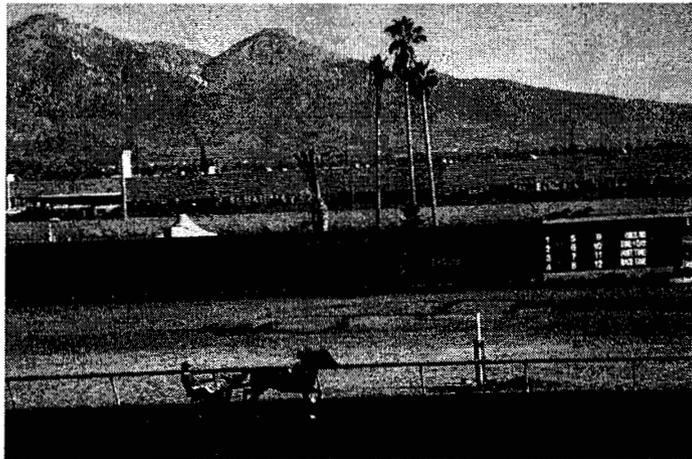
- Dates: October 7, 2005 through January 29, 2006
- Operator: Capitol Racing, LLC
- Create a So. Cal. marketplace for harness racing along with a Southern California-Northern California circuit
- Create a new on-track customer in Southern California
- Opportunities for cross-promotion with millions of Fairplex customers from the L.A. County Fair and year-round events and businesses
- Fairplex Park facility is harness racing ready: track lighting, barns, barn management, appropriate racing surface, hub rail, grandstand customer services, full-service restaurant, concession food and beverage service, guest services staff, pari-mutuel and parking operations, admissions personnel, marketing and communications staff

Fairplex Park Equine Complex

Operations

Barns

- Fairplex Park has 700 stalls available for standardbred horses
- An experienced staff inside the CHRB enclosed area: stable superintendent, security, gatemen, track crew headed by Steve Wood, teamsters, laborers and a complement of trades to maintain safety and high standards of equipment and facilities



Fairplex Park Equine Complex

Operations

Parking and Admissions

- Fairplex Park has more than 30,000 parking spaces
- An experienced staff that manages and operates parking at the Fair and large events every weekend
- An experienced Fairplex Park staff that operates satellite wagering every racing day

Fairplex Park Equine Complex

Operations

Pari-Mutuel

- An experienced and friendly staff that operates both day and evening for the satellite wagering operation and the L.A. County Fair live meet

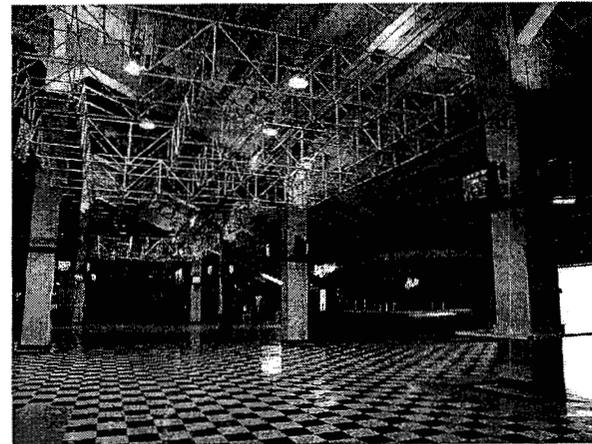
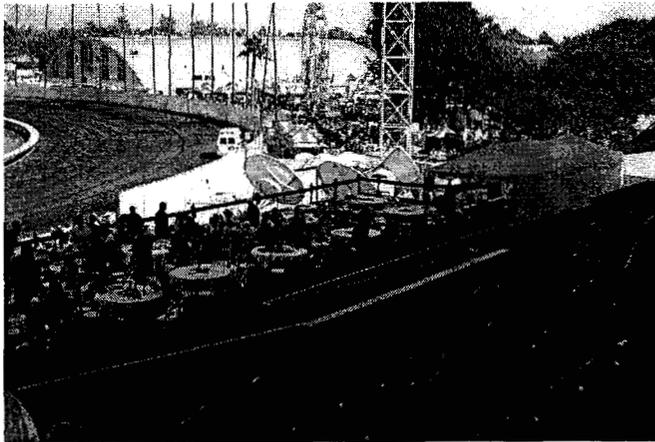


Fairplex Park Equine Complex

Operations

Grandstand/Food & Beverage Service

- A freshly painted facility with an outside seating capacity of nearly 10,000
- Indoor seating for 500 customers with more than 500 TVs
- Food & Beverage concession stands on every level of the grandstand
- A full-service restaurant on the 4th floor of the grandstand operated by Cornucopia Foods, a wholly owned subsidiary of the Fair Association



Fairplex Park Equine Complex

Operations **Racetrack Maintenance**

- Steve Wood, an expert in racetrack maintenance, manages a dedicated and experienced staff capable of creating a premiere racing surface for all breeds
- Fairplex Park traditionally has been praised by trainers for providing the finest and safest racing surface in Southern California

Fairplex Park Equine Complex

Marketing

On-track

- 12 million potential customers in Southern California target market
- Part of Inland Valley, the fastest growing area in California, and one of the fastest growing areas in the United States
- Upscale demographics with more than \$70,000 average household income
- Richly diverse and highly educated population in Southern California
- Major market for tourism, Fairplex is a key destination for area visitors
- Media exposure through Southern California general broadcast television, cable television, radio, newspapers

Fairplex Park Equine Complex

Marketing

On-track

- Harness race meet information on Fair web site, 123 million hits annually
- Distribute printed collateral materials in Grandstand during live Fairplex Park live meet
- Promotional advertising in Daily Racing Form during September live meet
- Special opening weekend promotional ideas for harness race meet, e.g.
 - Radio station remote
 - Handicapping seminars
 - Giveaway nights
 - Concerts
 - Celebrity Match Race with local personalities

Fairplex Park Equine Complex

Marketing

On-track

- Demonstrations of harness racing during Fairplex Park live meet between races
- Posters and banners in Grandstand during live meet
- Partner with TVG to co-promote “grand opening” of night harness racing in So. Cal.
 - Celebrity Match race to promote the harness meet
- Pitch harness race meet to Fair print media during live meet

Fairplex Park Equine Complex

Marketing

On-track

- Utilize broadcast quality video and audio from harness race operator in cable television and local radio media schedules
- Promote group sales with live music, buffets, beer
- Include harness race meet in Fairplex event calendars, weekly newspaper strip ads, freeway sign, micro-radio, and community outreach programs

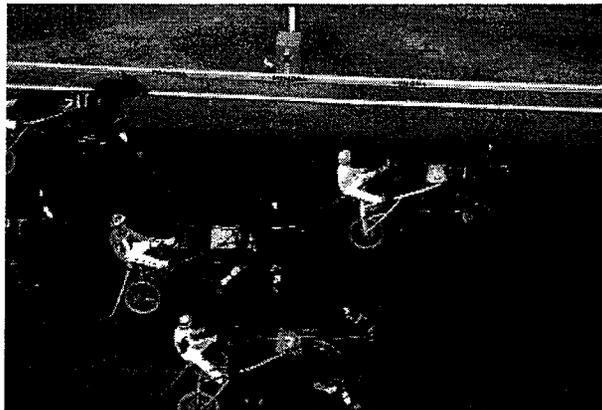


Fairplex Park Equine Complex

Marketing

In-State and Out-of-State Satellites

- Promote live harness race meet with printed collateral materials distributed to all satellites i.e. posters, tent cards, flyers
- Direct mail piece sent to Fairplex Park database during September live race meet at the L.A. County Fair. Acquire additional databases to increase distribution
- Promotional advertising in Daily Racing Form



Fairplex Park Equine Complex

Summary

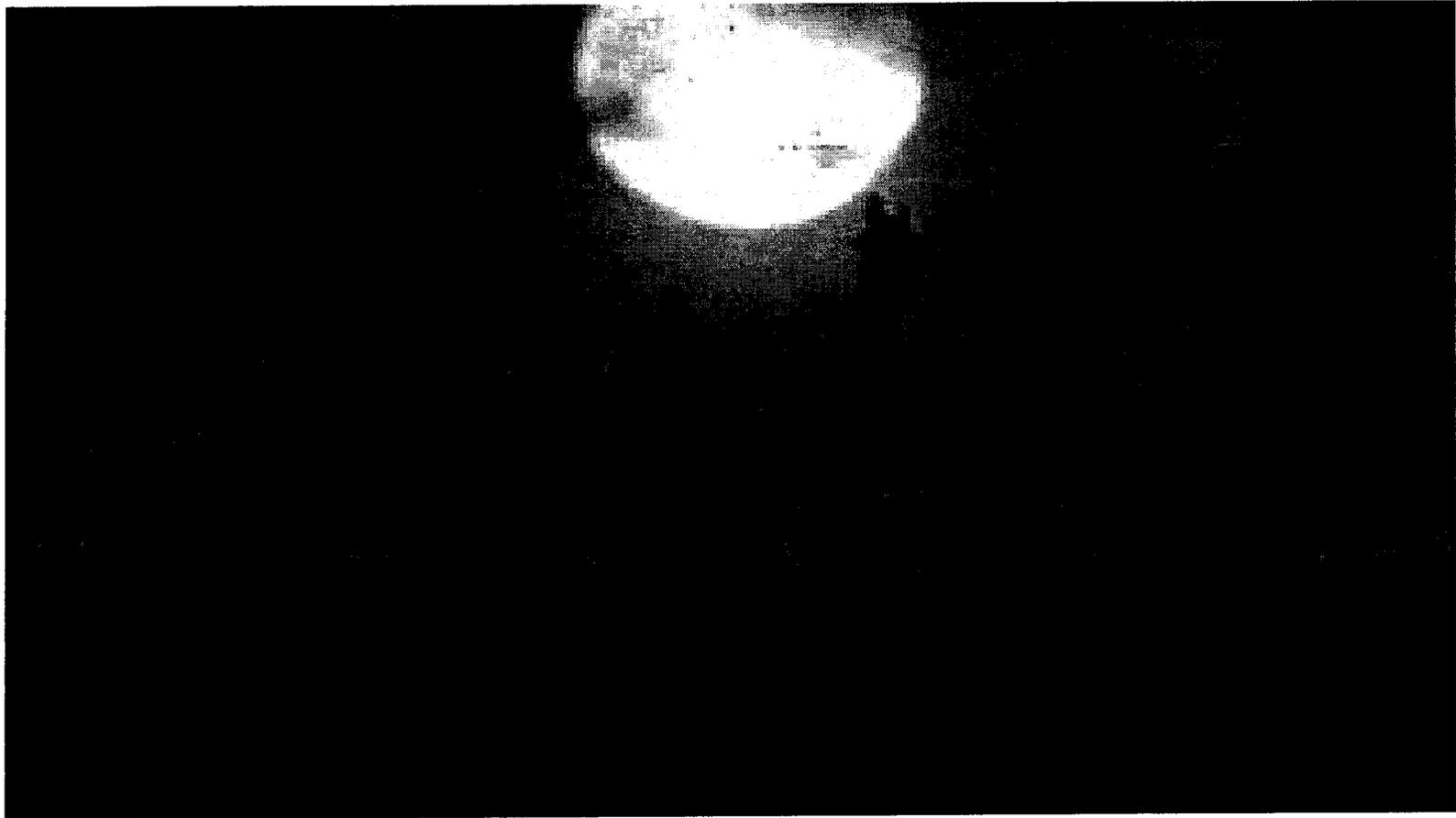
- Fairplex Park is the ideal venue for Harness Racing in California
 - Largest metropolitan market in California
 - Freeway accessible and centrally located in Southern California
 - Part of Inland Valley, the fastest growing area in California, and one of the fastest growing areas in the United States
 - Attracts 3 million visitors annually from 4 counties: Los Angeles, Orange, San Bernardino, Riverside
 - Home to more than 300 trade and consumer shows annually
 - The L.A. County Fair, the largest Fair in California, immediately precedes the harness racing dates, therefore we have direct marketing and communication access to nearly 1.3 million Fair guests and 200,000 race fans throughout California

Fairplex Park Equine Complex

Summary

- Fairplex Park operates a year-round satellite and training business, therefore management, staffing and facilities are fully in place and functioning
- Combining our live meet, training, satellite wagering, horse shows and Barretts Equine Limited, Fairplex operates one of the most extensive and successful equine operations in the United States

Fairplex Park Equine Complex



March 7, 2005



February 3, 2005

Mr. John Harris, Chairperson
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

RE: Request for New 2005 Race Date Allocation

Dear Chairperson Harris:

This letter is to request an allocation of race dates for a harness race meet to be conducted by Capitol Racing LLC at the Los Angeles County Fairgrounds in Pomona, California. The specific dates requested for this race meet would be from October 7, 2005 through December 23, 2005. I have attached a proposed racing schedule for this race meet.

Harness racing lost its live presence in Southern California in 2001 when the owners of Los Alamitos Race Course announced that they would no longer host or lease their facility for harness racing and later requested that the California Horse Racing Board re-allocate the months of late December, 2000 through March, 2001 for a race meet at Los Alamitos for quarter horse racing. Since that time, there has been no live presence for harness racing in Southern California (and more recently, since May, 2004 there has been only a limited presence via simulcasting at the Los Alamitos facility). Our Southern California patrons and our California horsemen deserve to have a race meet in California's largest market area -- an exposure now "reserved" only for Thoroughbreds, Quarter Horses, and the single Fair meet at the Los Angeles County Fairgrounds.

Capitol Racing joins the Los Angeles County Fair in requesting dates for a new harness race meet at this Southern California venue.

Your consideration of this important matter for the California Harness industry at you upcoming meeting in February is greatly appreciated. Thank you.

Respectfully,

Alan Horowitz
General Manager

CC: Jim Henwood, L. A. Country Fair
Ben Kenney, California Harness Horsemen's Association

CAPITOL RACING AT FAIRPLEX PARK
Fall 2005 Harness Race Meet

SEPTEMBER 2005				
Sun	Wed	Thur	Fri	Sat
		1	2	3
4	7	8	9	10
11	14	15	16	17
18	21	22	23	24
25	28	29	30	

OCTOBER 2005				
Sun	Wed	Thur	Fri	Sat
			Opening Night 7 	8 
		13 	14 	15 
	19 	20 	21 	22 
	26 	27 	28 	29 

NOVEMBER 2005				
Sun	Wed	Thur	Fri	Sat
	2 	3 	4 	5 
	9 	10 	11 	12 
	16 	17 	18 	19 
	23 	24 Thanksgiving Day No Racing	25 	26 
27 	30 			

DECEMBER 2005				
Sun	Wed	Thur	Fri	Sat
		1 	2 	3 
4 	7 	8 	9 	10 
11 	14 	15 	16 	17 
18 	21 	22 	Closing Night 23 	24 
25	28	29	30	

47 Nights (11 weeks & 2 nights)

CHHA



California Harness Horsemen's Association
P.O. Box 254767 Sacramento, CA. 95865
Phone: (916) 263-7888 Fax: (916) 263-7887
www.chhaonline.com

Ben Kenney, President
Kim Hankins, Executive Director

Jim Perez, Vice-President
Billie Schwartz, Treasurer

Race Dates Committee
California Horse Racing Board
1010 Hurley Way
Sacramento, CA 95865

February 28, 2005

The CHHA appreciates the interest of your committee concerning the welfare of our industry. This letter is intended to give you our opinion of the remainder of the 2005 racing calendar for your consideration during your deliberations.

As of today's date, the CHHA has not received a written proposal for Fall 2005 race dates other than the request of dates submitted by Cal Expo. At our last CHHA Board meeting on February 7th, which was attended by a large group of horsemen as well as Ingrid Furmin and Roy Minami, an extended debate of the issues was held and all were welcome to speak regardless of their opinion. After the debate, President Ben Kenney asked the Board to table the issue until further studies could be completed. The prevailing sentiment from the horsemen in attendance and several Board members was to take an action one way or the other.

A motion put before the CHHA Board by David Neumeister, seconded by Dr. Harvey Stein, to support Capitol Racing's proposal to race in Fall 2005 at Fairplex Park in Pomona failed to garner a majority of the CHHA Board of Directors.

We were recently pleased to attend a meeting of the Cal Expo Board at which time Cal Expo showed their support to the harness industry by voting unanimously to request of the CHRB that their racing dates during the California State Fair be given to the harness industry. This arrangement, if granted by CHRB would alleviate the ten week break in our racing schedule.

As of today's date the CHHA stands behind our vote and respectfully requests the Race Dates Committee award the race dates from July 31st to December 31st 2005 to Cal Expo. We do believe harness racing in Southern California would be helpful to our industry, but with more research and planning.

Sincerely,

A handwritten signature in black ink that reads "Kim Hankins". The signature is written in a cursive, flowing style.

Kim Hankins, Executive Director

STAFF ANALYSIS
JOCKEYS' CONCERNS ABOUT HEALTH CARE

REGULAR BOARD MEETING
MARCH 24, 2005

Background:

The California Jockeys Guild, Inc., (CJG) has sent the CHRB the attached letter regarding the delivery of health care to California jockeys by the current administrator of their health plan, the Jockeys' Guild, Inc. The letter indicates that the new jockeys group has numerous problems with the current administration of their health care program that is partly funded by the State of California. The CJG is requesting guidance from the CHRB with regard to the designation of the program administrator as well as their interest in obtaining the State funds pursuant to B&P Code Section 19612.9 so as to administer the health program themselves.

Section 19612.9(a) mandates that the organization responsible for negotiating purse and other agreements for the horsemen will negotiate with a jockeys organization to provide health and welfare benefits to California jockeys and former jockeys, and their dependents. Furthermore, paragraph (b) provides that the Board shall initially certify that such jockey's organization represents a majority of CHRB licensed jockeys. At a meeting in December 1996 the Board certified the Jockeys' Guild, Inc., as the jockey's organization representing the majority of CHRB licensed jockeys and designated them as the group to provide health and welfare to the California jockeys. The Thoroughbred Owners of California then negotiated an agreement with the Guild. That agreement was approved by the Board at its June 1997 meeting. The agreement between the TOC and the Guild to provide health and welfare benefits to California jockeys has been renewed twice and is currently in force until June 30, 2006.

The Jockeys' Guild has been the focus of intense scrutiny lately and it is not surprising that some jockeys would become frustrated to the point of establishing a competing organization for the delivery of health care to California jockeys. For the first time, this letter indicates that some of the jockey's doctor and hospital bills are not being paid. Staff has requested that specific examples of these unpaid bills be sent to the CHRB staff that they can be reviewed and paid if valid.

Staff is currently commencing the process of selecting a forensic auditor to conduct a thorough audit of the Jockeys' Guild Health and Welfare Program.

Recommendation:

Staff recommends that before taking action on this matter the Board allow the forensic audit of the Jockeys' Guild Health and Welfare Program to be completed and for the CJG to determine if they will represent the majority of California jockeys pursuant to B&P Code Section 19612.9(b).

California Jockeys Guild, Inc.

4004 Wilshire Avenue
San Mateo, CA 94403
March 9, 2005
(650) 571-571-1643

The Honorable Richard Shapiro
Commissioner
California Horse Racing Board
1010 Hurley Way Suite 300, Sacramento, California 95825
Phone: (916) 263-6000 Fax: (916) 263-6042

Dear Sir,

California Jockeys Guild, Inc. respectfully requests the CHRB place an item regarding certain aspects of health benefits for California riders on the agenda for discussion at the next meeting of the California Horseracing Board, scheduled for March 24, 2005 at Bay Meadows racecourse.

The California Jockeys Guild, Inc.(CJG) was incorporated in the state of California as a non-profit mutual benefit organization to pursue the best interests of jockeys and the sport of horseracing. Of prime concern to both the CHRB and the CJG is the provision of appropriate and comprehensive health care to qualified California riders as provided for in Section 19612.9 of the State of California Horse Racing Law code (Addendum B).

As you are aware from our previous discussions and communications in this regard, California riders are deeply dissatisfied with the current administration of CHRB health monies by the national Jockeys Guild for a host of reasons including:

1. The repeated failure of the Guild-administered and partially self-funded health plan to pay bills of insured jockeys and their family members who visited in-network, allegedly "fully covered" providers and hospitals. Such failure has resulted in jockeys being billed directly by providers and hospitals and in some cases having these bills sent to collection agencies, severely affecting their credit ratings and driving up their cost of credit. This has significantly affected their financial and emotional health and welfare. Many jockeys and their family members now fail to seek medical attention out of fear of deepening their debt load, with potentially serious and even life threatening consequences. This situation cannot be allowed to stand.
2. California riders have met with Guild management repeatedly on this matter and have articulated their concerns substantiated by actual unpaid bills. Despite repeated promises the Guild has failed to appropriately address and correct these problems.
3. The Guild has failed to comply with repeated CHRB and rider requests for a frank and complete disclosure of records related the use of CHRB allocated monies allocated towards rider health care as required by Section 19612.9(b) (Addendum B)
4. The Guild has refused to entertain rider requests for a reasonable selection of conventional health plans to serve their needs.

5. The Guild persists in supporting a partially self-funded health insurance model that allows its management (according to then Guild CFO Gevork Asatryan) to extract administrative fees from the CHRB allocated monies, irrespective of the quality of service provided to insured jockeys.

In the light of the continued failure of the Guild to provide appropriate and comprehensive health coverage to California riders, the CJG intends to request that funds specified in Section 19612.9 be made available to the CJG to enable the provision of a range of conventional health plans to qualified riders.

The CJG requests guidance from the CHRB on the following matter:

With respect to interpretation of 19612.9 (b), what constitutes a "majority of jockeys licensed by the board"? As the CHRB is aware, of the over 340 licensed jockeys in the state, only a small fraction can be accurately described as "active" California riders who would reasonably qualify for health benefits.

The national Guild has unilaterally defined an "active" rider as one that rides 50 or more mounts in California, without any residency requirement. California tracks see a high number of seasonal riders from other states who have alternate or otherwise Guild-subsidized health coverage.

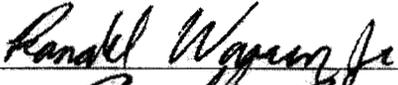
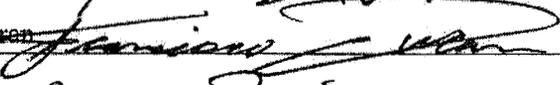
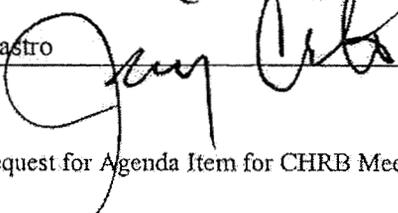
The CJG believes that the CHRB should be guided by state law applicable to the University of California System, which provides for residency standards in order to receive state-supported benefits. These standards include: "To be considered a California resident for purposes of fees, an out-of-state student must have lived in California for more than one year preceding the residence determination date, show an intent to establish residency in California (See addendum A) and demonstrate financial independence."

Secondly, the CJG believes that an active rider should be defined as one that rides 100 or more mounts in a calendar year.

The CJG wishes to thank the CHRB for its insight and guidance in these matters and looks forward to participating in the upcoming CHRB meeting.

Please feel free to call or write with any questions, comments or suggestions you may have.

Sincerely,

Ronald Warren, Jr. 
Russell Baze 
Roberto Gonzales 
Francisco Duran 
Chance Rollins 
Joey Castro 

Addendum A

“Relevant indicia that contribute to the demonstration of a student's intent to make California the permanent home include, but are not limited to the following: registering to vote and voting in California elections, designating a California permanent address on all records (for example, school, employment, military), a California Driver's License, a California Identification Card, California vehicle registration, paying California income taxes as a resident (including taxes on income earned outside California from the date California residence was established), maintaining a California residence in which personal belongings are kept, licensing for professional practice in California, and the absence of these indicia in places other than California during any period for which residence in California is asserted.”

Addendum B

— 105 —

to stewards and official veterinarians and to cover the costs for that racing meeting, as provided by the board under Section 19518.

19612.9. (a) (1) Except as provided in subdivision (d) of Section 19601, unclaimed refunds shall be distributed to the organization that is responsible for negotiating purse agreements, satellite wagering agreements, and all other business agreements on behalf of the horsemen participating in the racing meeting for the purpose of negotiating, in good faith, an agreement of at least three years' duration with a jockeys' organization to provide health and welfare benefits to California licensed jockeys, former California licensed jockeys, and their dependents if those persons contribute to the plan and do not receive welfare benefits pursuant to Section 19613.

(2) The amount of money distributed annually pursuant to this section shall be held in trust solely for the purpose described in this section and shall not exceed four hundred fifty thousand dollars (\$450,000), adjusted annually for inflation. The board shall determine the inflation adjustment based on an index quantifying changes in the cost of health insurance benefits.

(3) If an agreement is not reached before the regular meeting of the board in November of any calendar year, the board, on its own motion, shall provide that the provisions of the existing agreement, if any, shall remain in effect until a subsequent agreement is reached.

(b) The jockeys' organization referred to in subdivision (a) shall represent a majority of the jockeys licensed by the board, and the board shall initially certify that the organization represents the majority of those licensed jockeys. The organization shall maintain an office in this state. The organization certified by the board shall provide an annual audit of the health and welfare fund established pursuant to this section. The organization shall make available to the board all records and documents necessary for the performance of its duties.

(c) The jockeys' organization certified by the board shall develop reasonable nondiscriminatory criteria for eligibility for health and welfare benefits.

(d) The agreement shall be approved by the board and, if approved, no other entity licensed in this state shall be required to enter into an agreement for the purposes of this section.

19613. (a) Except as provided in subdivisions (b), (c), (d), (e), and (f), the portion deducted for purses pursuant to this chapter shall be paid to or for the benefit of the horsemen at the racing meeting, and may include obtaining, providing, or defraying the cost of workers' compensation coverage for stable employees and jockeys of licensed trainers.

(b) Any association other than a fair that conducts a thoroughbred racing meeting shall pay to the owners' organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to owners, an amount not to exceed two-thirds of 1½ percent of the portion, and to a trainers' organization for

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**CHRB REGULAR BOARD MEETING
MARCH 24, 2005**

Primary Testing Contract

The matter of laboratory contracts was discussed at the February 16, 2005 Medication Committee meeting. During these discussions it was agreed that all CHRB samples be screened utilizing instrumental methodology similar to the screening of samples currently done at the Maddy Lab at UC Davis. Staff was directed to prepare a Request for Proposals (RFP) with the requirement that all primary test samples be screened with instrumental screening.

While preparing the RFP according to the direction of the committee, it was recognized that if the board wishes to have all CHRB samples tested similar to the way one third of the samples are currently being tested at the Maddy Lab, the best way to accomplish this is simply have all CHRB samples tested at the Maddy Lab pursuant to an interagency agreement in accordance with State Contracting Manual 3.03.

Such an agreement would not only provide that all CHRB samples be screened utilizing the latest in instrumental screening technology by a laboratory with vast experience in instrumental screening, it would also allow the board to more fully utilize the services of a university based, state of the art, ISO accredited laboratory. In addition, it could present the possibility of entering a new direction in equine drug testing that could more quickly address drug and medication problems as they occur.

RECOMMENDATION

Staff recommends that the Board enter into an Interagency Agreement with The Maddy Laboratory.

STAFF ANALYSIS
ARTICLE 7. CLAIMING RACES
PROPOSED AMENDMENT OF
RULE 1663
ENTRY OF CLAIMED HORSE

Regular Board Meeting
March 24, 2005

BACKGROUND

Business and Professions (B&P) Code Section 19420 provides that jurisdiction and supervision over meeting in California and over all persons or things having to do with such meetings is vested in the California Horse Racing Board (Board). B&P Code Section 19440 states responsibilities of the Board shall include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. B&P Code Section 19562 states the Board may prescribe rules, regulations, and conditions under which all horse races with wagering on their results shall be conducted in California.

Board Rule 1663, Entry of Claimed Horse, provides that a horse claimed out of a claiming race is eligible to race in California immediately after being claimed. The rule also provides that a horse claimed out of a claiming race is not eligible to start in another claiming race for 25 days for less than 25% more than the amount for which it was claimed. No claimed horse is eligible to race in any state other than California until the close of the meeting where it was claimed, except in a stakes race. Standardbred horses are exempt from the rule.

In July 2000, the Security and Licensing Committee heard a proposal to amend Rule 1663 to provide that a horse claimed out of a claiming race is ineligible to race in any other state until 60 days after the close of the meeting in which it was claimed. The intent of the amendment was to keep claimed horses in California. Proponents of the amendment maintained horses claimed in California were being shipped out-of-state, which resulted in fewer horses and short fields. The Thoroughbred Owners of California (TOC) opposed the amendment on the grounds that it would restrict an owner's ability to use his property to his best advantage. The TOC stated an owner should be able to ship a horse out-of state if he wished. Additionally, the TOC suggested the 60-day "jail time" could be a violation of the Interstate-Commerce Clause of the constitution. The Deputy Attorney General, in an informal opinion, added that a CHRB rule prohibiting a horse claimed in a California race from participating in any out-of-state race for an extended period of time would be unconstitutional, as a violation of the Commerce Clause of the United States Constitution. The California Harness Horsemen's Association and Capitol Racing, LLC supported the proposal for a 60-day "jail time."

In February 2001 a proposal to amend Rule 1663 to provide for a 60-day "jail time" for claimed horses was again brought before the Board. The California Thoroughbred Trainers and TOC opposed the amendment.

A 60-day "jail time" was discussed in August 2003, but did not advance due to concerns previously raised by the industry. In November 2004, a proposal to introduce a 90-day "jail time" was raised, but did not advance for the same reasons.

ANALYSIS

The issue of claimed horses being shipped to other jurisdictions at the end of the meeting where they were claimed continues to plague California's horse racing industry. The practice is seen as a contributing factor in a shortage of horses and short fields at subsequent race meetings. The proposed amendment to Rule 1663 is intended to stop or reduce the numbers of claimed horses leaving California by making such horses ineligible to race in another jurisdiction until 90 days after the close of the meeting where it was claimed. Under the proposal, owners would be required to run back in California, or lay over a claimed horse for up to three months. A survey of racing jurisdictions found it is common for claimed horse to be required to remain in state until the end of the meeting at which it is claimed. Arizona, Maryland, Louisiana and Illinois require a claimed horse to remain in state for 30 to 60 days, or until the end of the meeting at which it was claimed.

RECOMMENDATION

Staff recommends the Board instruct staff to initiate a 45-day notice period.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 7. CLAIMING RACES
PROPOSED AMENDMENT OF RULE 1663
ENTRY OF CLAIMED HORSE

Regular Board Meeting
March 24, 2005

1663. Entry of Claimed Horse.

(a) A horse claimed out of a claiming race is eligible to race at any racing association in California immediately after being claimed. The horse is not eligible to start in a claiming race for 25 days after the date of the claim for less than 25% more than the amount for which it was claimed; nor is it eligible to race in any State other than California until 90 days after the close of the meeting from where it was claimed except in a stakes race.

(b) A claimed horse may be removed from the grounds of the association where it was claimed for non-racing purposes.

(c) This rule does not apply to standardbred horses

Authority: Sections 19420, 19440 and 19562,
Business and Professions Code.

Reference: Sections 19440 and 19562,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD

MARCH 24, 2005
REGULAR BOARD MEETING

There is no board package material for item 7.

STAFF ANALYSIS
LOCAL 280 AND ADW

REGULAR BOARD MEETING
MARCH 24, 2005

Background:

The Pari-Mutuel Employees Guild, Local 280, has asked the Board to re-examine the employment situation regarding the ADW licensees (see attached letter). The Local believes that promises made during the passage of the ADW law should be kept, i.e., the licensed ADW providers should employ some of their members. This issue has been raised before but not resolved, at least not to the satisfaction of the Local.

At the February 2005 Board meeting the parties were urged by the Board to meet and come to some agrément that is mutually beneficial. To date, Local 280 indicates that in spite of their attempts, no meetings have taken place.

Recommendation:

Staff recommends that the parties meet within 30 days and submit a report to the Executive Director indicating what significant progress has been made toward resolving the dispute.

STEWART WEINBERG
MICHAEL B. ROGER
DAVID A. ROSENFELD
WILLIAM A. SOKOL
VINCENT A. HARRINGTON, JR.
W. DANIEL BOONE
BLYTHE MICKELSON
BARRY E. HINKLE
JAMES RUTKOWSKI *
SANDRA RAE BENSON
CHRISTIAN L. RAISNER
JAMES J. WESSER
THEODORE FRANKLIN
ANTONIO RUIZ
MATTHEW J. GAUGER
ASHLEY K. IKEDA **
LINDA BALDWIN JONES
PATRICIA A. DAVIS
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March 7, 2005

California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Re: Advance Deposit Wagering/Employment of Local 280 Members

Dear California Horse Racing Board:

This letter is intended to follow up on the presentation of Local 280 at your meeting on February 17, 2005. Certainly, Local 280 appreciates the opportunity to make a presentation and to bring up our point of view to the Board. We thought, however, a clearly written statement would make our position clear for purposes of your consideration as well as the record in this matter.

The record demonstrates that Advance Deposit Wagering was approved by the legislature. All involved in the legislature understood that support of Local 280 was contingent upon a commitment that Local 280 members would receive jobs as a result of the establishment of Advance Deposit Wagering. All those involved in crafting the legislation understood that there would be job loss as a result of the establishment of this new wagering system. It was hoped that the establishment of Advance Deposit Wagering would create and renew interest in horseracing in California. All, however, also understood that it would result in fewer patrons at the tracks and at the satellite facilities, because they could engage in wagering by phone or through using the Internet.

When the parties worked out the terms of the legislation, they did so with a specific understanding that the work involved would remain in California, for California employees. This was done not only as a part of the legislative negotiations but also because everyone involved understood that this was an important aspect of encouraging interest in horseracing. Specifically, it is the human contact with the pari-mutuel clerk which is an important part of the entire patron interest in horseracing. That human contact, either with the pari-mutuel clerk at the window of the track or by phone, has always been an important part of this sport and preserving horseracing.

Former Chairman Alan Landsburg was most eloquent in describing the representations made by the Advance Deposit Wagering industry to the sport. Members of the Board are quite well aware that one of the fundamental understandings crafted into the Advance Deposit Wagering

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legislation was the understanding that there would be two kinds of jobs created which would remain within California: (1) Customer service jobs at the tracks to assist patrons in engaging in wagering and (2) phone jobs at Centers where patrons would call for purposes of arranging advance deposit wagering and placing bets.

The parties also understood that there would be additional jobs created in studios and technical support. These are not jobs which Local 280 contends are “the same or similar classifications” historically represented by Local 280. See, Section 19604(c)(1). Nonetheless, all understood that there would be additional similar jobs created.

When the legislators, along with various lobbyist crafted this legislation, all involved assured that the jobs would remain in California. In earlier meetings in the Spring of 2001, industry representatives gave these assurances to both members of Local 280 as well as representatives at this Board, and the legislature which ultimately approved Section 19604, creating Advance Deposit Wagering.

The language of the statute specifically recognizes that “the same or similar classifications employees” would be represented by Local 280. Subsection (c) states:

(c) (1) The board shall develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for licenses, betting systems, and multijurisdictional wagering hubs located in California. Betting systems and multijurisdictional wagering hubs located and operating in California shall be approved by the board prior to establishing advance deposit wagering accounts or accepting wagering instructions concerning those accounts and shall enter into a written contractual agreement with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting.

This is the only sentence in the statute which allows this Board to “adopt rules to license and regulate all phases of operation of Advance Deposit Wagering for licensees, betting systems and multi-jurisdictional wagering hubs located in California.” It furthermore requires that such hubs “shall be approved by the board prior to establishing Advance Deposit Wagering accounts or accepting wagering instruction concerning those accounts . . .” The effect of this language is to fully regulate all of the aspects of advance deposit wagering, whether conducted in hubs in the state or outside of the state. So long as those hubs are “operating in California” they must be approved by the Board.

The language of this section is not capable of reading that the authority to regulate does not extend to hubs which may be physically located outside of the state of California but which are operating within the state. Indeed, this Board clearly understands that it has the authority to issue regulations affecting those hubs and has done so in Section 2072. As, however, we have pointed out, the authority to issue those regulations is contained only in this subsection and plainly applies to all hubs.

The operative language for purposes of the issue which we are raising is the statement that such “systems and multijurisdictional wagering hubs located and operating in California . . . shall enter into a written contractual agreement with a bona fide labor organization that has historically represented the same or similar classification employees at the nearest horseracing meeting.”

We believe that the sentence was inserted to reflect the bargain we have described above. The reference to “nearest horseracing meeting” simply means that these hubs are considered to be within the “enclosure” and would be in California, thus creating the understanding that they would be near a horseracing meeting. As a result, those entities conducting Advance Deposit Wagering would have to enter into “a written contractual agreement with the bona fide labor organization . . .” In this case, these phone betting jobs and customer service jobs would be similar to those performed by pari-mutuel clerks at the tracks and thus covered by a written contractual agreement with Local 280.

The statute does not permit any reading that these hubs could be physically removed from California and thus exempt from the requirement that they enter into written contractual arrangements. Nothing in the statute envisions two separate groups of hubs: (1) Those that have a contractual relationship and (2) those that have no contractual relationship. There is only one classification cleared by the subsection and that is all hubs must have a written contractual arrangement.

Moreover, to accomplish this, the hub needs to have the physical presence of the workers in California. This was the bargain reached in 2001, and this is reflected in the statutory language.

We have researched this issue further and found various references in transcripts of hearings before this Board in late 2001 when the regulations were approved. Once again, there were assertions by Advance Deposit Wagering entities that they would maintain California hubs. TVG, which was the primary proponent of such operations in 2001 expressly represented to this Board that it would maintain a hub in California. It has not fulfilled that promise. Its hub is located in Oregon. Xpress Bet maintains its hub in Pennsylvania. When You Bet came into California in 2002, Local 280 purported its application to participate in the industry based upon the express promise that it would create jobs for Local 280 members. You Bet did ultimately enter into agreement with Local 280 and thus to a larger degree complied with the intent of the statute.

At this point, neither TVG, nor Xpress Bet has any employees in California whatsoever with one exception. At each of the track, there is one customer service representative who assists patrons. That one employee is covered by written contractual arrangement consistent with the statute.

When this Board adopted regulations in 2002, it did so consistent with the understandings we described above. Sections 2070 through 2083 of the appropriate Regulations.

Section 2071 applies to wagering by a California applicant. Subsection (i) plainly requires those applicants to enter into the written contractual agreement described above.

Section 2072 applies to wagering by an out of state applicant. Although there is no specific reference in the subsections to entering into the appropriate contractual arrangement, subsection (m) has the exact same affect:

By submitting the Application the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

The reference to "operations" has to include the understanding that there will be the "written contractual agreement with a bona fide organization." This means, as we pointed out, it is consistent with the commitments made that the employees engaged in customer service functions including taking bets would be located in California and subject to that written contractual arrangement.

In summary, the statute, the understandings of the parties in crafting the legislation, the commitments made by the entities involved in Advance Deposit Wagering and the structure of the industry compel a finding that the employers involved in the industry have to bring the work into California and cover the work by the appropriate contractual arrangement. They have not done so, and this Board must correct this injustice and violation of the statutory provisions.

Finally, I want to comment upon one issue which was raised concerning the application of the National Labor Relations Act. The National Labor Relations Act does not apply to employees in the horseracing industry. Only if the National Labor Relations Board would assert jurisdiction will this Board be prohibited from enforcing the obligation of Section 19604. If TVG or any other employer has any questions about coverage, it is free to file an unfair labor practice charge and the Board will handle those coverage issues. This was in fact the process used in National Labor Relations Board v. California Horse Racing Board, 940 F 2d. 536 (9th Cir. 1991). In that case, this Board attempted to assert jurisdiction over United Tote which manufactured the totalisator assistance. The NLRB asserted that it would take jurisdiction over that employer finding that the employer was not involved in horseracing within the meaning of the NLRB's regulation declining jurisdiction over horseracing. As a result, the National Labor Relations Board sought an injunction against this Board from asserting jurisdiction over United Tote.

We believe that the employees involved in customer contact with patrons and in taking bets are plainly within the horseracing industry. This Board believes that also, because it has asserted jurisdiction over these and required the applicants to be governed by California law with respect to the operations of the betting systems. These betting systems are, therefore, plainly within the horseracing industry and are not subject to jurisdiction of the National Labor Relations Board.

Should, however, any of the entities contest this, they have means to resolve this and have, to date, not done so.

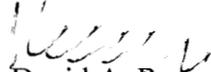
When this Board adopted the advance deposit wagering, it issued a press release. In that press release, Chairman Landsburg stated:

This is not the salvation of racing. This is simply a step along the way. . .
. If business greed begins to raise its ugly head and threatens the good,

this program could bring to the industry, that greed will not be greeted with a friendly shake from this Commissioner.

Those words are still true today. This is a step along the way to improving this industry. There is, however, an element of the bargain which has not been lived up to. The employees involved in the Advance Deposit Wagering and similar classifications for customer contact for betting purposes must be covered by the written contractual arrangement provided for in the statute.

Sincerely,



David A. Rosenfeld

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STAFF ANALYSIS
DISCUSSION REGARDING AMENITIES AT LOS ALAMITOS FOR PATRONS
WAGERING ON THE CAPITOL RACING SIMULCAST PROGRAM

REGULAR BOARD MEETING
MARCH 24, 2005

Background:

At the June and September meetings in 2004, representatives of Capitol Racing brought to the Board's attention that the facilities for patrons at Los Alamitos wishing to wager on Capitol's simulcast signal had been redesigned. Essentially those patrons were directed to a specific area of the Los Al facility and could wager on Capitol's races only in the newly designated area. Capitol felt that this was an inconvenience to their Los Al patrons and asked the Board to intervene.

Although the Board has broad plenary powers it has seldom chosen to use them to direct the day-to-day operations of a racetrack or simulcast facility. It is certain that representatives of both Capitol and Los Alamitos will be present at this meeting to address this issue.

Recommendation:

Staff recommends that the Board require the same distribution and display of audio-visual signals for every simulcast program for the wagering opportunity of all patrons throughout the facility.

STAFF ANALYSIS
STAFF REPORT ON YEAR-TO-DATE HANDLE

REGULAR BOARD MEETING
MARCH 24, 2005

Background:

The schedule included with this item is a summary of the handle generated thus far for the 2005 racing year (12/26/04 through 3/6/05). The dates were chosen to obtain a comparable number of days for the similar time period in 2004.

The results clearly show the negative impact that the very wet weather had on racing in early 2005. Quarter horses appear to be the only breed that is currently ahead of last year.

Recommendation:

This item is for information and discussion.

STAFF ANALYSIS
STAFF REPORT ON END-OF-MEET RESULTS

REGULAR BOARD MEETING
MARCH 24, 2005

Background:

This item contains end-of-meet reports for recently concluded race meets. Included in this report are end-of-meet evaluations from the Board's investigators, Stewards, and official Veterinarians. Staff is prepared to answer questions regarding the information presented.

Recommendation:

This item is for information and discussion.

END-OF-MEET OUTLINE SUMMARY

End-of-Meet reports for the California Horse Racing Board meeting, March 24, 2005. This report includes a summary for the following racing meetings: the fall, 2004, CAPITOL RACING, and the winter, 2005, PACIFIC RACING ASSOCIATION.

Capitol Racing at Cal Expo

September 24, 2004-December 18, 2004

Race days: 43

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	-19.62%
Ave. On-track handle	-19.63%
Ave. Off-track handle	-25.30%
Ave. Interstate-exported handle	-20.45%
Ave. ADW	16.93%
Ave. daily attendance	-5.31%
Ave. daily on-track attendance	50.44%
Ave. daily off-track attendance	-9.59%

Pacific Racing Association at Golden Gate Fields

December 26, 2004-January 30, 2005

Race days: 28

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	0.75%
Ave. On-track handle	-13.74%
Ave. Off-track handle	-9.90%
Ave. Interstate-exported handle	11.65%
Ave. ADW	17.85%
Ave. daily attendance	-9.46%
Ave. daily on-track attendance	-10.03%
Ave. daily off-track attendance	-9.14%

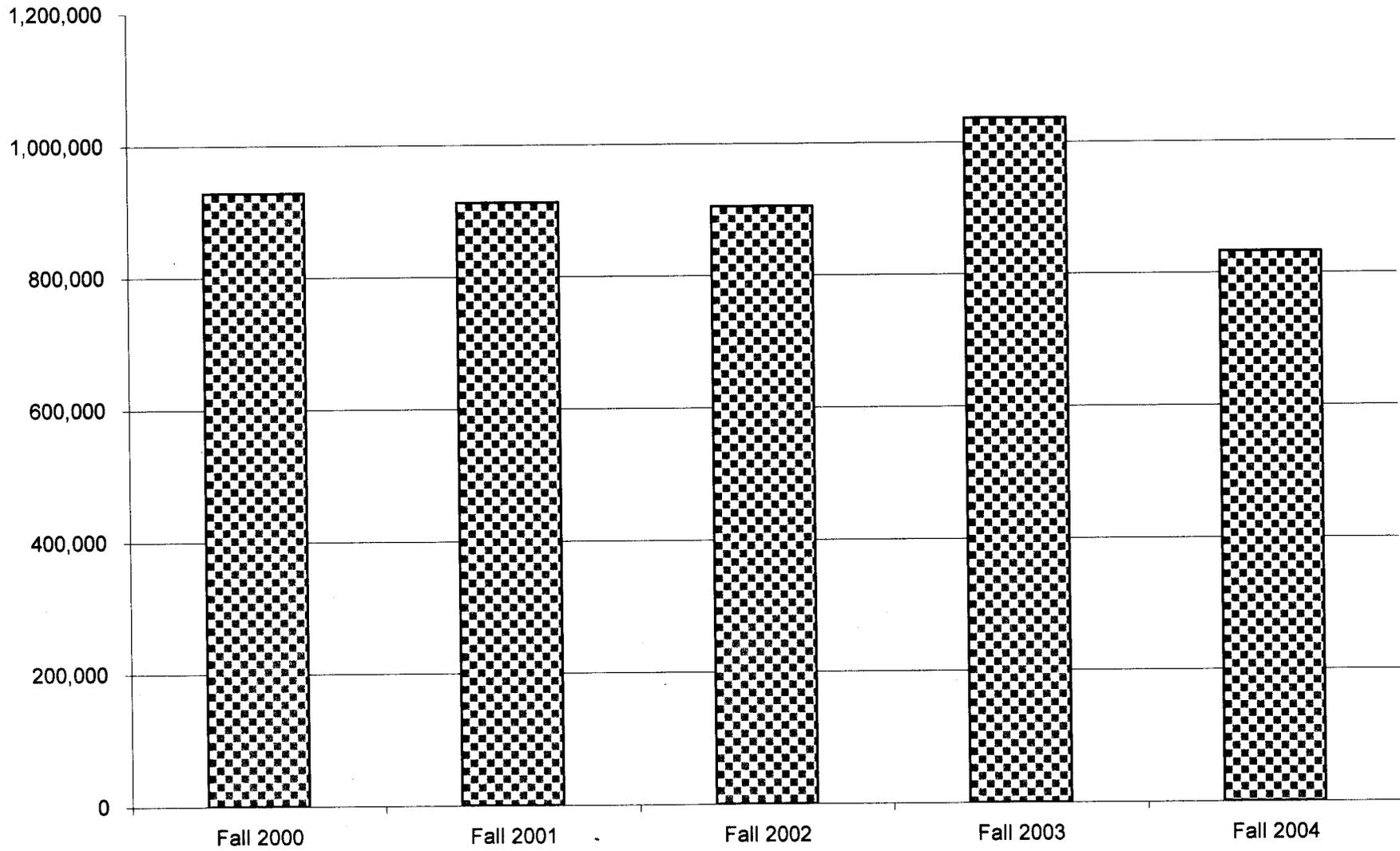
CAPITOL RACING at CAL EXPO

YEAR	Fall 2000	Fall 2001	Fall 2002	Fall 2003	Fall 2004
TOTAL RACE DAYS	28	50	46	87	43
TOTAL HANDLE	25,980,920	45,623,242	41,612,833	90,158,156	35,818,106
ON-TRACK	2,111,795	3,930,881	3,332,960	6,056,937	2,405,942
OFF-TRACK	17,743,195	30,578,063	27,524,320	56,696,734	20,933,718
INTERSTATE	6,125,930	11,114,298	9,766,282	18,185,779	7,150,570
ADW	0	0	989,271	9,218,707	5,327,877
LIVE	19,664,225	34,619,354	32,713,458	71,133,222	28,011,355
INTERSTATE IMPORTED	6,316,695	11,003,888	8,535,894	18,707,952	7,543,217
INTERNATIONAL IMPORTED	0	0	363,481	316,982	263,534
AVERAGE DAILY HANDLE	927,890	912,465	904,627	1,036,301	832,979
ON-TRACK	75,421	78,618	72,456	69,620	55,952
OFF-TRACK	633,686	611,561	598,355	651,687	486,831
INTERSTATE	218,783	222,286	212,310	209,032	166,292
AVE. ADW	0	0	21,506	105,962	123,904
AVE. CALIF. DAILY HANDLE	709,107	690,179	670,810	721,307	542,783
AVERAGE LIVE	702,294	692,387	711,162	817,623	651,427
INTERSTATE IMPORTED	225,596	220,078	185,563	215,034	175,424
INTERNATIONAL IMPORTED	0	0	7,902	3,643	6,129
TOTAL TAKEOUT	5,844,034	10,314,888	9,159,894	18,266,983	7,990,212
EFFECTIVE TAKEOUT	22.49%	22.61%	22.01%	20.26%	22.31%
STATE LICENSE FEES	117,365	208,305	186,215	369,565	143,699
STATE %	0.45%	0.46%	0.45%	0.41%	0.40%
TRACK COMMISSIONS	1,372,920	2,394,512	2,154,255	4,298,294	1,609,945
ADW COMMISSIONS	0	0	48,781	493,275	281,802
TOTAL COMMISSIONS	1,372,920	2,394,512	2,203,036	4,791,569	1,891,747
TRACK %	5.28%	5.25%	5.29%	5.31%	5.28%
HORSEMEN'S PURSES	1,282,616	2,237,966	2,014,110	4,009,844	1,449,083
ADW PURSES	0	0	45,713	460,816	263,018
TOTAL ADW	1,282,616	2,237,966	2,059,823	4,470,660	1,712,102
HORSEMEN'S %	4.94%	4.91%	4.95%	4.96%	4.78%

CAPITOL RACING at CAL EXPO

YEAR	Fall 2000	Fall 2001	Fall 2002	Fall 2003	Fall 2004
CALIFORNIA ATTENDANCE	129,092	203,448	186,184	334,164	156,385
ON-TRACK	12,447	23,289	20,082	23,824	17,714
OFF-TRACK	116,645	180,159	166,102	310,340	138,671
DAILY ATTENDANCE	4,610	4,069	4,047	3,841	3,637
AVERAGE DAILY ON - TRACK	445	466	437	274	412
AVERAGE DAILY OFF - TRACK	4,166	3,603	3,611	3,567	3,225
TOTAL RACE EVENTS	363	619	569	1,120	538
STARTS	2,790	4,631	4,260	8,769	4,074
AVERAGE STARTS PER EVENT	7.7	7.5	7.5	7.8	7.6
AVERAGE HANDLE PER START	7,048	7,476	7,679	8,112	6,876

**CAPITOL RACING AT CAL EXPO
AVERAGE DAILY HANDLE**



CALIFORNIA HORSE RACING BOARD**M e m o r a n d u m**

Date : March 11, 2005

To : Frank Moore, Chief Investigator

From : Martin J. Snezek II
Senior Special Investigator

Subject : CAL EXPO END OF MEET EVALUATIONS

Here at Cal Expo we are lucky to have the State Fair Police Department as our security. As sworn Peace Officers it make us feel comfortable to know that we have other officers as back up when we are on duty in the backstretch.

State Fair Police is a 24 hr state police department, with multiple officers on duty. When we have a situation either in the grandstand/paddock area or the backstretch and we need their assistance, we have direct radio contact with their dispatch and mobile units.

The detention barn is also manned by the S.F.P.D. sworn officers making it a lot easier to manage and supervise the integrity of Racing.

One of the deficiencies we have in the backstretch is the entrance gate 10 and the areas by the paddock/drivers/jockey room, are manned by licensees and not by uniformed officers.

We have had instances in the past, in these areas that would have not escalated if they would have been manned by uniformed officers instead of non-sworn licensees.

It should be noted that the Soda Barn and restricted area of the Receiving Barn are not manned by any type of security and there have been many instances where the CHRB Investigators along with S.F.P.D. have had to respond and arrests have been made.

I have attached letter from the Board of Stewards and Dr. Robert Goodbary, DVM.

1010 Hurley Way, Suite 300, Sacramento, CA 95825

Phone: (916) 263-6000 □ FAX: (916) 263-6042

March 6, 2005

To Frank Moore:

The following is a list that we as Cal-Expo Stewards have compiled as concerns and/or needed improvements to the current race meeting.

1. **Better Quality Photo Finish** – The monitor that the placing judge and Stewards use to determine the order of finish is not crisp or sharp. While racing at night saddle pad and head numbers are often very difficult to read. Thereby causing concern to the importance of their accuracy. We recommend taking proposals from several photo finish companies in order to secure the best product.
2. **Better Track Lighting** – Permanent light standards should be adjusted to utilize lights as much as possible. Portable light generators located on turns should be on and running at all times. Jim Porep from Pegasus Communications is a good contact person for the track lighting.
3. **Uniformed Security at Drivers' Room and Paddock Entrances** – No racing officials are employed in the drivers room. No one is checked for credentials while entering the drivers room. There are open unsecured entrances to the Paddock area. Capitol Racing employs a gate attendant who stays in a 'ticket booth' next to the paddock entrance next to the racetrack.
4. **Detention Barn Races Daily – Selected at Random – At the Draw** – During most of last year a minimum of two (2) races a day were designated as 'detention barn' races. Horses in these races were required to report to the detention barn twenty four (24) hours prior to their scheduled post time. This procedure has not taken place this year (2005).

Sincerely,

Cal-Expo Stewards

To: California Horse Racing Board
Sacramento, California

March 7, 2005

From: Robert Goodbary, DVM
Official Veterinarian
Capitol Racing
Sacramento, California

Subject: Security at Cal Expo

In regard to your inquiry concerning our contact with security on the grounds at Cal expo, we have very little if any contact with the fair grounds security personnel. In the few instances we have dealt with the Cal Expo Police they have been courteous and helpful.

Our contact with the CHRB Investigators is much greater, between issues at the receiving barn and also hearings. The CHRB Investigators are always prompt to respond when we request assistance and have always been able to handle any situation that has occurred at the receiving barn.

Robert Goodbary, DVM

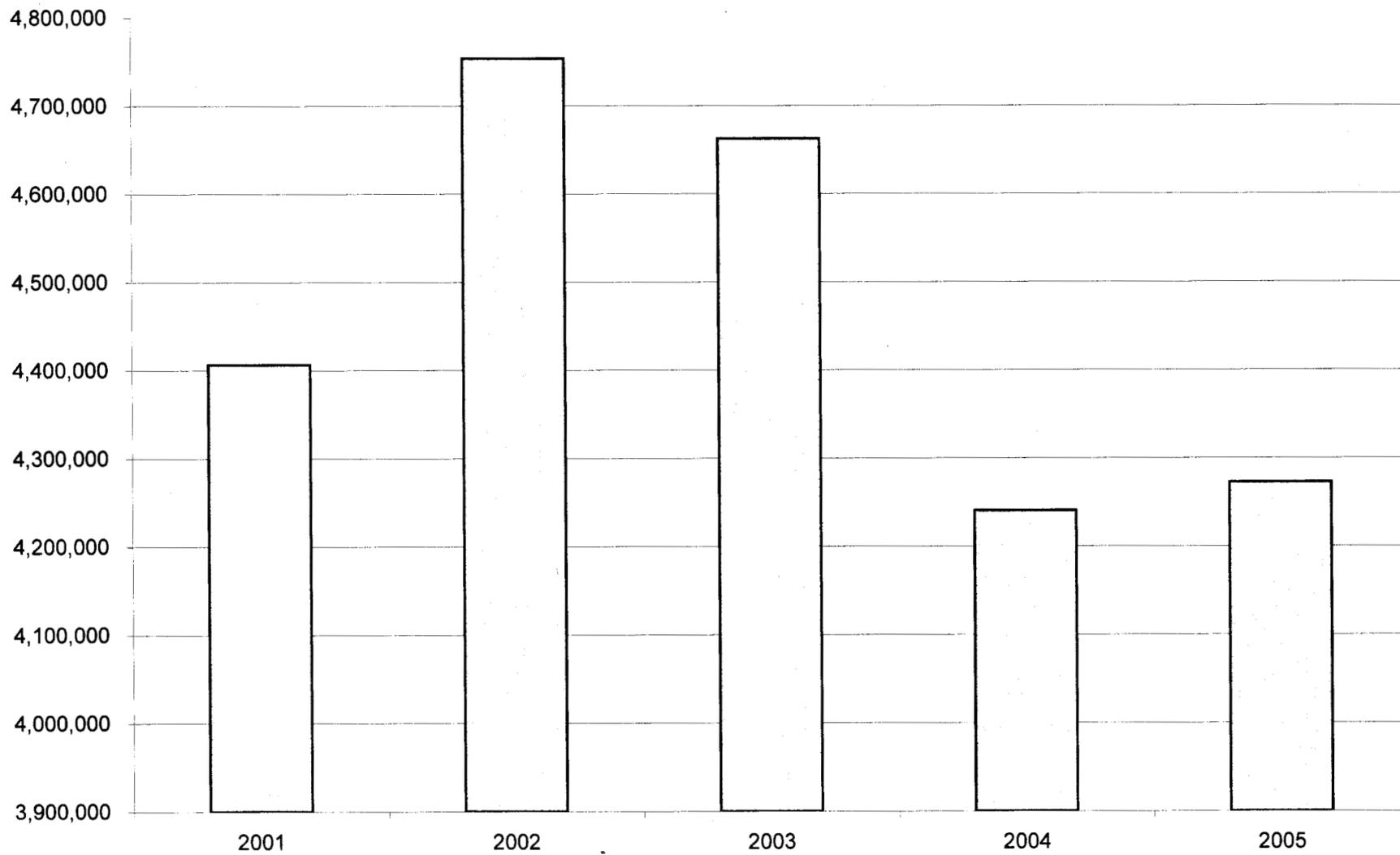
PACIFIC RACING ASSOCIATION

YEAR	2001	2002	2003	2004	2005
TOTAL RACE DAYS	72	70	70	74	28
TOTAL HANDLE	317,276,999	332,757,450	326,386,931	313,809,734	119,634,245
ON-TRACK	53,006,259	50,043,293	47,130,432	48,533,768	15,841,021
OFF-TRACK	112,060,704	108,454,704	102,057,022	106,632,473	36,354,625
INTERSTATE-EXPORT	152,210,036	165,048,322	162,778,186	140,710,621	59,441,886
ADW	-	9,211,131	14,421,291	17,932,872	7,996,713
LIVE	214,259,347	233,245,025	230,603,774	210,367,136	86,195,434
INTRASTATE-IMPORT	60,098,088	59,523,335	55,236,731	56,277,208	17,537,254
INTERSTATE-IMPORT	42,880,378	39,928,080	40,523,451	47,137,736	15,901,558
INTERNATIONAL-IMPORT	39,185	61,009	22,975	27,654	0
AVE. DAILY HANDLE	4,406,625	4,753,678	4,662,670	4,240,672	4,272,652
AVE. ON-TRACK	736,198	714,904	673,292	655,862	565,751
AVE. OFF-TRACK	1,556,399	1,549,353	1,457,957	1,440,979	1,298,379
AVE. INTERSTATE-EXPORT	2,114,028	2,357,833	2,325,403	1,901,495	2,122,925
AVE. ADW	-	131,588	206,018	242,336	285,597
AVE. LIVE	2,975,824	3,332,072	3,294,340	2,842,799	3,078,408
AVE. INTRASTATE-IMPORT	834,696	850,333	789,096	760,503	626,330
AVE. INTERSTATE-IMPORT	595,561	570,401	578,906	636,996	567,913
AVE. INTERNATIONAL-IMPORT	544	872	328	374	-
TOTAL TAKEOUT	61,602,865	62,746,601	63,264,447	61,045,740	23,671,873
EFFECTIVE TAKEOUT %	19.42%	18.86%	19.38%	19.45%	19.79%
STATE LICENSE FEES	2,272,852	2,211,078	2,139,300	2,126,201	766,481
STATE %	0.72%	0.66%	0.66%	0.68%	0.64%
TRACK COMMISSION	12,446,166	12,185,779	11,453,114	11,457,209	4,078,502
ADW COMMISSION	-	47,921	705,907	862,558	387,003
TOTAL COMMISSION	12,446,166	12,233,700	12,159,021	12,319,767	4,465,506
TRACK %	3.92%	3.68%	3.73%	3.93%	3.73%
HORSEMEN PURSES	12,133,128	11,927,238	11,214,421	11,174,681	3,978,165
ADW PURSES	-	46,458	687,602	840,369	376,472
TOTAL PURSES	12,133,128	11,973,696	11,902,023	12,015,049	4,354,637
HORSEMEN %	3.82%	3.60%	3.65%	3.83%	3.64%

PACIFIC RACING ASSOCIATION

YEAR	2001	2002	2003	2004	2005
CALIFORNIA ATTENDANCE	535,133	503,293	468,789	486,523	166,671
ON-TRACK	194,552	182,799	165,762	176,381	60,045
OFF-TRACK	340,581	320,494	303,027	310,142	106,626
DAILY ATTENDANCE	7,432	7,190	6,697	6,575	5,953
AVE. DAILY ON-TRACK	2,702	2,611	2,368	2,384	2,144
AVE. DAILY OFF-TRACK	4,730	4,578	4,329	4,191	3,808
TOTAL RACE EVENTS	610	596	595	625	231
STARTS	4,345	4,557	4,283	4,303	1,543
AVE. PER EVENT	7.1	7.6	7.2	6.9	6.7
AVE. HANDLE PER START	49,312	51,184	53,842	48,888	55,862

**PACIFIC RACING ASSOCIATION
AVERAGE DAILY HANDLE**



CALIFORNIA HORSE RACING BOARD

**M e m o r a n d u m**

Date: March 4, 2005

To: Roy Minami
Assistant Executive Director

From: Robert Gai
Supervising Investigator

Subject: End of Meet, Security Evaluation for Golden Gate Fields

Overall the security department at Golden Gate Fields does an excellent job. They are adequately staffed on the backside during the race day. They post guards at the receiving barn, who check persons for licenses and refuse entry to unlicensed persons. In addition they have roving guards who respond to emergencies and requests for assistance. If the situation dictates law enforcement intervention either by CHRB investigative staff or the local police department they quickly respond. They write reports for follow up by CHRB investigative staff if a licensee is suspected of a rule violation. A guard is also posted at the gap gate during the races insuring the safety of licensees for loose horses and other emergencies as the situations arise.

One area of concern involves the checking of licenses as persons enter the backside. Gate Guards should frequently check persons for licenses even person they are familiar with. It may be of assistance to gate guards if persons wear or display their licenses upon entry to the stable area.

BAY MEADOWS FIELD OFFICE
2600 South Delaware Street, San Mateo, CA 94403
Phone: (650) 573-4607 ☎ Fax: (650) 571-0760

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGAR, GOVERNOR

CALIFORNIA HORSE RACING BOARD**Memorandum**

TO: California Horse Racing Board Stewards' Committee
Chairman John Harris
Vice Chairman William Bianco

FROM: Stewards – Golden Gate Fields
Dennis Nevin, Darrel McHargue, John Herbuveaux

DATE: March 6, 2005

RE: End of Meet Report-Golden Gate Fields

The recently concluded meeting at Golden Gate Fields ran extremely well from the Stewards' perspective. A new Racing Secretary, Sean Greely, was on board for the Magna management team and earned the respect of the horseman. He discovered that some imported East Coast policies worked while others didn't which is part of the learning curve.

A TCO2 Testing program was initiated by management which drew a pre-race blood sample from all participants. One sample was determined to be over the established limit during the final week of racing. The trainer was placed on "earned surveillance" but since the Golden Gate meeting ended prior to the implementation of that surveillance it was determined after many conversations that Bay Meadows management would impose the penalty during their meeting.

Under the heading of "Wish List" the Stewards would like to see a head on camera for the turf course stretch run which would allow for a more definitive angle to resolve inquiries in the final 3/16.

CC: Ingrid Ferman, C.H.R.B. Executive Director
Roy Minami, C.H/R.B. Assistant Executive Director

2600 S. Delaware Street, San Mateo, CA 94403

Phone: (650) 573-4607 □ FAX: (650) 571-0760

CALIFORNIA HORSE RACING BOARD**M e m o r a n d u m****Date** : March 5, 2005**To** : Roy Minami
Assistant Executive Director**From** : Joan Hurley, D. V. M.
State Veterinarian**Subject** : SECURITY AT GOLDEN GATE FIELDS

I cannot accurately comment on security on the entire backside area since most of my time is spent in the area of the receiving/test barn. As to security in and around the test barn area, it is the best of any track where I work. We have a guard present from before the first post until the last test horse goes home. The guards routinely check the licenses of the people handling horses in the barn. They are always available if there is a problem needing their attention. The guard on the gap gate is in constant communication with us on the racing channel as well as with security on the security channel thanks to being issued two radios. Most of the security staff are retired police or fire fighters with experience in security and handling people. The few who are not are well trained and well advised by their sergeant. The security staff on the backside is by far the largest and most cooperative that I deal with at any track. From what I have observed, these men try very hard to maintain a secure, safe and well-regulated backside and to coordinate their efforts with the CHRB staff.

If the present security staff is to be involved in prerace security at detention or quarantine stalls or in the general barn area, I would suggest some instructions in what to look for, how to identify the horses and other necessary skills. Their present training is not oriented towards being up close and personal with a horse or what should or should not happen on raceday in a horse's stall. A real advantage of using stable security on prerace watch is that they are familiar with the veterinarians and stable help. The stories that reached this office after the "guarding of the stakes horses" by rental security were not too impressive. The stake race was at Bay Meadows, not Golden Gate.

2600 S. Delaware Street, San Mateo, CA 94403**Phone: (650) 573-4590 □ FAX: (650) 573-4589**