

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



## REGULAR MEETING

of the California Horse Racing Board will be held on Thursday, March 19, 2009, commencing at 9:30 a.m., at the Bayside Lounge (Turf Club) at Golden Gate Fields, Albany, California. The audio portion only of the California Horse Racing Board regular meeting will be available online through a link at the CHRB website ([www.chrb.ca.gov](http://www.chrb.ca.gov)) under "Webcasts."

### AGENDA

#### Action Items:

1. Discussion and action by the Board on the **Application to Conduct a Horse Racing Meeting of the Hollywood Park Racing Association, LLC (T) at Hollywood Park**, commencing April 22, 2009 through July 19, 2009, inclusive.
2. Discussion and action by the Board regarding report from Hollywood Park Racing Association concerning status of plans for conducting the Hollywood Park 2009 fall race meeting.
3. Discussion and action by the Board regarding entering into a consulting contract, not to exceed fifty thousand dollars, for purposes of drafting and implementing the Jockey Pension Plan pursuant to Business and Professions Code section 19604(i)(1).
4. Discussion and action by the Board regarding the **proposed amendment to CHRB Rule 1979, Trifecta**, to reduce the number of wagering interests needed to establish a trifecta pool from six wagering interests to five.
5. Discussion and action by the Board regarding the **proposed amendment to CHRB Rule 1979.1, Superfecta**, to reduce the number of wagering interests needed to establish a superfecta pool from eight wagering interests to seven.
6. Report and presentation from representatives of Betfair, regarding **TSE US Holdings LLC (t/a Betfair US) business plan and the purchase of controlling ownership interest of ODS Technologies LP, d/b/a TVG.**
7. Update and discussion by the Board regarding the **status of the infield golf course at the Alameda County Fairgrounds and the California Thoroughbred Trainers (CTT) request that the Board revoke the exemption to the requirements of subsection (b) of Rule 1475, Golf Course in the Infield of the Racetrack.**
8. Discussion and action by the Board regarding the **2009/2010 budget formula to be developed pursuant to Senate Bill 16 (Asburn), Chapter 12, Statutes of 2009.**

9. Discussion and action by the Board regarding a presentation from the California Authority of Racing Fairs (CARF) concerning its plans for the 2009 summer racing program.
10. Discussion and action by the Board regarding the significance of the bankruptcy filing of Magna Entertainment Corporation on those subsidiaries operating in California; to wit, Los Angeles Turf Club Inc., operating at Santa Anita Park and Pacific Racing Association, operating at Golden Gate Fields.
11. Discussion and action by the Board regarding the status of statutory distributions and the significance of the bankruptcy filing of Magna Entertainment Corporation on these distributions.
12. Discussion and action by the Board regarding the announced sale of XpressBet Inc. from Magna Entertainment Corporation to MI Developments Inc.
13. Discussion and action by the Board regarding the distribution of race day charity proceeds of Hollywood Park Racing Association in the amount of \$190,000 to 23 beneficiaries.
14. **Public Comment:** Communications, reports, requests for future actions of the Board. **Note:** Persons addressing the Board under this item will be restricted to **three (3) minutes** for their presentation.
15. **Closed 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. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at [www.chrb.ca.gov](http://www.chrb.ca.gov). \*Information for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Jacqueline Wagner.

**CALIFORNIA HORSE RACING BOARD**

John C. Harris, Chairman  
David Israel, Vice Chairman  
John Andreini, Member  
Jesse H. Choper, Member  
Bo Derek, Member  
Jerry Moss, Member  
Kirk E. Breed, Executive Director

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PENDING ADMINISTRATIVE ADJUDICATIONS  
MARCH 2009

CASE

SACRAMENTO HARNESS ASSOCIATION  
Pending Adjudicatory Proceeding

## STAFF ANALYSIS

March 19, 2009

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE HOLLYWOOD PARK RACING ASSOCIATION, LLC AT HOLLYWOOD PARK APRIL 22, 2009 THROUGH JULY 19, 2009.

Hollywood Park Racing Association, LLC filed its application to conduct a thoroughbred horse racing meeting at Hollywood Park:

- April 22 through July 19, 2009, or 65 days. The association proposes to race a total of 559 races, or 8.60 per day. In 2008 they raced 8.67 races per day with an average of 8.25 runners per race. In 2008 they were allocated to race 60 days the (actual) average daily purse for the meet was \$447,700. The (estimated) average daily purse for this meet is \$404,800.
- The race dates proposed are the dates the Board allocated.

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			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		

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					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						

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	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				

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			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	

- Racing 5 days per week, Wednesdays through Sunday, with 8 races on Wednesday, Thursdays, Fridays and 9 or 10 races on a selected basis on Saturdays, Sundays and holidays, with 9 races on April 24, 12 races on May 2, 16, June 6 (Triple Crown).
- First post 1:00 p.m. daily.
  - 7:05 p.m. post Fridays with the exception of the May 1.
  - 12:30 p.m. post Saturday, April 25<sup>th</sup> Gold Rush Day.
  - 11:00 a.m. post Saturday, May 2<sup>nd</sup> Kentucky Derby, May 16<sup>th</sup> Preakness and June 6 Belmont Day.
  - May 2, 16 and June 6<sup>th</sup> post times will be adjusted to coordinate with Triple Crown races.
- A \$10,000 certified check payable to the Treasurer of the State of California to secure the payment of any license fees, pursuant to Business and Professions Code section 19490 is on file.
- The Board may wish to consider requiring additional financial instruments to protect potential race meet creditors pursuant to Business and Professions Code section 19420, 19440 and 19460(c).

Business and Professions Code section 19464(b) specifies no application for license to conduct a horse racing meeting shall be granted unless the applicant has deposited with the Board a surety bond in the amount of \$100,000, or a greater amount, as determined by the Board, which is sufficient to ensure payment of employees wages and benefits including, but not limited to, health, welfare and pension plans. The surety bond shall be maintained during the period of the meeting that all payments are made. In the event of a dispute over the amount owed, the dispute shall be resolved through the grievance procedures set forth in the labor agreement of the union representing the class of employees affected.

This subdivision does not apply to any person or association licensed to operate a horse race meeting prior to January 1, 2001, which has conducted a race meeting in each of the immediate three previous consecutive calendar years.

- Hollywood Park Racing Association, LLC's initial race meeting was conducted after 2001. Therefore, it is subject to the provisions of the Business and Professions Code section 19464(b).
- Pursuant to Business and Profession Code 19464(b) Hollywood Park Racing Association is required to submit a \$100,000 surety bond payable to the Treasurer of the State of California to ensure payment of employee wages and benefits. The Hollywood Park \$100,000 surety bond currently on file has expired. A renewal bond is required to comply with the law.
- Request Jennifer Paige be appointed horse identifier pursuant to CHRB Rule 1525.
  - Track safety inspection has been requested and will be completed before the beginning of the race meet.
  - Inspection of backstretch worker housing completed.
- Wagering program will use CHRB rules.
  - Early wagering 8:30 a.m. on the day of racing and advance-day wagering.
  - \$1 trifecta in any race that complies with Rule 1979 and a \$ .10 superfecta in any race that complies with Rule 1979.1.
  - Pick 6 on last 6 races - 70% of net pool to be retained for the jackpot and no cap be set.
  - Pick 4 on first 4 races and last 4 races - designate the major share as 0%.
  - Offering option of an alternate selection in the place pick all, pick 6 and pick 4.
  - Super High Five on the last race in accordance with ARCI Pick(n) Position(x) pools rules.
- Specific changes from the 2008 license application:
  - Increases: General admission from \$7 to \$8; Wednesday Senior Citizens from \$4 to \$5.
  - Preferred parking from \$3 to \$5.
  - Valet parking from \$8 to \$10.
- The Advance Deposit Wagering (ADW) providers are TVG, Youbet, Xpressbet and Twinspires.

- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.

Specific information **still needed** to complete this application includes

1. \$100,000 bond pursuant to Business and Professions Code section 19464(b)
2. Horsemen's agreement
3. 2008 Audited Financials
4. Promotional Plans
5. Lease agreement
6. Fire clearance
7. Track safety inspection

RECOMMENDATION:

Staff recommends that the application for license not be heard until the outstanding items have been received.

If the application is considered for approval, staff recommends a contingent approval pending the submission of outstanding items.

Application is hereby made to the California Horse Racing Board (CHRB) for a license to conduct a horse racing meeting in accordance with the California Business and Professions (B&P) Code, Chapter 4, Division 8, Horse Racing Law, and the California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

**1. APPLICANT ASSOCIATION**

A. **Hollywood Park Racing Association, LLC**  
1050 South Prairie Avenue  
Inglewood, California 90301  
(310) 419-1500 phone  
(310) 671-4460 fax

B. Breed of horse:  TB     QH     H

C. Racetrack name: **Hollywood Park**

D. Attach a certified check payable to the Treasurer of the State of California in the amount of \$10,000 as deposit for license fees pursuant to B&P Code Section 19490. **On File**  
Survive

NOTICE TO APPLICANT: Application must be filed not later than 90 days before the scheduled start date for the proposed meeting pursuant to CHRB Rule 1433.

**2. DATES OF MEETING**

A. Inclusive dates for the entire meeting: **April 22 through July 19, 2009.**

B. Actual dates racing will be held: **April 22, 23, 24, 25, 26, 29, 30, May 1, 2, 3, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 28, 29, 30, 31, June 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 17, 18, 19, 20, 21, 24, 25, 26, 27, 28, July 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 15, 16, 17, 18, 19**

C. Total number of days or nights of racing: **65**

D. Days or nights of the week races will be held:  
 Wed - Sun     Tues - Sat     Other (specify)

**Racing Monday, May 25. Dark Wednesday May 27.**

E. Number of days or nights of racing per week: **5**

**3. RACING PROGRAM**

A. Total number of races: **559**

B. Number of races for each day or night: **8 races on Wednesdays, Thursdays and Fridays;**  
**9 or 10 races on a selected basis on Saturdays and Sundays and holidays, with 9 races on**

<b>CHRB CERTIFICATION</b>	
Application received: <i>4/22/09</i>	Hearing date: <i>3/19/09</i>
Deposit received: <i>On file</i>	Approved date:
Reviewed: <i>APW</i>	License number:

**Friday, April 24; 12 races on Saturdays May 2, May 16, June 6 (Triple Crown days).**

- C. Total number of stakes races: Stakes 38 Overnight Stakes 7: Total 45
- D. Attach a listing of all stakes races and indicate the date to be run and the added money or guaranteed purse for each. Note the races that are designated for California-bred horses. **Attached**
- E. Will provisions be made for owners and trainers to use their own registered colors?  
 Yes  No If no, what racing colors are to be used:
- F. List all post times for the daily racing program:

<i>Race</i>	All days except (Friday nights, Saturday April 25, Saturdays May 2, 16, & June 6)	Fridays (except May 1)	Saturday April 25 (Gold Rush Day)	**Saturday May 2 (Kentucky Derby Day) Saturday May 16 (Preakness Day) Saturday June 6 (Belmont Day)
1 <sup>st</sup>	1:00 pm	7:05 pm	12:30 pm	11:00 am
2 <sup>nd</sup>	1:30 pm	7:35 pm	1:02 pm	11:30 am
3 <sup>rd</sup>	2:00 pm	8:05 pm	1:34 pm	12:00 noon
4 <sup>th</sup>	2:30 pm	8:35 pm	2:06 pm	12:31 pm
5 <sup>th</sup>	3:00 pm	9:05 pm	2:41 pm	1:02 pm
6 <sup>th</sup>	3:30 pm	9:35 pm	3:14 pm	1:34 pm
7 <sup>th</sup>	4:00 pm	10:05 pm	3:46 pm	2:06 pm
8 <sup>th</sup>	4:30 pm	10:32 pm	4:18 pm	2:44 pm
9 <sup>th*</sup>	5:00 pm	10:59 pm	4:48 pm	3:40 pm
10 <sup>th*</sup>	5:30 p.m.		5:18 pm	4:11 pm
11 <sup>th*</sup>				4:40 pm
12 <sup>th*</sup>				5:09 pm

\* When applicable

\*\* May 2, May 16 & June 6 post times will be adjusted to coordinate with the Triple Crown tracks races

**NOTICE TO APPLICANT:** Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to B&P Code Section 19568(b).

**4. RACING ASSOCIATION**

- A. Association is a:  Corporation (complete subsection C)  
 LLC (complete subsection D)  
 Other (specify, and complete subsection E)
- B. Complete the applicable subsection and attached Addendum, Background Information and Ownership. **On file**
- C. CORPORATION – N/A

**HOLLYWOOD PARK**  
**2009 SPRING/SUMMER STAKES SCHEDULE**

<u>DATE</u>	<u>STAKE</u>	<u>PURSE/DISTANCE</u>
*****CAL NATIONAL GOLD RUSH*****		
Saturday April 25	<b>CAL NATIONAL SNOW CHIEF STAKES</b> Three Year Olds, Bred in California	\$250,000 # One Mile & One Eighth
	<b>MELAIR STAKES</b> Fillies, Three Years Old, Bred in California	\$200,000 @ One Mile & One Sixteenth
	<b>KHALED STAKES</b> Four Year Olds & Upward, California Bred	\$150,000 @ One Mile & One Eighth (Turf)
	<b>FRANS VALENTINE STAKES</b> Fillies & Mares, Four Year Olds & Upward Bred in California	\$150,000 @ One Mile & One Sixteenth (Turf)
	<b>B. THOUGHTFUL STAKES</b> Fillies & Mares, Four Year Olds & Upward Bred in California	\$150,000 Seven Furlongs
	<b>TIZNOW STAKES</b> Four-Year-Olds & Upward, Bred in California	\$150,000 Seven & One Half Furlongs
*****	*****	*****
	*	
Sunday April 26	<b>INGLEWOOD HANDICAP (GRADE III)</b> Three Year Olds & Upward	\$100,000 One Mile & One Sixteenth (Turf)
Saturday May 2	<b>WILSHIRE HANDICAP (GRADE III)</b> Fillies & Mares, Three Year Olds & Upward	\$100,000 One Mile (Turf)
Sunday May 3	<b>SEÑORITA STAKES (GRADE III)</b> Fillies, Three Years Old	\$100,000 One Mile (Turf)
		<i>Schedule B - Page 2 of 3</i>
Saturday May 9	<b>MERVYN LEROY HANDICAP (GR. II)</b> Three Year Olds & Upward	\$150,000 One Mile & One Sixteenth
Sunday May 10	<b>RAILBIRD STAKES (GRADE III)</b> Fillies, Three Years Old	\$100,000 Seven Furlongs
Saturday May 16	<b>LOS ANGELES HANDICAP (GR. III)</b> Three Year Olds & Upward	\$100,000 Six Furlongs
Sunday May 17	<b>THE GALLANT MAN</b> Three Year Olds & Upward	\$100,000 One Mile and Five Furlongs
Saturday May 23	<b>MILADY HANDICAP (GII)</b> Fillies & Mares, Three Year Olds & Upward	\$150,000 One Mile & One Sixteenth

Sunday May 24	<b>LAZARO S. BARRERA MEM. STKS (GIII)</b> Three Year Olds	\$100,000 Seven Furlongs
Monday May 25	<b>SHOEMAKER BREEDERS' CUP MILE (GR I)</b> Three Year Olds & Upward	\$250,000 Added * One Mile (Turf)
Saturday May 30	<b>THE GAMELY BREEDERS' CUP STAKES (GR I)</b> Fillies & Mares, Three Year Olds & Upward	\$250,000 Added * One Mile & One Eighth (Turf)
Sunday May 31	<b>HONEYMOON HCP (GR II)</b> Fillies, Three Years Old	\$150,000 One Mile & One Eighth (Turf)
Saturday June 6	<b>CHARLES WHITTINGHAM MEMORIAL HCP (GR I)</b> Three Year Olds & Upward	\$300,000 One Mile & One Quarter (Turf)
	<b>THE ACK ACK HANDICAP (GIII)</b> Three Year Olds & Upward	\$100,000 Seven & One Half Furlongs
Sunday June 7	<b>HOLLYWOOD OAKS (GII)</b> Fillies, Three Years Old	\$150,000 One Mile & One Sixteenth
Saturday June 13	<b>THE CALIFORNIAN (GRADE II)</b> Three Year Olds & Upward	\$250,000 One Mile & One Eighth
	<b>THE ROUND TABLE HANDICAP (GR III)</b> Three Year Olds & Upward	\$100,000 One Mile & Three Quarters (Turf)
Saturday June 20	<b>AFFIRMED HANDICAP (GRADE III)</b> Three Year Olds	\$100,000 One Mile & One Sixteenth
Sunday June 21	<b>CINEMA HANDICAP (GR III)</b> Three Year Olds	\$100,000 One Mile & One Eighth (Turf)
Saturday June 27	<b>VANITY HANDICAP (GRADE I)</b> Fillies & Mares, Three Year Olds & Upward	\$300,000* One Mile & One Eighth <i>Schedule B - Page 3 of 3</i>
Sunday June 28	<b>BEVERLY HILLS HANDICAP (GRADE II)</b> Fillies & Mares, Three Year Olds & Upward	\$150,000 One Mile & One Quarter (Turf)
Friday July 3	<b>FLAWLESSLY STAKES</b> Fillies, Three Years Old	\$100,000 One Mile (Turf)
Saturday July 4	<b>AMERICAN HANDICAP (GRADE II)</b> Three Year Olds & Upward	\$150,000 One Mile & One Eighth (Turf)
Sunday July 5	<b>AMERICAN OAKS (GRADE I) - INVITATIONAL</b> Three Year Old Fillies (Invitational)	\$700,000 One Mile & One Quarter (Turf)
	<b>TRIPLE BEND HCP. (GI)</b> Three Year Olds & Upward	\$300,000* Seven Furlongs

Saturday **HOLLYWOOD GOLD CUP (GRADE I)** \$700,000  
 July 11 Three Year Olds & Upward One Mile & One Quarter

**ROYAL HEROINE MILE (GII)** \$250,000  
 Fillies & Mares, Three Year Olds & Upward One Mile (Turf)  
 Formerly the CashCall Mile

Sunday **HOLLYWOOD JUVENILE CHAMPIONSHIP (GR III)** \$100,000  
 July 12 Two Year Olds Six Furlongs

**LANDALUCE STAKES** \$100,000  
 Fillies, Two Years Old Six Furlongs

*Schedule A - Page 4 of 4*

Saturday **SWAPS STAKES (GR. II)** \$300,000\*  
 July 18 Three Year Olds One Mile & One Eighth

**A GLEAM HANDICAP (GR. II)** \$150,000  
 Fillies & Mares, Three Year Olds & Upward Seven Furlongs

Sunday **SUNSET HCP (GRADE II)** \$150,000 +  
 July 19 Three Year Olds & Upward One Mile & One Half (Turf)

+ \$25,000 from Breeders' Cup Fund.

\* \$ 50,000 from Breeders' Cup Fund.

# \$40,000 from California Bred Fund.

@ \$25,000 from California Bred Fund.

**HOLLYWOOD PARK**  
**2009 OVERNIGHT SPRING/SUMMER STAKES SCHEDULE**

<u>DATE</u>	<u>STAKE</u>	<u>PURSE/DISTANCE</u>
Wed. April 22	<b>HARRY HENSON STAKES</b> Three Year Olds	\$70,000 Added Six Furlongs (Turf)
Wed. June 3	<b>WILLARD L. PROCTOR MEMORIAL STAKES</b> Two Year Olds	\$70,000 Added Five & One Half Furlongs
Friday June 5	<b>MANHATTAN BEACH STAKES</b> Fillies, Three Years Old	\$70,000 Added Six Furlongs (Turf)
Saturday June 6	<b>REDONDO BEACH STAKES</b> Fillies & Mares, Three Year Olds & Upward Non-winners of a Grade I or II in 2009 at one mile or over	\$70,000 Added One Mile (Turf)
Wed. June 10	<b>CINDERELLA STAKES</b> Fillies, Two Years Old	\$70,000 Added Five & One Half Furlongs
Sunday June 14	<b>DESERT STORMER HANDICAP</b> Fillies & Mares, Three Year Olds & Upward	\$70,000 Added Six Furlongs
Wed. June 17	<b>ROBERT K. KERLAN MEMORIAL HCP.</b> Three Year Olds & Upward	\$70,000 Added Six Furlongs (Turf)

D. LLC

1. Registered name of the LLC: **Hollywood Park Racing Association, LLC**
2. State where articles of organization are filed: **Delaware**
3. Registry or file number for the LLC: **3993456**
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
 

<b>Terrence Fancher, Chairman &amp; Director</b>	<b>0</b>
<b>Jack Liebau, President</b>	<b>0</b>
<b>Kristin Renaudin, Secretary</b>	<b>0</b>
<b>Charlene Kiley, Vice President &amp; Chief Financial Officer</b>	<b>0</b>
<b>Eual Wyatt, Vice President</b>	<b>0</b>
<b>Barbara Helm, Vice President, Finance</b>	<b>0</b>
<b>Martin Panza, Vice President</b>	<b>0</b>
<b>Bernie Thurman, Vice President</b>	<b>0</b>
<b>Dyan Grealish, Vice President Sales &amp; Marketing</b>	<b>0</b>
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each: **N/A**
6. Are the shares listed for public trading?  Yes  No  
 If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:  
**Stockbridge Real Estate Partners II, LLC is the general partner of the Fund which owns the Applicant**
8. Attach the most recent audited annual financial statement for the licensee, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission. **Balance sheet on file with the CHRB.**

E. OTHER – N/A

F. Management and Staff

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 10B, who will be listed in the official program:
  - F. Jack Liebau, President**
  - Eual G. Wyatt, Jr., Vice President & General Manager**
  - Charlene Kiley, Vice President & Chief Financial Officer**
  - Dyan Grealish, Vice President Sales & Marketing**
  - Barbara Helm, Vice President, Finance**
  - Martin Panza, Vice President-Racing**
  - Bernie Thurman, Vice President**
  - Don Barney, Director of Security & Safety**
  - Cleon Bounds, Property Manager**
  - Bernie Eastridge, Turf Course Superintendent**
  - Diane Hudak, Horsemen's Liaison**
  - Russell Hudak, Timer, Morning Line Maker**
  - Michael Mooney, Director of Media Relations**
  - Robert Poole, Director of Pari-Mutuels**
  - Roger Roman, Director of Broadcasting**

**Vic Stauffer, Track Announcer**  
**Mark Tomes, Plant Superintendent**

F. Management and Staff (continued)

**Cole Younger, Operations Manager**  
**Kerlan-Jobe Orthopedic, Jockeys' Physician**

2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing address of such person(s) if other than the mailing address of the association:

**F. Jack Liebau, President, 2600 South Delaware Street, San Mateo, CA 94403**

**5. PURSE PROGRAM** Please note that there were 60 race days during the prior meeting compared to 65 race days for the current meeting.

A. Purse distribution:

1. All races other than stakes

Current meet estimate: **\$16,900,000 (includes a \$190,000 underpayment carryover)**

Prior meet actual: **\$16,390,600 (includes a \$356,000 underpayment carryover)**

Average Daily Purse (5A1 ÷ number of days):

Current meet estimate: **\$260,000**

Prior meet actual: **\$273,200**

2. Overnight stakes:

Current meet estimate: **\$490,000**

Prior meet actual: **\$675,000**

Average Daily Purse (5A2 ÷ number of days):

Current meet estimate: **\$ 7,540**

Prior meet actual: **\$11,250**

3. Non-overnight stakes:

Current meet estimate: **\$6,250,000**

Prior meet actual: **\$7,153,200**

Average Daily Purse (5A3 ÷ number of days):

Current meet estimate: **\$ 96,150**

Prior meet actual: **\$119,220**

B. Stakes races:

1. Purse distribution for all stakes races:

Current meet estimate: **\$6,740,000**

Prior meet actual: **\$7,828,200**

Average Daily Purse (5B1 ÷ number of days):

Current meet estimate: **\$103,690**

Prior meet actual: **\$130,500**

2. Percentage of the purse distribution for all stakes races that will be distributed for California-bred stakes races:

Current meet estimate: **13.9%**

Prior meet actual: **12.0%**

C. Funds to be generated for all California-bred incentive awards:

Current meet estimate: **\$1,928,000**

Prior meet actual: **\$1,887,000**

D. Payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):

Recognized Horsemen's Organization	Current meet estimate:	Prior meet actual:
<b>TOC</b>	<b>\$245,200</b>	<b>\$250,300</b>
<b>CTT – Pension</b>	<b>\$245,200</b>	<b>250,300</b>
<b>CTT – Admin</b>	<b>\$122,600</b>	<b>125,200</b>
<b>NTRA</b>	<b><u>\$131,400</u></b>	<b><u>131,400</u></b>
<b>Total</b>	<b>\$744,400</b>	<b>\$757,200</b>

E. Amount from all sources to be distributed in the form of purses or other benefits to horsemen (5A+5C+5D):

Current meet estimate: **\$26,312,400**  
 Prior meet actual: **\$26,863,000**

Average Daily all sources amount (5E ÷ number of days):

Current meet estimate: **\$404,800**  
 Prior meet actual: **\$447,700**

F. Purse funds to be generated from on-track handle and intrastate off-track handle:

Current meet estimate: **\$16,323,400**  
 Prior meet actual: **\$16,950,500**

Average Daily Purse (5F ÷ number of days):

Current meet estimate: **\$251,100**  
 Prior meet actual: **\$282,500**

G. Purse funds to be generated from interstate handle:

Current meet estimate: **\$7,120,200**  
 Prior meet actual: **\$7,113,700**

Average Daily Purse (5G ÷ number of days):

Current meet estimate: **\$109,500**  
 Prior meet actual: **\$118,600**

H. Bank and account number for the Paymaster of Purses' purse account: **On file**

I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meet: **Bowen & Mc Beth Inc. 10722 Arrow Highway, Suite 110, Rancho Cucamonga, Ca. 91730 909/944-6465**

**NOTICE TO APPLICANT:** All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, **shall not** be deemed as income to the association; **shall not** be transferred to a parent corporation outside the State of California; and **shall**, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are

necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the association is entitled to carry forward the deficit to its next succeeding meeting as provided by B&P Code Section 19615(c) or (d). In the event of **underpayment** of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

**6. STABLE ACCOMMODATIONS**

- A. Number of usable stalls available for racehorses at the track where the meeting is held: **1,950**
- B. Minimum number of stalls believed necessary for the meeting: **1,950**
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: **2,500**
- D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site:
 

<b>Santa Anita</b>	<b>1,500</b>
<b>Pomona</b>	<b>500</b>
<b>San Luis Rey Downs</b>	<b>500</b>
- E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses that cannot be provided stabling on-site. **On file**

Complete subsections F through H if the association will request reimbursement for off-site stabling as provided by B&P Code Sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, skip to Section 7.

- F. Total number of usable stalls made available on-site for the **1986** meeting: **2,000**
- G. Estimated cost to provide off-site stalls for this meeting: **\$2,700,000**. Show cost per day per stall:  
**Average cost: \$11.87**
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse: **\$380,000**

<b>Roundtrip from:</b>	<b>Santa Anita</b>	<b>\$180</b>
	<b>Pomona</b>	<b>\$200</b>
	<b>San Luis Rey</b>	<b>\$320</b>
	<b>Los Alamitos</b>	<b>\$180</b>

**7. PARI-MUTUEL WAGERING PROGRAM**

- A. Pursuant to B&P Code Section 19599, and with the approval of the CHRB, associations may elect to offer wagering programs using CHRB Pari-mutuel Rules, the Association of Racing Commissioners International (RCI) Uniform Rules of Racing, Chapter 9, Pari-mutuel Wagering, or a combination of both. Please complete the following schedule for the types of wagering other than WPS and the minimum wager amount for each:

Use DD for daily double, E for exacta (special quinella), PK3 for pick three, PK4 for select four, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Race #1 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PPN	CHRB 1976.8 (Covering Races 1 - 10)
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$1 PNP (Pick 4)	CHRB 1976.9
Race #2 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
Race #3 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2 PNP (Pick 6 when 8 races)	CHRB 1976.9
Race #4 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2 PNP (Pick 6 when 9 races)	CHRB 1976.9
Race #5 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2PNP (Pick 6 when 10 races)	CHRB 1976.9
	\$1PNP (Pick 4 when 8 races)	CHRB 1976.9
Race #6 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$1PNP (Pick 4 when 9 races)	CHRB 1976.9
Race #7 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3 (when 9 or more races)	CHRB 1977
	\$2Q	CHRB 1958
	\$1PNP (Pick 4 when 10 races)	CHRB 1976.9
Race #8 *	\$2 DD (when 9 or more races)	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3 (when 10 races)	CHRB 1977
	\$2Q	CHRB 1958
	\$PNP (Pick 4 when 11 races) <sup>+</sup>	CHRB 1976.9
Race #9 *	\$1E	CHRB 1959
	\$2Q	CHRB 1958
	\$2 DD (when 10 races)	CHRB 1957
	\$1PK3 (when 11 races) <sup>+</sup>	CHRB 1977

**7. PARI-MUTUEL WAGERING PROGRAM (continued)**

Race #10*	\$1E	CHRB 1959
	\$2Q	CHRB 1958
	\$2 DD (when 11 races)*	CHRB 1957
	\$1PK3 (when 12 races)*	CHRB 1977

+ Race 11

	\$1E	CHRB 1959
	\$2Q	CHRB 1958
	\$2 DD (when 12 races)*	CHRB 1957

+ Race 12 (May 2, 16, June 6)

	\$1E	CHRB 1959
	\$2Q	CHRB 1958

\* \$1 Trifecta in any race when we can comply with CHRB Rule 1979. 10 cent Superfecta in any race when we can comply with CHRB Rule 1979.1. The Pick 6 [P(n)P] will be offered on the last 6 races of the card. In accordance with CHRB Rule 1976.9 we designate that seventy percent (70%) of the net Pick 6 pool be retained for the jackpot and that no cap be set on the jackpot. A Pick 4 (PnP) will be offered on the first 4 and last 4 races of the card. In accordance with CHRB Rule 1976.9 we designate that major share of the Pick 4 pool be designated as 0%. Additionally, we will offer our patrons the option of an alternate selection pick in the place Pick All and Pick 6 and Pick 4. Additionally we will offer Win, Place or Show parlay wagering in accordance with CHRB 1954.1. We will also offer the Super High Five on the last race of the card in accordance with the ARCI Pick(n) Position(x) pools rule.

NOTE: Applicant reserves the right to offer or substitute additional wagers approved prior to or during its meeting.

- B. Maximum carryover pool to be allowed to accumulate before its distribution **OR** the date(s) designated for distribution of the carryover pool: **Closing day, July 19, 2009**
- C. List any options requested with regard to exotic wagering: **B & P Code Section 19611.5**
- D. Will "advance" or "early bird" wagering be offered?  Yes  No  
If yes, when will such wagering begin: **8:30 am on the day of and advance-day wagering.**
- E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract: **Scientific Games, September 2012**

**8. ADVANCE DEPOSIT WAGERING (ADW)**

- A. Identify the ADW provider(s) to be used by the association for this race meeting: **TVG, YouBet, Xpress Bet & Twinspires.com (Television provider will be TVG)**

**9. SIMULCAST WAGERING PROGRAM**

- A. Simulcast organization engaged by the association to conduct simulcast wagering: **Southern California Off-Track Wagering, Inc. (SCOTWINC)**
- B. Attach the agreement between the association and simulcast organization permitting the organization to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools. **On File with CHRB**

C. California simulcast facilities the association proposes to offer its live audiovisual signal:

NORTHERN CALIFORNIA

- Alameda County Fair, Pleasanton
- Big Fresno Fair, Fresno
- California State Fair & Exposition, Sacramento
- Club One, Fresno
- Golden Gate Fields, Albany
- \*Humboldt County Fair, Ferndale
- Jockey Club at San Mateo, San Mateo
- Kern County Fair, Bakersfield
- Monterey County Fair, Monterey
- \*\*Redwood Acres Fair, Eureka
- San Joaquin County Fair, Stockton
- Santa Clara County Fair, San Jose
- Shasta District Fair, Anderson
- Solano County Fair, Vallejo
- Sonoma County Fair, Santa Rosa
- Stanislaus County Fair, Turlock
- Tulare County Fair, Tulare

SOUTHERN CALIFORNIA

- Barona Valley Ranch Resort & Casino, Lakeside
- Cabazon Fantasy Springs Casino, Indio
- Derby Club, Seaside Park, Ventura
- Earl's Place at Earl Warren Fairgrounds, Santa Barbara
- Fairplex Park, Pomona
- Horsemen's Club,, Santa Barbara
- Los Alamitos Race Course, Los Alamitos
- Santa Anita Park, Arcadia
- Shalimar Sports Center, Indio
- Sports Center, San Bernardino
- Sports Pavillion at The Farmers Fair, Lake Perris
- Sports Pavillion, San Bernardino Cty. Fair, Victorville
- Surfside Race Place at Del Mar, Del Mar
- \*\*\*Sycuan Gaming Center, El Cajon
- Viejas Casino & Turf Club, Alpine
- Watch & Wager, Antelope Valley Fgds, Lancaster

\*Open during two-week Ferndale Fair Racing  
 \*\*Closed during Ferndale Fair Racing  
 \*\*\*Closed for renovation

D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:  
**See E - Common Pool Sites, Separate Pool, Flat Fee Sites (Attachment "A")**

E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association:  
**Attachment "A"**

F. For **THOROUGHBRED** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": **See Attachment "B"**

NOTICE TO APPLICANT: B&P Code Section 19596.2(a) stipulates that on days when live thoroughbred or fair racing is being conducted in the state, the number of thoroughbred races which may be imported by an association or fair during the calendar period the association or fair is conducting its racing meeting cannot exceed a combined daily total of 23 imported thoroughbred races statewide. The limitation of 23 imported thoroughbred races per day statewide does not apply to those races specified in B&P Code Section 19596.2(a)(1), (2), (3) and (4).

**THOROUGHBRED SIMULCAST RACES TO BE IMPORTED**

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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F. For **QUARTER HORSE** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": **N/A**

**QUARTER HORSE SIMULCAST RACES TO BE IMPORTED**

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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G. For **STANDARD BRED** racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness races. Include the dates imported races will be held,

Attachment A – Section 9D and E

Hollywood Park Spring Meet		April 22-July 19, 2009	Revised: January 4, 2009
COMMINGLED POOL SITES	COMMINGLED POOL SITES	COMMINGLED POOL SITES	COMMINGLED POOL SITES
<u>Location</u> Amwest Entertainment, ND <i>Cypress Bayou (LA)</i> <i>Riders Up (SD)</i> <i>Time Out Lounge (SD)</i> <i>Triple Crown OTB (SD)</i> Arapahoe Park, CO Arima Race Club, Trinidad Arlington International, IL Atlantic City Casino Assn, NJ Atlantic City Race Course, NJ Atokad Downs, NE Balmoral/Maywood Park, IL Bangor Historic Track/Millers OTB, ME Beulah Park, OH Birmingham Race Course, AL Blue Ribbon Downs, OK Bluffs Run Greyhound Track, IA Buffalo Raceway, NY Calder Racecourse, FL *Canadian Associations Canterbury Park, MN Capital District OTB, NY Capital Sports Party, AUSTRALIA Catskill Regional OTB, NY Charles Town Race Course, WV Churchill Downs, KY Churchill Downs Sports Spectrum, KY Coeur d'Alene Casino & ADW, ID Colonial Downs, VA Columbus Raceway, NE Comtech (BRZ) Connecticut OTB, CT <i>CT OTB ADW (CT only)</i> <i>Divi Carina Bay Casino</i> <i>Ho-Chunk Casino</i> <i>Pony Bar Simulcast Center</i> <i>Randall James Racetrack</i> <i>Royal Beach Casino</i> <i>Tote Investment Racing Service</i> <i>John Martin Manor</i> <i>Mohegan Sun Casino</i> <i>Oneida Bingo</i> <i>Shoreline Star Greyhound Park</i> Corpus Christi Greyhound Racing, TX Dairyland Greyhound Park, WI Delaware Park, DE Delta Downs, LA Dover Downs, DE Downs at Albuquerque, NM Ellis Park, KY Emerald Downs, WA	<u>Location</u> Hoosier Park @ Anderson, IN Horsemen's Park, NE Indiana Downs, IN Clarksville OTB Evansville OTB International All Sports Ltd., FL Jackson Harness Raceway, MI Keeneland, KY Kentucky Downs, KY Kentucky OTB, KY Lebanon Raceway, OH Les Bois Park, ID Lewiston Raceway/OTB-ME Lien Games, ND Chips Lounge and Casino El Rancho Motor Hotel OTB Idaho Falls Racing OTB North Dakota Horse Park - Clubhouse Lounge Rumors OTB Aberdeen Racing OTB (SD) Mitch's Grandstand OTB SkyDancer Casino Lincoln Greyhound Park, RI Lone Star Park, TX Louisiana Downs, LA LVDC, NV Atlantis Paradise Casino Cities of Gold / Pojoaque Foxwoods Resort Casino Meskwaki Bingo The Stables Elite Turf Club #1 Elite Turf Club #2 Elite Turf Club #3 Elite Turf Club #4 Elite Turf Club #6 Elite Turf Club #7 Elite Turf Club #8 Manor Downs, TX Maryland Jockey Club, MD Meadowlands/Monmouth, NJ Midway Slots & Casino, DE Mobile Greyhound, AL Montana Simulcast Partners, MT Monticello Raceway, NY Mountaineer Park, WV Mount Pleasant Meadows, MI Nassau Regional OTB, NY Nebraska State Fair Park, NE Nevada Pari-Mutuel Ass'n, NV	<u>Location</u> Portland Meadows, OR Prairie Meadows, IA Presque Isle Downs, PA Raceway Park, OH Racing World Racing & Gaming Ser., Inc., Br. WI Raynham Taunton Greyhound, MA Remington Park, OK Retama Park, TX River Downs, OH Rockingham Park, NH <i>Seabrook Greyhound</i> Rosecroft Raceway, MD Royal River Racing (Bettor Racing OTB), SD Ruidoso Downs, NM Running Aces Harness Park, MN Sam Houston Race Park, TX <i>Valley Greyhound Park</i> Saratoga Raceway, NY Scarborough Downs, ME Scioto Downs, OH Sol Mutuel Ltd, Grenada Southland Greyhound Park, AR Sports Creek, MI Suffolk Downs, MA <i>Pat's Pizza OTB (ME)</i> Suffolk Regional OTB, NY Sunland Park, NM SunRay Park & Casino, nm The Greyhound Park @ Post Falls, ID The Lodge @ Belmont, NH The Meadows, PA Thistledown, OH Tioga Downs, NY Tri-State Greyhound, WV TRNI Turf de Venezuela Turf Paradise, AZ Turfway Park, KY TVG (Television Games Network), CA Twin Spires ADW, KY Vernon Downs, NY Western Regional OTB, NY Wheeling Downs, WV Will Rogers Downs, OK Wonderland Greyhound, MA Woodlands, KS Wyoming OTB, WY XpressBet, Inc., CA Yavapai Downs, AZ Yonkers Raceway, NY	

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<p>Evangeline Downs, LA                  Fair Grounds, LA                  Fair Meadows at Tulsa, OK                  Fairmount Park, IL                  Finger Lakes, NY                  Fonner Park, NE                  Freehold Raceway, NJ                  Gillespie County Fair, TX                  Global Wagering Solutions (MEC)  <i>MagnaBet</i>                  Great Lakes Downs, MI                  Greenetrack, AL                  Gulf Greyhound Park, TX                  Harrah's Chester Downs, PA                  Harrington Raceway, DE                  Hawthorne Race Course, IL                  Hazel Park, MI                  Hinsdale Greyhound, NH</p>	<p>New Jersey Casino Ass'n, NJ                  Newport Jai Alai, RI                  New York City OTB, NY                  New York Racing Association, NY                  Northfield Park, OH    <i>Cedar Downs OTB</i>                    Northville Racing Corp, MI                  Oaklawn Park, AR                  Ocean Downs, MD                  Penn National, PA                  Philadelphia Park, PA                  Phumelela Gold, S. Africa                  Pinnacle Race Course, MI                  Plainridge Racecourse, MA                  Pocono Downs, PA</p>	<p>Youbet, CA                  Zia Park, NM</p> <hr/> <p><b>SEPARATE POOL SITES</b></p> <hr/> <p><b>Location</b>                  Hipodromo Presidente Remon (Pan)                  Hipodromo Camarero (PR)                  Caymanas Park (Jam)                  NV Disseminator                  MIR/Caliente</p>
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**\*Canadian Associations**

Assiniboia Downs, Barrie Raceway, Charlottetown, Clinton Raceway, Connaught Park – Aylmer, Dresden, Elmira Raceway, Evergreen Park, Exhibition Park, Flamboro Downs, Fort Erie Racetrack, Fraser Downs, Fredericton Raceway, Georgian Downs, Grand River, Hanover Raceway, Hastings Park, Hiawatha, Hippodrome de Montreal, Hippodrome de Quebec, Hippodrome de Trois-Rivieres, Inverness Raceway, Kawartha Downs, Marquis Downs, Mohawk Racetrack, Northlands Park, Picov Downs, Quinte Raceway, Rideau Carleton Raceway, Rocky Mountain Turf Club, Royal Britannia Hub, St. John's, Stampede Park, Sudbury Downs, Summerside-PEI, TBC Sandown, TBC Teletheatres, Truro Raceway, Western Fair Raceway, Windsor Raceway, Woodbine, Woodstock-Ontario

## Hollywood Park Spring Meet

4/22/09-7/19/09

## Out-of-State &amp; International Imports - Full or Partial Card (Subject to Change)

<b>DOMESTIC</b>	
AQUEDUCT	4/22-4/26
ARLINGTON	5/1-7/19
BELMONT	4/29-7/19
BEULAH PARK	4/22-5/2
CALDER RACECOURSE	4/24-7/19
CANTERBURY DOWNS	5/15-7/19
CHURCHILL DOWNS	4/25-7/5
COLONIAL DOWNS	6/7-7/19
DELAWARE	4/22-7/19
ELLIS PARK	7/4-7/19
EMERALD DOWNS	4/22-7/19
EVANGELINE DOWNS	4/22-7/19
GULSTREAM PARK	4/22-4/23
HAWTHORNE RACECOURSE	4/22-4/27
INDIANA DOWNS	4/22-7/15
KEENELAND	4/22-4/24
LOUISIANA DOWNS	5/15-7/19
MONMOUTH	5/9-7/19
MOUNTAINEER	4/22-7/19
PENN NATIONAL	4/22-7/19
PHILADELPHAI PARK	4/22-7/19
PIMLICO	4/22-7/19
PRAIRIE MEADOWS	4/24-7/19
PRESQUE ISLE DOWNS	5/8-7/19
RED MILE	7/17-7/18
RIVER DOWNS	5/3-6/6
RUIDOSO	5/22-7/19
SUFFOLK DOWNS	5/2-7/19
TAMPA BAY DOWNS	4/22-5/3
THISTLEDOWN	4/30-7/19
TURF PARADISE	4/22-5/3
YAVAPAI DOWNS	5/23-7/19
<b>INTERNATIONAL</b>	
ASSINIBOIA	5/1-7/19
WOODBINE	4/22-7/19
HASTINGS	4/22-7/19
SAN ISIDRO	4/22-7/19
HIPPODROMO CHILE	4/22-7/19
MARONAS	4/22-7/19

and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": **N/A**

**H.****HARNESS SIMULCAST RACES TO BE IMPORTED**

Name of Host Track      Race Dates      Full Card or Selected Feature and/or Stakes Races

- I.** For **ALL** racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported: **Wagering will be offered on all races conducted or imported by Los Alamitos (Quarter Horse) and Cal Expo (Harness)**

**OTHER BREED SIMULCAST RACES TO BE IMPORTED**

Name of Host Track      Breed of Horse      Race Dates      Number of Races to be Imported

- J.** For **ALL** racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Section 19596.2 and 19596.3, attach a copy showing the agreement by the appropriate racing association(s). **N/A**

**NOTICE TO APPLICANT:** All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific **written** approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of B&P Code Sections 19596, 19596.1, 19596.2, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

Every association shall pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions. Every association shall pay to its Paymaster of Purses' account within 3 calendar days following the closing of wagering for each day or night racing program, or upon receipt of the proceeds, such amounts that are retained or obligated from off-track simulcast wagering, interstate and out-of-state wagering for purses, breeders' awards or other benefits to horsemen. (See Notice to Applicant, Section 5.)

**10. CHARITY RACING DAYS**

- A.** Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association: **Hollywood Park Racing Charities, 1050 South Prairie Avenue Inglewood, California 90301 310-419-1518**

- B.** Names and addresses of the trustees or directors of the distributing agent:

**Tirso del Junco, M.D.**  
**Chairman & President**  
**761 Terminal St. #1**  
**Los Angeles, CA 90021**

**Miss Angie Dickinson**  
**Treasurer**  
**P. O. Box 369**  
**Inglewood, CA 90306**

**Mr. Willie D. Davis**  
**Vice-President**  
**P. O. Box 369**  
**Inglewood, CA 90306**

**Mrs. Barbara Knight**  
**Secretary**  
**P. O. Box 369**  
**Inglewood, CA 90306**

**Rick Baedeker**  
**c/o Hollywood Park**

**Alvin Segel, Esq.**  
**Irell & Manella**

1050 South Prairie Ave  
Inglewood, CA 90301

1800 Avenue of the Stars, #900  
Los Angeles, CA 90067

- C. Dates the association will conduct races as charity racing days OR:  
D. Will the association pay the distributing agent an amount equal to the maximum required under B&P Code Section 19550(b)?  Yes

NOTICE TO APPLICANT: Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of B&P Code Section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 20% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of B&P Code Section 19556(b).

## 11. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

### A. Racing officials nominated:

Association Veterinarian(s)	<b>Jill Bailey, D.V.M.</b>
Clerk of Scales/Film Specialist	<b>Ruben Hernandez</b>
Clerk of the Course	<b>Melanie Stubblefield</b>
Horse Identifier	<b>Jennifer Paige</b>
Horseshoe Inspector	<b>Louis Damore</b>
Paddock Judge/Patrol Judge	<b>Ken Goldberg</b>
Patrol Judge	<b>Heather Correa</b>
Placing Judges	<b>Bob Moreno</b> <b>Kevin Colosi</b>
Starter	<b>Gary Brinson</b>
Timer	<b>Russell Hudak</b>

### B. Management officials in the racing department:

Director of Racing	<b>N/A</b>
Racing Secretary	<b>Martin Panza</b>
Assistant Racing Secretary	<b>Richard Wheeler and Daniel Eidson</b>
Paymaster of Purses	<b>Susan Winters</b>
Others (Asst. Clerk of Scales)	<b>Charles McCaul</b>

- C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards: **Weinstein Court Reporters, 9582 Hamilton Avenue, Suite 265 Huntington Beach, California 92646 (714) 964-7102**
- D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract: **Plusmic, USA 12/31/09**
- E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks. **Association provides its own service and equipment. Equipment utilized is described in Attachment "C"**

**Attachment C – Section 11E**VIDEO EQUIPMENTCAMERAS

Eight DXC-35 Sony Cameras  
 Six DXC-637 Sony Cameras  
 One BRC-H700 Sony remote control camera  
 Pan (Wide) w/44X1 Fuji Lens  
 Pan (Close up) w/55X1 Fuji Lens  
 7/8 Dirt Tower w/45X1 Canon Lens  
 7/8 Turf Tower w/22X1 Fuji Lens  
 1/4 Tower w/26X1 Angenieux Lens  
 3/16 Sony robo cam 16x1 Lens  
 3/8 Dirt Tower w/45X1 Canon Lens  
 3/8 Turf Tower w/33X1 Canon Lens  
 One Autodome PTZ Day/Night Color Camera 23X 1 lens for Turf Chute Backside  
 Winner's Circle w/18X1 Canon Lens  
 Paddock view Camera w/18X1  
 Ground Level Finish w/18X1 Canon Lens  
 Gate Start Camera w/15X1 Fuji Lens  
 Horse Tunnel Camera w/15X1 Canon Lens  
 Studio Camera w/15X1 Canon Lens  
 Paddock view Camera w/15X1

VIDEO TAPE RECORDING EQUIPMENT

12 - Channels Leitch 300 Video Servers  
 2 - BVW - 75 Beta SP (slo-mo)  
 4 - PVW – 2800 Beta Sp  
 1- DPS Velocity video edit system

DISTRIBUTION/SWITCHING EQUIPMENT

Utah 132X132 A/V Router  
 Ross Synergy 3 Production Switcher  
 Ross "Squeeze & Tease" four Channel Digital Video Effects Unit

OTHER

Four "Autotote" VGS Units - Betting Screens  
 Data links wagering system  
 2 - Chyron Graphics Systems - Max and Maxine  
 Charlson O'Hare Computer Graphics System  
 Clear-com "Matrix" Intercom System  
 Approximately 1,100 Color Televisions

- F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract: **American Teletimer, 12/31/09**

## 12. SECURITY CONTROLS

- A. Name and title of the person responsible for security controls on the premises. Include an organizational chart of the security department and a list of the names of security personnel and contact telephone numbers. **Don Barney, Director of Security 310/419-1395 – organizational chart attached.**
- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis:
- 35 Uniformed Officers**
  - 3 Agents**
  - 1 Firemen**
  - 10 Gatemen**
  - 3 Communication Operators**
1. Attach a written plan for enhanced security for graded/stakes races, and races of \$100,000 or more, to include the number of security guards in the restricted areas during a 24-hour period and a plan for detention barns. **Six hours prior to post time, officers or Backstretch Events Personnel will be assigned to each horse scheduled to run in all stakes races with a purse value of \$100,000 or more. The officers and Backstretch Event Personnel will all be equipped with a video surveillance camera and a security radio. There will be 2 additional uniformed officers throughout the backside during racing. During non-racing, nighttime hours there will be 2 officers per shift patrolling the backside. In the event that horse is assigned to the detention barn, uniformed officers will be assigned to that area for twenty-four hour surveillance. The horses will also be under video surveillance.**
2. Detention Barns:
- A. Attach a plan for use of graded stakes or overnight races.  
**Detention barn is used as required by the CHRB.**
- B. Number of security guards in the detention barn area during a 24-hour period.  
**As needed per horse, also one additional officer to cover relief/breaks.**
- C. Describe number and location of surveillance cameras in detention barn area.  
**There are currently 10 cameras over the stalls and 2 covering the shedrow. We have additional cameras on site ready for installation.**
3. TCO2 Testing:
- A. Number of races to be tested, and number of horses entered in each race to be tested.  
**Will follow CHRB staff directives to insure compliance with CHRB Rule 1843.6..**
- B. Plan for enhanced surveillance for trainers with high-test results **Will follow CHRB directives to insure compliance with CHRB Rule 1843.6.**
- C. Plan for detention barns for repeat offenders. **Will follow CHRB directives to insure compliance with CHRB Rule 1843.6.**

# Hollywood Park Security Department

Richard Welsh  
Fire Chief

Don Barney  
Director of Security & Safety  
(310) 419-1395

27 Uniformed  
Officers  
Allotted Manpower

Capt. Matt Bragg  
Field Services

Capt. Sherry  
Jones Hyson  
Support Services

Karl Young  
Administrative  
Agent

Lt. Bill Morgan  
Backside & Patrol  
Supervisor

Sgt. Lara  
Floor Officers

Bill Lux  
Dan Dye  
Glen Mosely  
Jack Stepanovitch  
Pat Uppstill  
Floor Agents

Sgt. Williams  
Sgt. Guerrero  
Sgt. Hogan  
Backside Support

11 Officers on  
Floor

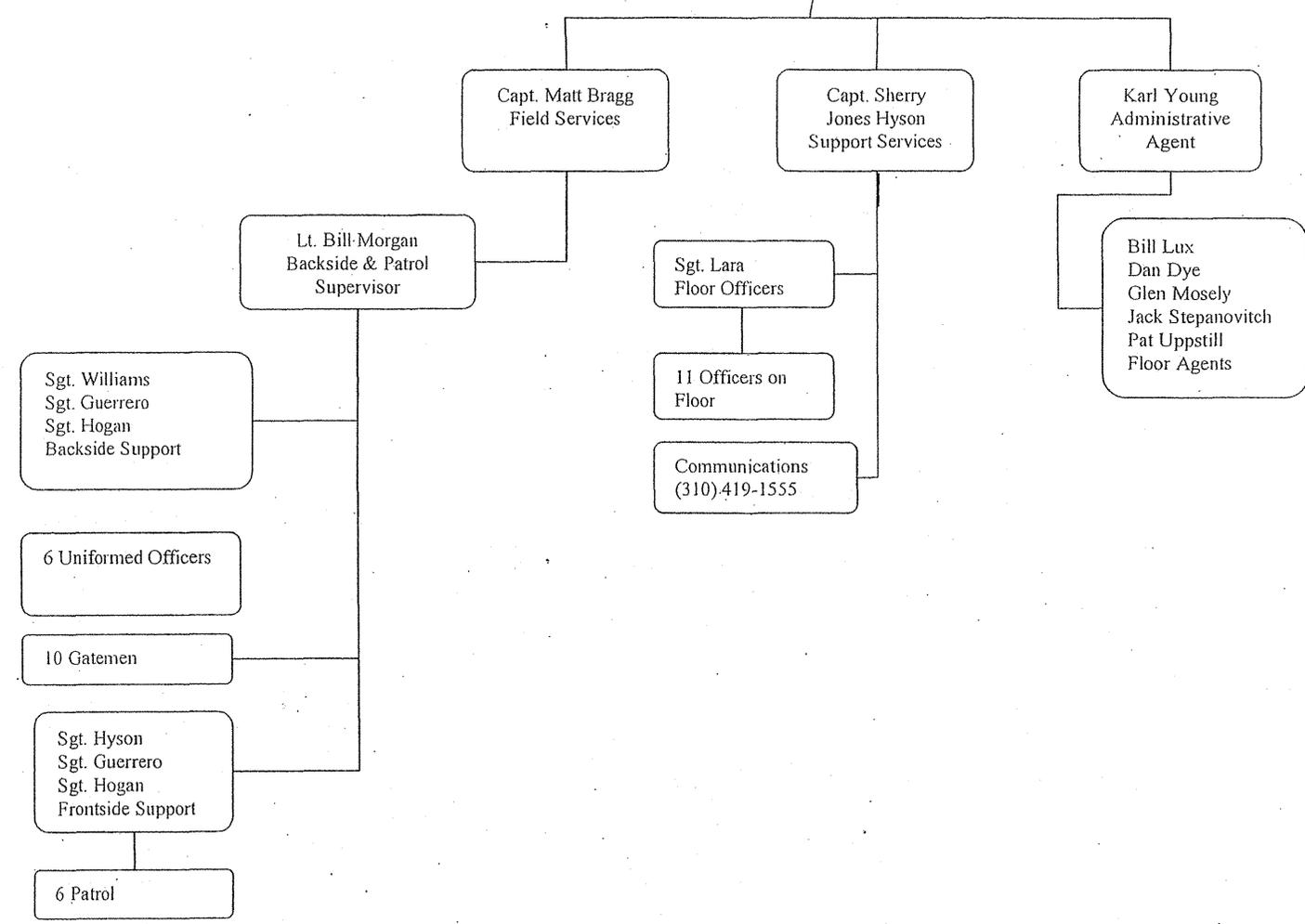
Communications  
(310) 419-1555

6 Uniformed Officers

10 Gatemen

Sgt. Hyson  
Sgt. Guerrero  
Sgt. Hogan  
Frontside Support

6 Patrol



D. Number of security personnel assigned to the TCO2 program.

**As needed per the advice of CHRB staff.**

C. Describe the electronic security system:

1. Location and number of video surveillance cameras for the detention barn and stable gate.

Camera at each of our two stable gates, also see 2C above

D. For night racing associations: Describe emergency lighting system: **The track lighting system, which is used primarily for Friday night racing is on a preferred electrical current provided by Southern California Edison. Additionally we have an emergency lighting system powered by two karolite 125 k.w. 277/480 volt generators which are activated and placed on line during the running of every race run after dark.**

### 13. EMERGENCY SERVICES

A. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races: **Huntington Ambulance Service, Box 145 Sunset Beach, California 562/904-1550**

B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites: **Santa Anita- Huntington Ambulance Service, Box 145 Sunset Beach, California 562/904-1550; Pomona-Cole Schafer Ambulance Service, 324 N. Town Ave., Pomona California 909/966-4727-800/966-4727; San Luis Rey Downs- North County Fire Protection District, Fallbrook, California-760/723-2006**

C. Describe the on-track first aid facility, including equipment and medical staffing: **Our first aid facility is located on the ground level in the hallway between the paymaster of purses and the track photographer offices. The rear entrance to the first aid facility opens to tunnel 1A and is approximately 12ft from the Jocks' room entrance. During training hours two certified EMTs are stationed in an ambulance located on the backstretch just off the main track. They have access to the first aid facility should the need arise. During racing hours two certified EMTs staff and maintain the first aid facility with an addition team of two EMTs stationed in an ambulance on the race track. Also during racing hours there is a medical doctor on duty who provided through Kerlan-Jobe clinic.**

**The facility is equipped with the following: beds, stethoscope, otoscope, flash light, forceps, clamps, scissors, scalpel, tourniquet, sterile syringes, blood pressure kit, oxygen, eye flushes, splints, bandages, trauma dressing, hydrogen peroxide etc., nasal packing, topical anesthetic, thermometer, Silver nitrate sticks (AgNO3), ice packs, backboards for spinal precautions, cervical collars, immobilization straps hare traction splints for closed femur fractures, KED splints, bag valve mask for CPR, Automated external defibrillator., oxygen masks, cannula tubing and a variety of addition supplies and over the counter drugs (aspirin etc.)**

D. Name and emergency telephone number of the licensed physician on duty during the race meeting: **Dr. John Goff 310/419 1562 There will be other doctors who will be pre scheduled to relieve Dr. Goff from time to time during the race meeting . That schedule will be provided to the CHRB when it becomes available.**

E. Name, address and emergency telephone number of the hospital to be used for admittance and treatment of emergency injuries in the event of an on-track injury to a jockey: **Centinela Hospital, 555 East Hardy Street, Inglewood, Ca- Dr Lee Wise - Chief of staff 310/697-9180**

- F. Attach, in English and Spanish, the emergency medical plan procedures that will be posted in each jockey's room to be used in the event of an on-track injury to a jockey: **Refer to Attachment "D"**
- G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to B& P Code 19481.3(d): **Don Barney Safety Manager- Randy Touburen, Assistant Safety Manager**
- H. Attach a fire clearance from the fire authority having jurisdiction over the premises.  
**Inspection has been requested**
- I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): **Commerce & Industry Insurance Company # On file**
- J. Attach a Certificate of Insurance for workers' compensation coverage. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of insurance that secures the liability of the association for payment of workers' compensation. **Attached**

**NOTICE TO APPLICANT:** Every licensee conducting a horse racing meeting shall pursuant to B&P Code 19481.3 maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to any quarter horse racing at the racetrack if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide emergency medical services to jockeys and riders. An ambulance licensed to operate on public highways provided by the track shall be available at all times during live racing and shall be staffed by two emergency medical technicians licensed in accordance with Division 2.5 (commencing with Section 1797) of the Health And Safety Code, one of whom may be an Emergency Medical Technician Paramedic, as defined in Section 1797.84 of the Health and Safety Code. (b) Each racing association and racing fair shall adopt and maintain an emergency medical plan detailing the procedures that shall be used in the event of an on-track injury. The plan shall be posted in each jockey room in English and Spanish. (c) Prior to every race meeting, the racing association or racing fair shall contact area hospitals to coordinate procedures for the rapid admittance and treatment of emergency injuries. (d) Each racing association or racing fair shall designate a health and safety manager and assistant manager, who shall be responsible for compliance with the provisions of this section and one of whom shall be on duty at all times when live racing is conducted. The health and safety manager may, at the discretion of the racing association, be the person designated to perform risk management duties on behalf of the association.

#### 14. CONCESSIONAIRES AND SERVICE CONTRACTORS

Names and addresses of all persons to whom a concession or service contract has been given, **other than those already identified**, and the goods and/or services to be provided by each: **See Attachment "E"**

#### 15. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

- A. Describe any promotional plans:

**See Attachment F.**

- B. Number of hosts and hostesses employed for meeting: **During the meet, we will employ up to 14 hosts and hostesses to handle group business and between 12 and 15 guest service personnel. We add another 15-20 people on promotional days for giveaways and sign-ups for the Hollywood Park Gold Club.**

Attachment D - Section 13

## MEMORANDUM

**From:** Don Barney, Director of Security & Safety

**Subject:** Emergency Medical Action Plan for Injured Jockeys

Since May 1, 2003 we at Hollywood Park have had in place an emergency medical action-plan for injured jockeys. There is now a new law requiring such an action plan. Pursuant to the Business and Professions Code section 19481.3 (b) each racing association shall adopt and maintain an emergency medical action plan for injured jockeys and shall be posted in English and Spanish within the jockeys room.

The system we have in effect follows the exact guidelines required by the above statute. The emergency action plan we deploy goes as follows:

“Upon the observed or reported injury of a jockey, medical assistance will be immediate. The responding medical technician, track doctor or security will contact communications (via hand held radio or calling 310 4191555). Security will then activate the emergency contact procedure. This procedure will be the responsibility of the Safety Director or his designee. The Safety Director will contact the Chief of Medical Staff at Centinela Hospital and prepare for the injured jockeys arrival. The phone number of Centinela Hospital is 310- 4198636 and is located at 555 East Hardy Street, Inglewood.

The Chief of Staff will ensure that his personnel are standing by to receive the injured jockey. The Chief of Staff will also contact any specialists who are contracted for the care of an injured jockey. This will lay the foundation for a rapid admittance and treatment of the injured Jockey. A Security Agent will also be dispatched to respond to the emergency room to assist family members of the injured jockey and to also maintain the integrity of the injured jockeys needs. It will also be the responsibility of the Security Agent to keep the Director of Safety informed as to the condition and progress of the injured jockey. It will be the responsibility of the Security Agent to obtain a copy of the accident from the T.V. department. The Security Agent will prepare a report as to the accident and treatment. The agent will also ensure that all workers compensation information pertaining to the jockey is accurate and current.”

**From:** Don Barney, Director of Security & Safety

**Subjecto:** Emergencia Medica Accion de plan para el Jinete Lastimado

Desde Mayo 1, 2003 Hollywood Park a tenido un plan de Emergencia Medica para los jinetes lastimados. Hay nueva ley que requiere accion de plan. Siguiendo las leyes del negocio y Profesion Codigo seccion 19481.3(b) cada asociado de carrera tiene que adaptar y mantener el plan de emergencia en el cuarto de los jinetes.

El sistema en efectivo que tenemos sigue exactamente todas las reglas y guias. El plan de emergencia se dirige asi:

“Asistencia medica sera inmediata al observar o reportar un jinete lastimado. El medico tecnico, el doctor de hipodromo o seguridad se comunicara via radio o llamara (310)419-1555. Seguridad activara el proceso de el contacto de emergencia. Este proceso sera la responsabilidad de el Director de Seguridad o su designado. El Director de Seguridad contactara al Jefe Medico de Centinela Hospital localizado en la 555 East Hardy

CHRB-17 (Rev. 12/06)  
Street, Inglewood.

El Jefe de Estafa se asegurara que su personal se encargue de recibir al jinete herido y contactar a otros especialistas en el contrato y cuidado de el jinete. Este fundamento sera rapido para admitir y tartar al jinete herido. Un agente de seguridad sera despachado al cuarto de Emergencia para asistir a la familia y mantener la integridad y necesidades de el jinete herido. Sera la responsabilidad del agente, reportar e informar al Director de Seguridad de la condicion y el progreso de el jinete. Es la responsabilidad del agente de obtener copia del accidente de el Departamento de Television. El agente se asegurara que toda la informacion de compensacion de trabajo que pertenezca a el jinete sea fija y corriente.”

# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE  
09/24/2008

<b>PRODUCER</b>  Willis North America, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 372305191	877-945-7378	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
		<b>INSURERS AFFORDING COVERAGE</b>	<b>NAIC#</b>
<b>INSURED</b>  Stockbridge Capital Group, LLC dba Hollywood Park 4 Embarcadero Center, Suite 3300 San Francisco, CA 94111	INSURER A: Commerce & Industry Insurance Company	19410-100	
	INSURER B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		

### COVERAGES

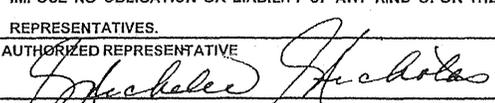
THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$  BODILY INJURY (Per person) \$  BODILY INJURY (Per accident) \$  PROPERTY DAMAGE (Per accident) \$
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$  OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
	<b>EXCESS/UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	3428561	9/23/2008	9/23/2009	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

### CERTIFICATE HOLDER

### CANCELLATION

CHRB 1010 Hurley Way Suite 300 Sacramento, CA 95825	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 
--	---

Attachment E - Section 14Concessionaires and Service Contractors

Levy Premium FoodService Limited Partnership      Food, Beverage, Liquor  
 980 North Michigan Avenue, Suite 400  
 Chicago, IL 60611

Robert J. Baedeker      Tip Sheet  
 Baedeker's Guide  
 130 West El Portal  
 San Clemente, California 92672

Harry Aqurarelli      Tip Sheet  
 Duke Racing Selections  
 6632 West 87<sup>th</sup> Street  
 Los Angeles, California 90045

Winners      Tip Sheet  
 Toby Turrell  
 14112 Enfield Circle  
 Westminster, California 92683

Bob's Card, Inc.      Tip Sheet  
 Tiffany Boland  
 6288 Highland Meadows  
 Medina, Ohio 44256

Today's Racing Digest  
 P. O. Box 85007  
 San Diego, California 92138

Thorograph  
 541 Hudson Street  
 New York City, New York 10014

New World Service, Inc.      Janitorial  
 1050 South Prairie  
 Inglewood, California 90301

Miscellaneous

Ann Roper Silks  
 c/o Ann Roper  
 P. O. Box 3547  
 Lennox, CA 90304

Western Saddlery  
 c/o A. Liederman  
 206 E. Hillsdale Blvd.  
 San Mateo, CA 94403

CHRB-17 (Rev. 12/06)

**Attachment F**

**Section 15 – A**

(To be submitted under separate cover)

- C. Describe facilities set aside for new fans:
- **Jockey Club/Ascot Terrace – During night racing, the Jockey Club Bar area and the Ascot Terrace will be the venue for a post race concert. The areas both overlook the track and during the races will be staffed with customer service representatives to answer racing related questions.**
  - **Saturday Handicapping Seminar with Kurt Hoover**
  - **Sunday Handicapping Seminar with George Ortuzar**
  - **Customer Service Booths – Throughout the facility there are Customer Service booths staffed to assist patrons with any requested information**
  - **Group Events – The track hires handicappers each day there are groups attending the races to educate new fans regarding handicapping.**
- D. Describe any improvements to the physical facility in advance of the meeting that directly benefit:
1. Horsemen
  2. Fans -
  3. Facilities in the restricted areas

**16. SCHEDULE OF CHARGES**

A. Proposed charges, note any changes from the previous year:

1) General Admission	\$ 8.00
a. 17 yrs. old and under	Free
b. Wed Senior Citizens	\$ 5.00
c. Thursday	Free
(2) Clubhouse Admission	\$ 10.00
(3) Turf Club	\$ 20.00
(4) Reserved seating	\$ 2.00
(5) General Parking	Free
(6) Preferred (Premium) Parking	\$ 5.00
(7) Valet Parking	\$10.00
(8) Programs	\$2.25

B. Describe any "Season Boxes" and "Turf Club Membership" fees:

Box Seats	*Turf Club Membership		
4 seat Box	\$1,600	Single Turf Club	\$ 800
6 seat Box	\$2,000	Double Turf Club	\$ 1,250
8 seat Box	\$2,600	Corporate Membership	\$ 2,400
8 seat SuperBox	\$3,000		

\*Includes Spring/Summer, Fall Meets and Simulcast

- C. Describe any "package" plans such as combined parking, admission and program:  
**Admission includes parking and program.**

**17. JOCKEYS/DRIVERS' QUARTERS**

- A. Check the applicable amenities available in the jockeys/drivers' quarters:
- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> Corners (lockers and cubicles) | How many  | <input type="text" value="80"/>                              |
| <input checked="" type="checkbox"/> Showers                        | <input checked="" type="checkbox"/> Steam room, sauna or steam cabinets | <input checked="" type="checkbox"/> Lounge area              |
| <input checked="" type="checkbox"/> Masseur                        | <input checked="" type="checkbox"/> Food/beverage service               | <input checked="" type="checkbox"/> Certified platform scale |
- B. Describe the quarters to be used for female jockeys/drivers: **Separate quarters including restroom facilities, showers, cubicles, scale, televisions, couch, food services, etc.**

**18. BACKSTRETCH EMPLOYEE HOUSING**

- A. Inspection of backstretch housing was completed by Jim Hamilton on 2/4/09.
- B. Number of rooms used for housing on the backstretch of the racetrack: **Approximately 450**
- C. Number of restrooms available on the backstretch of the racetrack: **77 including: 155 toilets, 81 urinals and 167 sinks.**
- D. Estimated ratio of restroom facilities to the number of backstretch personnel: **Minimum of 1 to 10 including non-resident personnel.**

**19. TRACK SAFETY**

- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line: **Main Track - 1 mile & 1/8 - 5,940 feet, Turf Track - 1 mile 165 feet - 5,445 feet**
- B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course. **Main Track - aluminum gooseneck post, aluminum railing, as well as aluminum safety panels covering the gooseneck post. Turf Course - inner rail - Fontana turf rail 40" in height, outer rail - metal uprights.**
- C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: **Dennis Moore**
- D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. **On file**
- E. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as

additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing. N/A

20. DECLARATIONS

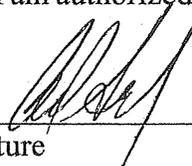
- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state): **No exceptions**
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044. **To be submitted under separate cover.**
- C. Attach a lease agreement permitting the association to occupy the racing facility during the entire term of the meeting. (In the absence of either a lease agreement or a horsemen's agreement, a request for an extension pursuant to CHRB Rule 1407 shall be made). **On File.**
- D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state): **No exceptions**
- E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state): **No exceptions**

NOTICE TO APPLICANT: Pursuant to CHRB Rules 1870 and 1871, the CHRB shall be given 15 days' notice in writing of any intention to terminate a horse racing meeting or the engagements or services of any licensee, approved concessionaire, or approved service contractor.

21. CERTIFICATION BY APPLICANT

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

Eual G. Wyatt  
Print Name

  
Signature

Vice President & General Manager  
Print Title

January 21, 2009  
Date

**CALIFORNIA HORSE RACING BOARD**

**MARCH 19, 2009**  
**REGULAR BOARD MEETING**

**There is no board package material for Item 2**

**Business and Professions Code  
19604 (i)(1) (See page 10)**

19604. The board may authorize any racing association, racing fair, betting system, or multijurisdictional wagering hub to conduct advance deposit wagering in accordance with this section. Racing associations, racing fairs, and their respective horsemen's organizations may form a partnership, joint venture, or any other affiliation in order to further the purposes of this section.

(a) As used in this section, the following definitions apply:

(1) "Advance deposit wagering" means a form of parimutuel wagering in which a person residing within California or outside of this state establishes an account with an ADW provider, and subsequently issues wagering instructions concerning the funds in this account, thereby authorizing the ADW provider holding the account to place wagers on the account owner's behalf.

(2) "ADW provider" means a licensee, betting system, or multijurisdictional wagering hub, located within California or outside this state, that is authorized to conduct advance deposit wagering pursuant to this section.

(3) "Betting system" means a business conducted exclusively in this state that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(4) "Breed of racing" means as follows:

(A) With respect to associations and fairs licensed by the board to conduct thoroughbred, fair, or mixed breed race meetings, "breed of racing" shall mean thoroughbred.

(B) With respect to associations licensed by the board to conduct quarter horse race meetings, "breed of racing" shall mean quarter horse.

(C) With respect to associations and fairs licensed by the board to conduct standardbred race meetings, "breed of racing" shall mean standardbred.

(5) "Contractual compensation" means the amount paid to an ADW provider from advance deposit wagers originating in this state. Contractual compensation includes, but is not limited to, hub fee payments, and may include host fee payments, if any, for out-of-state and out-of-country races. Contractual compensation is subject to the following requirements:

(A) Excluding contractual compensation for host fee payments, contractual compensation shall not exceed 6.5 percent of the amount wagered.

(B) The host fee payments included within contractual compensation shall not exceed 3.5 percent of the amount wagered. Notwithstanding this provision, the host fee payment with respect to wagers on the Kentucky Derby, Preakness Stakes, Belmont Stakes, and selected Breeders' Cup Championship races may be negotiated by the ADW provider, the racing associations accepting wagers on those races pursuant to Section 19596.2, and the horsemen's organization.

(C) In order to ensure fair and consistent market access fee distributions to associations, fairs, horsemen, and breeders, for each breed of racing, the percentage of wagers paid as contractual compensation to an ADW provider pursuant to the terms of

a hub agreement with a racing association or fair when that racing association or fair is conducting live racing shall be the same as the percentage of wagers paid as contractual compensation to that ADW provider when that racing association or fair is not conducting live racing.

(6) "Horsemen's organization" means, with respect to a particular racing meeting, the organization recognized by the board as responsible for negotiating purse agreements on behalf of horsemen participating in that racing meeting.

(7) "Hub agreement" means a written agreement providing for contractual compensation paid with respect to advance deposit wagers placed by California residents on a particular breed of racing conducted outside of California. In the event a hub agreement exceeds a term of two years, then an ADW provider, one or more racing associations or fairs that together conduct no fewer than five weeks of live racing for the breed covered by the hub agreement, and the horsemen's organization responsible for negotiating purse agreements for the breed covered by the hub agreement shall be signatories to the hub agreement. A hub agreement is required for an ADW provider to receive contractual compensation for races conducted outside of California.

(8) "Hub agreement arbitration" means an arbitration proceeding pursuant to which the disputed provisions of the hub agreement pertaining to the hub or host fees from wagers on races conducted outside of California provided pursuant to paragraph (2) of subdivision (b) are determined in accordance with the provisions of this paragraph. If a hub agreement arbitration is requested, all of the following shall apply:

(A) The ADW provider shall be permitted to accept advance deposit wagers from California residents.

(B) The contractual compensation received by the ADW provider shall be the contractual compensation specified in the hub agreement that is the subject of the hub agreement arbitration.

(C) The difference between the contractual compensation specified in subparagraph (B) and the contractual compensation determined to be payable at the conclusion of the hub agreement arbitration shall be calculated and paid within 15 days following the arbitrator's decision and order. The hub agreement arbitration shall be held as promptly as possible, but in no event more than 60 days following the demand for that arbitration. The arbitrator shall issue a decision no later than 15 days following the conclusion of the arbitration. A single arbitrator jointly selected by the ADW provider and the party requesting a hub agreement arbitration shall conduct the hub agreement arbitration. However, if the parties cannot agree on the arbitrator within seven days of issuance of the written demand for arbitration, then the arbitrator shall be selected pursuant to the Streamlined Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services, or pursuant to the applicable rules of its successor organization. In making the hub agreement arbitration determination, the arbitrator shall be required to choose between the contractual compensation of the hub agreement agreed to by the ADW provider or whatever different terms for the hub agreement were proposed by the party requesting the hub agreement arbitration. The arbitrator shall not be permitted to impose new, different, or compromised terms to the hub

agreement. The arbitrator's decision shall be final and binding on the parties. If an arbitration is requested, either party may bring an action in state court to compel a party to go into arbitration or to enforce the decision of the arbitrator. The cost of the hub agreement arbitration, including the cost of the arbitrator, shall be borne in equal shares by the parties to the hub agreement and the party or parties requesting a hub agreement arbitration. The hub agreement arbitration shall be administered by the Judicial Arbitration and Mediation Services pursuant to its Streamlined Arbitration Rules and Procedures or its successor organization.

(9) "Incentive awards" means those payments provided for in Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The amount determined to be payable for incentive awards under this section shall be payable to the applicable official registering agency and thereafter distributed as provided in this chapter.

(10) "Licensee" means any racing association or fair licensed to conduct a live racing meet in this state, or affiliation thereof, authorized under this section.

(11) "Market access fee" means the amount of advance deposit wagering handle remaining after the payment of winning wagers, and after the payment of contractual compensation, if any, to an ADW provider. Market access fees shall be distributed in accordance with subdivision (f).

(12) "Multijurisdictional wagering hub" means a business conducted in more than one jurisdiction that facilitates parimutuel wagering on races it simulcasts and other races it offers in its wagering menu.

(13) "Racing fair" means a fair authorized by the board to conduct live racing.

(14) "Zone" means the zone of the state, as defined in Section 19530.5, except as modified by the provisions of subdivision (f) of Section 19601. For these purposes, the central and southern zones shall together be considered one zone.

(b) Wagers shall be accepted according to the procedures set forth in this subdivision.

(1) No ADW provider shall accept wagers or wagering instructions on races conducted in California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) A written agreement allowing those wagers exists with the racing association or fair conducting the races on which the wagers are made.

(C) The agreement referenced in subparagraph (B) shall have been approved in writing by the horsemen's organization responsible for negotiating purse agreements for the breed on which the wagers are made in accordance with the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of those wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider. For purposes of this subdivision, the substantive provisions of the Interstate Horseracing Act shall be taken into account without regard to whether, by its own terms, that act is applicable to advance deposit wagering on races conducted in California accepted from residents of California.

(2) No ADW provider shall accept wagers or wagering instructions on races conducted outside of California from a resident of California unless all of the following conditions are met:

(A) The ADW provider is licensed by the board.

(B) There is a hub agreement between the ADW provider and one or both of (i) one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wager is placed, and (ii) the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted.

(C) If the parties referenced in clauses (i) and (ii) of subparagraph (B) are both signatories to the hub agreement, then no party shall have the right to request a hub agreement arbitration.

(D) If only the party or parties referenced in clause (i) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide a copy of the hub agreement to the horsemen's organization responsible for negotiating purse agreements for the breed on which wagering is conducted for each race conducted outside of California on which California residents may place advance deposit wagers. Prior to receipt of the hub agreement, the horsemen's organization shall sign a nondisclosure agreement with the ADW provider agreeing to hold confidential all terms of the hub agreement. If the horsemen's organization wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the copy of the hub agreement, and shall provide its alternate proposal to the hub and host fees specified in the hub agreement with that written notice. If the horsemen's organization does not provide that written notice within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If the horsemen's organization does provide that written notice within the 10-day period, then the ADW provider shall have 10 days to elect in writing to do one of the following:

(i) Abandon the hub agreement.

(ii) Accept the alternate proposal submitted by the horsemen's organization.

(iii) Proceed with a hub agreement arbitration.

(E) If only the party referenced in clause (ii) of subdivision (B) is a signatory to the hub agreement, then the signatories to the hub agreement shall, within five days of execution of the hub agreement, provide written notice of the host and hub fees applicable pursuant to the hub agreement for each race conducted outside of California on which California residents may place advance deposit wagers, which notice shall be provided to all racing associations and fairs conducting live racing of the same breed covered by the hub agreement. If any racing association or fair wants to request a hub agreement arbitration, it shall send written notice of its election to the signatories to the hub agreement within 10 days after receipt of the notice of host and hub fees. It shall also provide its alternate proposal to the hub and host fees specified in the hub agreement with the notice of its election. If more than one racing association or fair provides notice of their request for hub agreement arbitration, those racing associations or fairs, or both, shall have a period of five days to jointly agree upon which of their

alternate proposals shall be the official proposal for purposes of the hub agreement arbitration. If one or more racing associations or fairs that together conduct no fewer than five weeks of live racing on the breed on which wagering is conducted during the calendar year during which the wager is placed does not provide written notice of their election to arbitrate within the 10-day period, then no party shall have the right to request a hub agreement arbitration. If a valid hub agreement arbitration request is made, then the ADW provider shall have 10 days to elect in writing to do one of the following:

- (i) Abandon the hub agreement.
- (ii) Accept the alternate proposal submitted by the racing associations or fairs.
- (iii) Proceed with a hub agreement arbitration.

The results of any hub agreement arbitration elected pursuant to this subdivision shall be binding on all other associations and fairs conducting live racing on that breed.

(F) The acceptance thereof is in compliance with the provisions of the Interstate Horseracing Act (15 U.S.C. Sec. 3001, et seq.), regardless of the location of the ADW provider, whether in California or otherwise, including, without limitation, any and all requirements contained therein with respect to written consents and required written agreements of horsemen's groups to the terms and conditions of the acceptance of such wagers and any arrangements as to the exclusivity between the host racing association or fair and the ADW provider.

(c) An advance deposit wager may be made only by the ADW provider holding the account pursuant to wagering instructions issued by the owner of the funds communicated by telephone call or through other electronic media. The ADW provider shall ensure the identification of the account's owner by using methods and technologies approved by the board. Any ADW provider that accepts wagering instructions concerning races conducted in California, or accepts wagering instructions originating in California, shall provide a full accounting and verification of the source of the wagers thereby made, including the postal ZIP Code and breed of the source of the wagers, in the form of a daily download of parimutuel data to a database designated by the board. The daily download shall be delivered in a timely basis using file formats specified by the database designated by the board, and shall include any and all data necessary to calculate and distribute moneys according to the rules and regulations governing California parimutuel wagering. Any and all reasonable costs associated with the creation, provision, and transfer of this data shall be borne by the ADW provider.

(d) (1) (A) The board shall develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for ADW providers operating in California.

(B) The board shall not approve an application for an original or renewal license as an ADW provider unless the entity, if requested in writing by a bona fide labor organization no later than ninety days prior to licensing, has entered into a contractual agreement with that labor organization that provides all of the following:

- (i) The labor organization has historically represented employees who accept or process any form of wagering at the nearest horse racing meeting located in California.

(ii) The agreement establishes the method by which the ADW provider will agree to recognize and bargain in good faith with a labor organization which has demonstrated majority status by submitting authorization cards signed by those employees who accept or process any form of wagering for which a California ADW license is required.

(iii) The agreement requires the ADW provider to maintain its neutrality concerning the choice of those employees who accept or process any form of wagering for which a California ADW license is required whether or not to authorize the labor organization to represent them with regard to wages, hours, and other the terms and conditions of employment.

(iv) The agreement applies to those classifications of employees who accept or process wagers for which a California ADW license is required whether the facility is located within or outside of California.

(C) (i) The agreement required by subparagraph (B) shall not be conditioned by either party upon the other party agreeing to matters outside the requirements of subparagraph (B).

(ii) The requirement in subparagraph (B) shall not apply to an ADW provider which has entered into a collective bargaining agreement with a bona fide labor organization that is the exclusive bargaining representative of employees who accept or process parimutuel wagers on races for which an ADW license is required whether the facility is located within or outside California.

(D) Permanent state or county employees and nonprofit organizations that have historically performed certain services at county, state, or district fairs may continue to provide those services.

(E) Parimutuel clerks employed by racing associations or fairs or employees of ADW providers who accept or process any form of wagers who are laid off due to lack of work shall have preferential hiring rights for new positions with their employer in occupations whose duties include accepting or processing any form of wagers, or the operation, repair, service, or maintenance of equipment that accepts or processes any form of wagering at a racetrack, satellite wagering facility, or ADW provider licensed by the board. The preferential hiring rights established by this subdivision shall be conditioned upon the employee meeting the minimum qualification requirements of the new job.

(2) The board shall develop and adopt rules and regulations requiring ADW providers to establish security access policies and safeguards, including, but not limited to, the following:

(A) The ADW provider shall use board-approved methods to perform location and age verification confirmation with respect to persons establishing an advance deposit wagering account.

(B) The ADW provider shall use personal identification numbers (PINs) or other technologies to assure that only the accountholder has access to the advance deposit wagering account.

(C) The ADW provider shall provide for withdrawals from the wagering account only by means of a check made payable to the accountholder and sent to the address of the accountholder or by means of an electronic transfer to an account held by the

verified accountholder or the accountholder may withdraw funds from the wagering account at a facility approved by the board by presenting verifiable account identification information.

(D) The ADW provider shall allow the board access to its premises to visit, investigate, audit and place expert accountants and other persons it deems necessary for the purpose of ensuring that its rules and regulations concerning credit authorization, account access, and other security provisions are strictly complied with. To ensure that the amounts retained from the parimutuel handle are distributed under law, rules, or agreements, any ADW provider that accepts wagering instructions concerning races conducted in California or accepts wagering instructions originating in California shall provide an independent "agreed upon procedures" audit for each California racing meeting, within 60 days of the conclusion of the race meeting. The auditing firm to be used and the content and scope of the audit, including host fee obligations, shall be set forth in the applicable agreement. The ADW provider shall provide the board, horsemen's organizations, and the host racing association with an annual parimutuel audit of the financial transactions of the ADW provider with respect to wagers authorized pursuant to this section, prepared in accordance with generally accepted auditing standards and the requirements of the board. Any and all reasonable costs associated with those audits shall be borne by the ADW provider.

(3) The board shall prohibit advance deposit wagering advertising that it determines to be deceptive to the public. The board shall also require, by regulation, that every form of advertising contain a statement that minors are not allowed to open or have access to advance deposit wagering accounts.

(e) In order for a licensee, betting system, or multijurisdictional wagering hub to be approved by the board as an ADW provider, it shall meet both of the following requirements:

(1) All wagers thereby made shall be included in the appropriate parimutuel pool under a contractual agreement with the applicable host track.

(2) The amounts deducted from advance deposit wagers shall be in accordance with the provisions of this chapter.

(f) After the payment of contractual compensation, the amounts received as market access fees from advance deposit wagers, which shall not be considered for purposes of Section 19616.51, shall be distributed as follows:

(1) An amount equal to 0.0011 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis.

(2) An amount equal to 0.0003 multiplied by the amount handled on advance deposit wagers originating in California for each racing meeting shall be distributed to the Department of Industrial Relations to cover costs associated with audits conducted pursuant to Section 19526 and for the purposes of reimbursing the State Mediation and Conciliation Service for costs incurred pursuant to this bill. However, if that amount would exceed the costs of the Department of Industrial Relations, the amount distributed to the department shall be reduced, and that reduction shall be forwarded to

an organization designated by the racing association or fair described in subdivision (a) for the purpose of augmenting a compulsive gambling prevention program specifically addressing that problem.

(3) An amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California for each racing meeting shall be distributed as follows:

(A) One-half of the amount shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) One-half of the amount shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

(4) With respect to wagers on each breed of racing that originate in California, an amount equal to two percent of the first two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to 1.5 percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, an amount equal to one percent of the next two hundred fifty million dollars (\$250,000,000) of handle from all advance deposit wagers originating from within California annually, and an amount equal to 0.50 percent of handle from all advance deposit wagers originating from within California in excess of seven hundred fifty million dollars (\$750,000,000) annually, shall be distributed as satellite wagering commissions. Satellite facilities that were not operational in 2001, other than one each in the cities of Inglewood and San Mateo, and two additional facilities each operated by the Alameda County Fair and the Los Angeles County Fair and their partners and other than existing facilities which are relocated, are not eligible for satellite wagering commission distributions under this section. The satellite wagering facility commissions calculated in accordance with this subdivision shall be distributed to each satellite wagering facility and racing association or fair in the zone in which the wager originated in the same relative proportions that the satellite wagering facility or the racing association or fair generated satellite commissions during the previous calendar year. If there is a reduction in the satellite wagering commissions pursuant to this section, the benefits therefrom shall be distributed equitably as purses and commissions to all associations and racing fairs generating advance deposit wagers in proportion to the handle generated by those associations and racing fairs. For purposes of this section, the purse funds distributed pursuant to Section 19605.72 shall be considered to be satellite wagering facility commissions attributable to thoroughbred races at the locations described in that section.

(5) After the distribution of the amounts set forth in paragraphs (1) to (4), inclusive, the remaining market access fees from advance deposit wagers originating in California shall be as follows:

(A) With respect to wagers on each breed of racing, the amount remaining shall be distributed to the racing association or fair that is conducting live racing on that breed during the calendar period in the zone in which the wager originated. That amount shall be allocated to that racing association or fair as commissions; to horsemen participating in that racing meeting in the form of purses, and as incentive awards, in the same relative proportion as they were generated or earned during the prior calendar year at that racing association or fair on races conducted or imported by that racing association or fair after making all deductions required by applicable law. Notwithstanding any other provision of law, the distributions with respect to each breed of racing set forth in this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by the respective associations, fairs, horsemen's organizations, and breeders organizations receiving those distributions.

(B) If the provisions of Section 19601.2 apply, then the amount distributed to the applicable racing associations or fairs shall first be divided between those racing associations or fairs in direct proportion to the total amount wagered in the applicable zone on the live races conducted by the respective association or fair. Notwithstanding this requirement, when the provisions of subdivision (b) of Section 19607.5 apply to the 2nd District Agricultural Association in Stockton or the California Exposition and State Fair in Sacramento, then the total amount distributed to the applicable racing associations or fairs shall first be divided equally, with 50 percent distributed to applicable fairs and 50 percent distributed to applicable associations.

(C) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country thoroughbred races conducted after 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions to thoroughbred associations and racing fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A), and the remaining 50 percent, together with the total amount remaining from advance deposit wagering originating from California out-of-state and out-of-country harness and quarter horse races conducted after 6 p.m., Pacific time, shall be distributed as commissions on a pro rata basis to the applicable licensed quarter horse association and the applicable licensed harness association, based upon the amount handled in state, both on- and off-track, on each breed's own live races in the previous year by that association, or its predecessor association. One-half of the amount thereby received by each association shall be retained by that association as a commission, and the other half of the money received shall be distributed as purses to the horsemen participating in its current or next scheduled licensed racing meeting.

(D) Notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country nonthoroughbred races conducted before 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions as provided in subparagraph (C) for licensed quarter horse and harness associations, and the remaining 50 percent shall be distributed as commissions to the applicable thoroughbred associations or fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A).

(E) Notwithstanding any provision of this section to the contrary, the distribution of market access fees pursuant to this subparagraph may be altered upon the approval of the board, in accordance with an agreement signed by all parties whose distributions would be affected.

(g) A racing association, a fair, or a satellite wagering facility may enter into an agreement with an ADW provider to accept and facilitate the placement of any wager from a patron at its facility that a California resident could make through that ADW provider. Deductions from wagers made pursuant to such an agreement shall be distributed in accordance with the provisions of this chapter governing wagers placed at that facility, except that the board may authorize alternative distributions as agreed to by the ADW provider, the operator of the facility accepting the wager, the association or fair conducting that breed of racing in the zone where the wager is placed, and the respective horsemen's organization.

(h) Any issues concerning the interpretation or application of this section shall be resolved by the board.

**(i) Amounts distributed under this section shall be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advanced deposit wagers originating in California for each racing meeting, and shall not exceed two million dollars (\$2,000,000). The method used to calculate the reduction in proportionate share shall be approved by the board. The amount deducted shall be distributed as follows:**

**(1) Fifty percent of the money to the California Horse Racing Board to establish and to administer jointly with the organization certified as the majority representative of California licensed jockeys pursuant to Section 19612.9, a defined contribution retirement plan for California licensed jockeys who retired from racing on or after January 1, 2009, and who, as of the date of their retirement, had ridden in a minimum of 1,250 parimutuel races conducted in California.**

(2) The remaining 50 percent of the money shall be distributed as follows:

(A) Seventy percent shall be distributed to supplement the trainer-administered pension plans for backstretch personnel established pursuant to Section 19613. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19613 or any other provision of law.

(B) Thirty percent shall be distributed to the welfare fund established for the benefit of horsemen and backstretch personnel pursuant to subdivision (b) of Section 19641. Moneys distributed pursuant to this subparagraph shall supplement, and not supplant, moneys distributed to that fund pursuant to Section 19641 or any other provision of law.

STAFF ANALYSIS  
PROPOSED AMENDMENT OF BOARD RULE 1979  
TRIFECTA

Regular Board Meeting  
March 19, 2009

#### BACKGROUND

Business and Professions Code section 19440 provides that the Board shall have all powers necessary to enable it to adopt rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Business and Professions Code section 19590 states that the Board shall adopt rules governing, permitting, and regulating wagering on horse races under a system known as the pari-mutuel method of wagering. Rule 1979, Trifecta, currently requires that there be at least six wagering interests scheduled to start when a Trifecta pool opens for wagering in California.

Golden Gate Fields has requested that the minimum number of horses scheduled to start in a race before a Trifecta pool may open for wagering be reduced from six horses to five horses.

#### ANALYSIS

The Golden Gate Fields request for an amendment to Rule 1979 was accompanied by a synopsis of Trifecta rules from racetracks across the nation (see attachment). Many of the racetracks allow a Trifecta pool with as few as five wagering interests scheduled to start. This places California at a disadvantage, as the current regulation used in this State places it among the most restrictive in the nation. When a California racing association is unable to open a trifecta pool because it cannot meet the higher threshold for wagering interests, racing fans will place trifecta wagers in out-of-state venues. Lowering the required number of horses scheduled to start will place California racing associations on an equal footing with other racing jurisdictions and help keep wagering dollars in this State.

#### RECOMMENDATION

This item is presented for Board discussion and action.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1979. TRIFECTA

Regular Board Meeting  
March 19, 2009

1979. Trifecta.

(a) The Trifecta is a separate pari-mutuel pool established on a single race. The pool consists of amounts wagered on horses to finish first, second and third in that exact order. It is not a parlay and has no connection with or relation to other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Trifecta ticket is evidence of a binding contract between the holder of the ticket and the association and constitutes acceptance of Trifecta provisions and rules contained in this article.

(c) No Trifecta pool shall be established for a race with less than ~~six~~ five wagering interests scheduled to start when the Trifecta pool opens for wagering in California. A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for pari-mutuel purposes in accordance with Rule 1974.

(d) After the stewards' official order of finish is posted, the association shall distribute the net pool to holders of valid tickets that correctly selected the first, second and third finishers.

(e) In a dead heat for first or second position, only tickets selecting the correct order of finish for the first three finishers shall be winning tickets; that is, two horses in a dead heat for first shall be first and second, in either position; and two horses in a dead heat for second shall

be second and third, in either position. In a triple dead heat for first, the three horses shall be the winning combination regardless of the order of selection. In a triple dead heat for second, tickets with the correct first selection and two of the three horses shall be winning tickets. In a triple dead heat for third, tickets with the correct first and second selection and one of the three horses shall be winning tickets.

(f) If no ticket correctly selected the first, second and third position, the net pool shall be paid for tickets that selected first and second. If no ticket selected first and second the net pool shall be paid for tickets that selected first. The association shall refund the entire pool if no ticket selected first.

(g) If the stewards scratch a horse before wagering is closed, the association may exchange any ticket that includes the scratched horse. After wagering is closed, tickets selecting a scratched horse or a horse the stewards declared a nonstarter shall be eliminated from the pool and the purchase price refunded.

Authority: Sections 19440, and 19590,  
Business and Professions Code.

Reference: Section 19590,  
Business and Professions Code.

**Trifecta & Superfecta Minimum Betting Interest Requirements At Other Race Tracks (BI = Betting Interests)**

<b>Race Track</b>	<b>Trifecta Rules</b>	<b>Superfecta Rules</b>
Beulah Park / Thistledown	No minimum BI or Runner requirements. Track management can offer or scratch pool at their discretion.	No minimum BI or Runner requirements. Track management can offer or scratch pool at their discretion.
Blue Ribbon / Remington Park	No minimum BI or Runner requirements. Track management can offer pool at their discretion. Can scratch pool if 6 BI or less.	No minimum BI or Runner requirements. Track management can offer pool at their discretion. Can scratch pool if 7 BI or less.
Portland Meadows	No minimum BI or Runner requirements. Track management can offer or scratch pool at their discretion.	No minimum BI or Runner requirements. Track management can offer or scratch pool at their discretion.
Emerald Downs	Must Open With 4 BI; Pool refunded if scratched below 4 BI.	Must Open With 6 BI; Pool refunded if scratched below 6 BI.
Calder / Gulfstream Park Tampa Bay Downs	Must Open With 5 BI; Pool refunded if scratched below 5 BI.	Must Open With 5 BI; Pool refunded if scratched below 5 BI.
Laurel Park / Pimlico / MJC	Must have 5 BI in Program to offer; Must open betting with at least 4 BI; Pool refunded if scratched to 3 BI or less.	Must have 6 BI in Program to offer; Must open betting with at least 5 BI; Pool refunded if scratched to 4 BI or less.
Churchill Downs / Ellis Park Keeneland / Turfway Park	Must Open With 5 BI; Pool refunded if scratched below 5 BI. Can get permission to offer pool on Stakes races not meeting the minimums.	Must Open With 6 BI; Pool refunded if scratched below 6 BI. Can get permission to offer pool on Stakes races not meeting the minimums.
Lone Star Park	Must get stewards permission to offer pool. Must open with at least 5 BI.	Must get stewards permission to offer pool. Must open with at least 6 BI.
Meadowlands / Monmouth Park	Must Open With 5 BI; Pool refunded if scratched below 5 BI.	Must Open With 6 BI; Pool refunded if scratched below 6 BI.
Rockingham Park	Must Open With 5 BI; Pool refunded if scratched below 5 BI.	Must Open With 6 BI; Pool refunded if scratched below 6 BI.
Sunland Park / The Downs Zia Park	Must Open With 5 BI; Pool refunded if scratched below 4 BI.	Must Open With 7 BI; Pool refunded if scratched below 5 BI.

**Trifecta & Superfecta Minimum Betting Interest Requirements At Other Race Tracks (BI = Betting Interests)**

Race Track	Trifecta Rules	Superfecta Rules
NYRA / Aqueduct / Belmont Park Saratoga	Stakes or Allowance races must open with 5 BI. All other races must open with 6 BI. Pools refunded if scratched below 5 BI for Stakes and Allowance races, & below 6 BI for all others.	Must Open With 8 BI; Must have 7 BI leave the paddock. Pool refunded if scratched to less than 7 BI.
Penn National / Philly Park	Must Open With 6 BI; Pool refunded if scratched below 5 BI.	Must Open With 6 BI; Pool refunded if scratched below 5 BI.
Arlington / Hawthorne	Must Open With 6 BI; Can scratch to 5 BI. Pool refunded if scratched below 5 BI. Can get permission to offer pool on Stakes races not meeting the minimums.	Must Open With 7 BI; Can scratch to 6 BI. Pool refunded if scratched below 6 BI. Can get permission to offer pool on Stakes races not meeting the minimums.
Fair Grounds / Louisiana Downs	Must be 6 BI entered in race; Pool refunded if scratched below 3 BI. Can get permission to offer on Stakes races not meeting minimums.	Must be 8 BI entered in race; Pool refunded if scratched below 4 BI. Can get permission to offer on Stakes races not meeting minimums.
Prairie Meadows	Must Open With 6 BI; Pool refunded if scratched below 5 BI.	Must Open With 7 BI; Pool refunded if scratched below 6 BI.
Turf Paradise / Yavapai Downs	Must Open With 6 BI; Pool refunded if scratched below 3 BI.	Must Open With 7 BI; Pool refunded if scratched below 4 BI.
California Thoroughbred Tracks	Must Open With 6 BI; Pool refunded if scratched below 3 BI.	Must Open With 8 BI; Pool refunded if scratched below 4 BI.
Oaklawn Park	Must Open With 6 BI; Pool refunded if scratched below 5 BI.	Must Open With 8 BI; Pool refunded if scratched below 7 BI.
Canterbury Park	Must Open With 6 BI; Pool refunded if scratched below 6 BI.	Must Open With 8 BI; Pool refunded if scratched below 8 BI.

STAFF ANALYSIS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1979.1. SUPERFECTA

Regular Board Meeting  
March 19, 2009

BACKGROUND

Business and Professions Code section 19440 provides that the responsibilities of the Board shall include adopting regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Business and Professions Code section 19590 states the Board shall adopt rules governing, permitting, and regulating mutuel wagering on horse races under a system known as the pari-mutuel method of wagering. Board Rule 1979.1, Superfecta, currently requires eight wagering interests scheduled to start when a Superfecta pool opens for wagering.

Golden Gate Fields has requested that the required number of racing interests scheduled to start when a Superfecta pool opens for wagering be reduced from eight to seven.

ANALYSIS

The Golden Gate Fields request for an amendment to Rule 1979.1 was accompanied by a synopsis of Superfecta rules from racetracks across the nation (see attached). The required number of racing interests scheduled to start for a Superfecta pool range from five to eight wagering interests. According to the attached synopsis, this places California's Superfecta at the high end. The proposed amendment to Rule 1979.1 will reduce the required number of horses scheduled to start when a Superfecta pool opens from eight horses to seven horses. Golden Gate Fields states that it is currently at a disadvantage when competing with other tracks across the country, as they are able to offer a Superfecta pool with a lower number of minimum runners. Lowering the minimum number of scheduled starters would benefit California patrons by giving them more opportunities to wager on California product, and would bring California in line with Superfecta standards established at most out-of-state racing venues.

RECOMMENDATION

This item is presented for Board discussion and action.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1979.1. SUPERFECTA

Regular Board Meeting  
March 19, 2009

1979.1. Superfecta.

(a) The Superfecta is a separate pari-mutuel pool established on a single race. The pool consists of amounts wagered on horses to finish first, second, third, and fourth in that exact order. It is not a parlay and has no connection with other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Superfecta ticket is evidence of a binding contract between the holder of the ticket and the association and constitutes acceptance of Superfecta provisions and rules contained in this article.

(c) No Superfecta pool shall be established for a race with less than ~~eight~~ seven wagering interests scheduled to start when the Superfecta pool opens for wagering in California. A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of the entry starts for pari-mutuel purposes under Rule 1974 of this division.

(d) After the stewards' official order of finish is posted, the association shall distribute the net pool to holders of valid tickets that select the first, second, third, and fourth finishers.

(e) In a dead heat for first, second, or third position, only tickets selecting the correct order of finish for the first four finishers shall be winning tickets; that is, two horses in a dead heat for first shall be first and second, in either position; two horses in a dead heat for second

shall be second and third, in either position; and two horses in a dead heat for third shall be third and fourth, in either position. In a dead heat for fourth, tickets with the correct first, second, and third selection and one of the two horses in the dead heat for fourth shall be winning tickets. In a triple dead heat for first, tickets selecting the three horses in the dead heat, regardless of the order of selection, and the horse finishing fourth shall be winning tickets. In a triple dead heat for second, tickets with the correct first selection and all three horses in the dead heat shall be winning tickets. In a triple dead heat for third, tickets with the correct first and second selection and two of the three horses in the dead heat shall be winning tickets. In a triple dead heat for fourth, tickets with the correct first, second, and third selection and one of the horses in the dead heat shall be winning tickets.

(f) If no ticket selects the first, second, third, and fourth position, the net pool shall be paid for tickets that select first, second, and third. If no ticket selects first, second, and third position, the net pool shall be paid for tickets that select first and second. If no ticket selects first and second, the net pool shall be paid for tickets that select first. The association shall refund the entire pool if no ticket selects first.

(g) If the stewards scratch a horse before wagering is closed, the association may exchange any ticket that includes the scratched horse. After wagering is closed, tickets selecting a scratched horse or a horse the stewards declared a nonstarter shall be eliminated from the pool and the purchase price refunded.

Authority: Sections 19440 and 19590,  
Business and Professions Code.

Reference: Section 19590,  
Business and Professions Code.

Trifecta & Superfecta Minimum Betting Interest Requirements At Other Race Tracks (BI = Betting Interests)

Race Track	Trifecta Rules	Superfecta Rules
Beulah Park / Thistledown	No minimum BI or Runner requirements. Track management can offer or scratch pool at their discretion.	No minimum BI or Runner requirements. Track management can offer or scratch pool at their discretion.
Blue Ribbon / Remington Park	No minimum BI or Runner requirements. Track management can offer pool at their discretion. Can scratch pool if 6 BI or less.	No minimum BI or Runner requirements. Track management can offer pool at their discretion. Can scratch pool if 7 BI or less.
Portland Meadows	No minimum BI or Runner requirements. Track management can offer or scratch pool at their discretion.	No minimum BI or Runner requirements. Track management can offer or scratch pool at their discretion.
Emerald Downs	Must Open With 4 BI; Pool refunded if scratched below 4 BI.	Must Open With 6 BI; Pool refunded if scratched below 6 BI.
Calder / Gulfstream Park Tampa Bay Downs	Must Open With 5 BI; Pool refunded if scratched below 5 BI.	Must Open With 5 BI; Pool refunded if scratched below 5 BI.
Laurel Park / Pimlico / MJC	Must have 5 BI in Program to offer; Must open betting with at least 4 BI; Pool refunded if scratched to 3 BI or less.	Must have 6 BI in Program to offer; Must open betting with at least 5 BI; Pool refunded if scratched to 4 BI or less.
Churchill Downs / Ellis Park Keeneland / Turfway Park	Must Open With 5 BI; Pool refunded if scratched below 5 BI. Can get permission to offer pool on Stakes races not meeting the minimums.	Must Open With 6 BI; Pool refunded if scratched below 6 BI. Can get permission to offer pool on Stakes races not meeting the minimums.
Lone Star Park	Must get stewards permission to offer pool. Must open with at least 5 BI.	Must get stewards permission to offer pool. Must open with at least 6 BI.
Meadowlands / Monmouth Park	Must Open With 5 BI; Pool refunded if scratched below 5 BI.	Must Open With 6 BI; Pool refunded if scratched below 6 BI.
Rockingham Park	Must Open With 5 BI; Pool refunded if scratched below 5 BI.	Must Open With 6 BI; Pool refunded if scratched below 6 BI.
Sunland Park / The Downs Zia Park	Must Open With 5 BI; Pool refunded if scratched below 4 BI.	Must Open With 7 BI; Pool refunded if scratched below 5 BI.

Trifecta & Superfecta Minimum Betting Interest Requirements At Other Race Tracks (BI = Betting Interests)

Race Track	Trifecta Rules	Superfecta Rules
NYRA / Aqueduct / Belmont Park Saratoga	Stakes or Allowance races must open with 5 BI. All other races must open with 6 BI. Pools refunded if scratchd below 5 BI for Stakes and Allowance races, & below 6 BI for all others.	Must Open With 8 BI; Must have 7 BI leave the paddock. Pool refunded if scratched to less than 7 BI.
Penn National / Philly Park	Must Open With 6 BI; Pool refunded if scratched below 5 BI.	Must Open With 6 BI; Pool refunded if scratched below 5 BI.
Arlington / Hawthorne	Must Open With 6 BI; Can scratch to 5 BI. Pool refunded if scratched below 5 BI. Can get permission to offer pool on Stakes races not meeting the minimums.	Must Open With 7 BI; Can scratch to 6 BI. Pool refunded if scratched below 6 BI. Can get permission to offer pool on Stakes races not meeting the minimums.
Fair Grounds / Louisiana Downs	Must be 6 BI entered in race; Pool refunded if scratched below 3 BI. Can get permission to offer on Stakes races not meeting minimums.	Must be 8 BI entered in race; Pool refunded if scratched below 4 BI. Can get permission to offer on Stakes races not meeting minimums.
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Oaklawn Park	Must Open With 6 BI; Pool refunded if scratched below 5 BI.	Must Open With 8 BI; Pool refunded if scratched below 7 BI.
Canterbury Park	Must Open With 6 BI; Pool refunded if scratched below 6 BI.	Must Open With 8 BI; Pool refunded if scratched below 8 BI.

STAFF ANALYSIS  
REPORT AND PRESENTATION FROM  
REPRESENTATIVES OF BETFAIR REGARDING  
TSE US HOLDINGS LLC (T/A BETFAIR US) BUSINESS PLAN AND THE  
PURCHASE OF CONTROLLING OWNERSHIP INTEREST OF ODS  
TECHNOLOGIES LP, D/B/A/ TVG

Regular Board Meeting  
March 19, 2009

#### BACKGROUND

The Board at its December 15, 2008 regular meeting, heard and subsequently approved, the application for approval to conduct Advance Deposit Wagering (ADW) of ODS Technologies LP d/b/a/ TVG for an out-of-state multi-jurisdictional wagering hub. TVG was granted a one-year ADW license.

On January 27, 2009 Betfair Group LTD. (Betfair) announced it had completed its acquisition of TVG. Attached for your reference is a release announcing the completion of the acquisition.

Representatives from Betfair are prepared to make a presentation to the Board regarding Betfair's business plan and its acquisition of TVG.

#### RECOMMENDATION

Staff recommends the Board hear from the Betfair representatives.



macrovision®

## Betfair and Macrovision Announce Betfair's Acquisition of TVG Network

**\$50m Million Transaction Completed**

**Santa Clara, California & London, UK** (January 27th, 2009)

BETFAIR Group Ltd, the premier e-gaming business, and Macrovision Solutions Corporation (NASDAQ: MVSN), a digital entertainment technology leader, today announced that Betfair has completed its acquisition of the TV Games Network (TVG) from Macrovision for \$50 million in cash consideration.

TVG, the official TV and Interactive Wagering partner of the National Thoroughbred Racing Association (NTRA), is among the most widely-distributed horseracing networks in the world and is also a leading provider of advance deposit wagering services in the US.

"The divestiture of the TVG Network marks another milestone in a set of objectives we set for ourselves when we acquired Gemstar-TV Guide in 2008, and helps to focus our company around the goal of powering a uniquely simple home entertainment experience," said Fred Amoroso, President and CEO of Macrovision.

Gerard Cunningham, President of Betfair US, said: "We are tremendously excited to be the new owners of TVG and look forward to building upon the worldwide experience of Betfair to help grow the business.

"We believe TVG to be the premium product in the sector, with exceptional staff and loyal customers, and we look forward to working with the horseracing industry to help promote this great sport."

David Yu, CEO of the Betfair Group Ltd, commented: "We have always been attracted by the operating strength of TVG together with its conservative and prudent regulatory approach. Its values are very much aligned with those of Betfair.

"We have waited to enter the US market until we had a high quality, and above all, legal product offering, and we believe with this acquisition we have secured those goals."

### **Notes To Editors:**

#### **About Betfair Group Ltd**

Betfair is the premier e-gaming betting community, with horseracing as its core product.

Betfair has twice been named the UK's 'Company of the Year' by the Confederation of British Industry and remains the only betting company to win a Queen's Award for Enterprise, being recognised for Innovation in 2003 and most recently for International Trade in 2008, and one of only a handful to have won it twice.

Betfair was named the 'Socially Responsible Operator of the Year' in October 2006, and won the top accolade, the 'Operator of the Year' Award, at the eGaming Review Industry Awards in 2007. The judges said that the company had "constantly pushed the boundaries in terms of what betting companies offer their customers."

Betfair has signed 42 Memoranda Of Understanding (MoUs) with sporting bodies worldwide, the first of which was with the Jockey Club (now the British Horseracing Authority) in 2003.

More information about Betfair can be found at <http://corporate.betfair.com>

#### **About Macrovision Solutions Corporation**

Macrovision Solutions Corporation is focused on providing a uniquely simple digital home entertainment experience by delivering solutions to businesses to protect, enhance and distribute digital goods to consumers across multiple channels. Macrovision's technologies are deployed by companies in the entertainment, consumer electronics, cable and satellite, and online distribution markets to solve industry-specific challenges and bring greater value and a more robust user experience to their customers. The result of deploying Macrovision's solutions is a simple end user experience for discovering, managing and enjoying digital content. Today, Macrovision provides connected middleware, media recognition, interactive programming guides, copy protection and rich media, data and metadata on music, games, movies and television programming. The company also operates an entertainment portal which can be found at <http://www.allmusic.com>. Macrovision holds over 4,100 issued or pending patents and patent applications worldwide.

Macrovision is headquartered in Santa Clara, California, with numerous offices across the United States and around the world including Japan, Hong Kong, Luxembourg, and the United Kingdom. More information about Macrovision can be found at [www.macrovision.com](http://www.macrovision.com).

# # #

STAFF ANALYSIS  
DISCUSSION AND ACTION BY THE BOARD REGARDING  
THE STATUS OF THE INFIELD GOLF COURSE AT THE  
ALAMEDA COUNTY FAIRGROUNDS  
AND  
THE CALIFORNIA THOROUGHBRED TRAINERS (CTT) REQUEST  
THAT THE BOARD REVOKE THE EXEMPTION ALLOWING THE  
INFIELD OF THE RACETRACK TO BE USED FOR GOLF

Regular Board Meeting  
March 19, 2009

## BACKGROUND

Business and Professions Code section 19481 provides that the Board shall establish safety standards governing the uniformity and content of the track base and racing surface, inner and outer rails, gates and gaps, turf, access and egress to the track, lighting for night racing, equipment for horse and rider, drainage, communications, veterinary services, medical and ambulance services, and other track facilities in order to improve the safety of horses, riders, and workers at the racetrack. Board Rule 1475, Golf Course in the Infield of the Racetrack, states if golfing activities are conducted in the infield of the racetrack operated by a licensed racing association, fair or training facility used for timed and reported workouts, all racing surfaces must be inspected prior to racing or training and the licensed racing association, fair, or training facility used for timed and reported workouts shall ensure that all golf balls are removed from all racing surfaces. No licensed racing association, fair, or training facility used for timed and reported workouts shall permit any golfing activity in the infield of the racetrack during the hours of training or racing unless the golf course meets the following criteria: (a) Access to the course is by way of a tunnel or other means where golfers do not physically cross the track. (b) There is a minimum of 135 feet between the inside track rail and the golf course.

Prior to the adoption of Rule 1475, Board staff surveyed the racetrack at the Alameda County Fair (ACF) on April 7, 1993. The survey found the hours of operation were 8:30 a.m. to dusk. The survey also noted that golfers played while horses were being trained, and seven golf balls were found on the track.

Board Rule 1475 became effective in July 1994. At the November 1994 Regular Board Meeting ACF was granted a permanent exemption from the requirements of Rule 1475(b). The exemption was explicitly for subsection 1475(b), which governs only the requirement for a 135-foot space between the inside track rail and the golf course. The ACF was not exempted from the remaining requirements of Rule 1475. (See attached copy of the minutes of the November 18, 1994, Regular Board Meeting). However, the exemption means that golfing activity may take place on the ACF infield during the hours of training or racing.

Since the implementation of Rule 1475, the ACF racetrack has been inspected annually, before each race meeting. The racetrack has been deemed in compliance with the Board's safety standards, including the exemption for the golf course granted in 1994.

In October 2008 a trainer who was watching one of her horses work on the track, and who was standing next to and outside the outside rail on the west side of the ACF racetrack, just north of the clocker's stand, was hit on the forehead, just above her left eye. The trainer required first aid, and was taken off the track in an ambulance. She later had four stitches and a CAT scan. In November 2008 a trainer reported an incident where a golf ball almost hit his horse.

In November 2008 the California Thoroughbred Trainers (CTT) requested that the Board review the status of the ACF golf course to determine if it meets the Board's track safety standards. The CTT stated the golf course created a danger for riders, horses and spectators due to the hazards presented by errant golf balls. Recent incidents include a golf ball hitting a trainer in the head and another golf ball flying under the legs of a horse. In making its request the CTT stated ACF had to comply with the provisions of Rule 1471(c), which states:

"The provisions of this article shall not require the removal or replacement of, or substantial modification to, any rail or other object installed prior to May 24, 1994, if in the judgment of the Board there is a showing that compliance with the safety standards can be attained by alternate methods, technologies, programs, practices, means, devices or processes proposed and implemented that will provide equal or superior safety for racing participants."

The CTT also stated the Board should use its authority under Rule 1471(d)(4) to revoke the ACF approval. However, the minutes of the 1994 Regular Board Meeting do not indicate that the ACF exemption was granted under Rule 1471. Instead, the Board simply moved to grant an exemption to the provisions of Rule 1475(b).

The CTT and ACF management have been in contact regarding this issue. The CTT suggested several modifications to the golf course to minimize the risk to horsemen. In addition, the Northern California Vanning and Stabling Committee initiated an enquiry into the costs of buying out the golf course lease. (See attachments)

At the January 2009 meeting of the Board, CTT and ACF informed the Board that they had met to discuss the issue and had agreed to monitor the frequency with which golf balls entered the track. The monitoring would continue for two weeks and then the parties would look at the results. There were solutions, such as putting up screening, but first the parties had to figure out where the problems existed. CTT represented that if the parties could not reach a solution within 30 days, they would return to request Board action. The item was deferred to allow continued discussions between the parties.

The issue was discussed at the February 2009 Regular Board Meeting. In its update ACF submitted that progress continued to be made on the golf ball issue. ACF also submitted the following:

1. A three week on-site monitoring of the golf course & track, noting specifics of any ball that reached the track. IE... Location, estimated trajectory (rolling onto the track vs. flying onto the track,) time of day, etc... has been completed by ACF. They had originally planned this as a two week study, but extended it for a third week in order to gather more data.
2. ACF then walked the track & golf course with the Operator (Jetter Golf) & a golfing specialist/engineer (Dave Tanner.) Mr. Tanner has prepared the attached quote for his services. His firm will develop a computerized trajectory study of the four holes that are of concern. Based on the results of his study, he will provide engineered plans for the appropriate netting & fencing fixes. His designs will then be used to obtain construction & installation quotes. Although ACF has yet to identify a funding source for these efforts, they are moving forward.
3. ACF has concluded its independent audit of their Golf Operator. This Audit also confirmed that the largest percentage of activity at the 9 Hole Executive Course takes place in the morning hours.
4. There have been no reports of golf ball related incidents at the track, other than when a golf ball struck Audrey. The Golf Operator has continued to cooperate in looking for solutions.

#### RECOMMENDATION

Staff recommends the Board hear from the CTT and ACF concerning the status of discussions regarding this matter.

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STAFF ANALYSIS  
DISCUSSION AND ACTION BY THE BOARD REGARDING  
THE STATUS OF THE INFIELD GOLF COURSE AT THE  
ALAMEDA COUNTY FAIRGROUNDS  
AND  
THE CALIFORNIA THOROUGHBRED TRAINERS (CTT) REQUEST  
THAT THE BOARD REVOKE THE EXEMPTION ALLOWING THE  
INFIELD OF THE RACETRACK TO BE USED FOR GOLF

1. Minutes of the Regular Board Meeting of November 18, 1994.
2. Letter dated October 30, 2008, from Ed Halpern of CTT to Rick Pickering of ACF.
3. Letter dated November 13, 2008, from Kirk Breed of CHRB to Rick Pickering of ACF.
4. Letter dated November 17, 2008, from Rick Pickering of ACF to Kirk Breed of CHRB.
5. Letter dated November 26, 2008, from Ed Halpern of CTT to Kirk Breed of CHRB.
6. E-mail dated November 26, 2008, from Ed Halpern of CTT to Rick Pickering of ACF.
7. E-mail dated December 1, 2008, from Rick Pickering of ACF to Ed Halpern of CTT.
8. E-mail dated February 10, 2009, from Rick Pickering of ACF to Kirk Breed of CHRB; Christopher Korby of California Authority of Racing Fairs, Drew Couto of the Thoroughbred Owners of California, Robert Hartman of Golden Gate Fields, Ed Halpren of CTT.

PROCEEDINGS of the Regular Meeting of the California Horse Racing Board held at the Hollywood Park Race Track, Inglewood, California on November 18, 1994.

Present: Ralph M. Scurfield, Chairman  
 Donald Valpredo, Vice-Chairman  
 Stefan L. Manolakas, Member  
 George Nicholaw, Member  
 James C. Watson, Member  
 Robert H. Tourtelot, Member  
 Hyla Berteau, Member  
 Roy C. Wood, Jr., Executive Director  
 Roy Minami, Assistant Executive Director

Chairman Scurfield said the Board would go into Executive Session before the public portion of the Board meeting. The Board met in Executive Session and a brief recess was taken.

MINUTES.

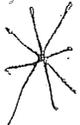
~~Chairman Scurfield said there would be no approval of minutes due to the short time span between last month's meeting and this Board meeting.~~

~~DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSERACING MEETING OF THE LOS ANGELES TURF CLUB (T), AT SANTA ANITA PARK, COMMENCING DECEMBER 26, 1994 THROUGH APRIL 24, 1995, INCLUSIVE.~~

~~Roy Wood, Executive Director, said the application was in order with the exception of contracts for horsemen's approval, guest commission approval for interstate wagering, certificate of insurance, fire clearances, and a completed contract with Eclipse Photo, Incorporated. Cliff Goodrich, Santa Anita Race Track, said the contracts would be in place prior to the meet starting and the following amendments were made to the application: There should be fifty-seven stakes races; the overnight distribution changes to~~

(SEE NEXT PAGE)

Proceedings of Regular Board Meeting of November 18, 1994 8  
horsemen, the racing associations, and the State and indicated he  
would like the group to meet before the next Board meeting.

 DISCUSSION AND ACTION ON THE FOLLOWING REQUESTS FOR EXEMPTIONS FROM  
TRACK SAFETY REGULATIONS: ALAMEDA COUNTY FAIR; FRESNO COUNTY FAIR;  
HUMBOLDT COUNTY FAIR; AND SAN JOAQUIN COUNTY FAIR.

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This item was taken out of agenda order. Commissioner Manolakas  
motioned to grant the Alameda County Fair permanent exemptions for  
an ivy-covered barrier along the backstretch instead of an outside  
rail and for the one hundred and thirty-five foot requirement  
between the inside rail and the golf course. Commissioner Watson  
seconded the motion, which was unanimously carried. Commissioner  
Manolakas motioned to grant the Fresno County Fair (Fresno) a  
temporary exception for the one hundred and thirty-five foot  
requirement between the inside rails, pending funding and a review  
by staff. He said there was a concrete curb currently around the  
inside rail. Additionally, a permanent exception was granted for  
separate ingress and egress gates or gaps. Commissioner Manolakas  
reported that the Fresno general manager would provide a report as  
to how the Fair would proceed to remedy those issues.  
Commissioner Nicholaw seconded the motion, which was unanimously  
carried. For Humboldt County Fair (Humboldt), Commissioner  
Manolakas motioned to grant a temporary exemption for the  
installation of inside and outside rails, also pending funding.  
Humboldt management agreed to replace any dangerous conditions on  
the rail or any safety measures that CHRB staff would direct them

Proceedings of Regular Board Meeting of November 18, 1994 9

to undertake. Commissioner Watson seconded the motion, which was unanimously carried. Commissioner Manolakas motioned to grant the San Joaquin County Fair a temporary exemption for the inside and outside rail, pending funding. Additionally, a permanent exemption was granted for a light pole that was nine feet eight inches inside the inside rail, instead of the required ten feet. He said the facility had agreed to pad the light post. Commissioner Manolakas said the Medication Committee would like to establish some type of minimum padding for any kind of fixture within the ten foot area. Commissioner Watson and Commissioner Berteau seconded the motion, which was unanimously carried.

DISCUSSION AND ACTION ON THE IMPLEMENTATION OF THE PROVISION OF AB 3287 THAT REQUIRES THE BOARD TO APPORTION ASSETS GENERATED, PURSUANT TO SECTION 19613.2(d), BUSINESS AND PROFESSIONS CODE, FOR THE BENEFIT OF THE HORSEMEN AND THE SUCCESSOR ORGANIZATION.

This item was taken out of agenda order. Ed Friendly, representing the Thoroughbred Owners of California (TOC), said the new trainer's organization, California Horsemen's Benevolent and Protective Association (CHBPA), and the TOC organization, effective January, 1995, had agreed to divide the previous CHBPA's liquid cash assets with two-thirds to the owners organization and one-third to the trainers organization. He said a \$48,000 stock the CHBPA purchased which went into Northern California Off-Track Wagering, Inc. (NOTWINC) was worth nothing and if it could be sold or was sold, the two groups agreed to split the sale of the stock two-thirds, one-third. Mr. Friendly said statutes require the owner's



October 30, 2008

## PRESIDENT

JAMES M. CASSIDY

## NO CAL VICE PRESIDENT

WILLIAM ANTON

## SO CAL VICE PRESIDENT

EON HARTY

## SECRETARY/TREASURER

HOWARD ZUCKER

## PRESIDENT EMERITUS

NOBLE THREEWITT

## BOARD OF DIRECTORS

WILLIAM ANTON  
 TIM BELLASIS  
 JACK CARAVA  
 JAMES M. CASSIDY  
 GLORIA HALEY  
 EON HARTY  
 DAN HENDRICKS  
 CLIFFORD W. SIBBE, JR.  
 HOWARD ZUCKER

## EXECUTIVE STAFF

EDWARD I. HALPERN  
 Executive Director  
 & General Counsel

CHARLES E. DOUGHERTY, JR.  
 Deputy Director

ANGIE CARMONA  
 Deputy Director

VIA Fax (925) 426-7644

Mr. Rick K. Pickering  
 Chief Executive Officer  
 Alameda County Fair Association  
 4501 Pleasanton Avenue  
 Pleasanton, CA 94566

Dear Rick:

The California Thoroughbred Trainers takes the position that continuing operation of the golf course during training hours poses an unacceptable risk of injury to racing industry personnel and to our horses. Therefore, I am writing to ask that you take immediate steps to eliminate the hours of operation of the golf facility while horses are on the track at Pleasanton.

As you are aware, a trainer was hit in the head by an errant ball earlier this week. I have also received a report of a horse being narrowly missed just yesterday. The impact of a ball striking a horse or rider could lead to serious or life threatening injuries. Being that the Fair and the golf course operator are fully aware of this situation and the danger posed to bystanders, it appears to me to constitute gross negligence if immediate precautions are not taken to prevent further incidents.

During our conversation of yesterday, you were kind enough to inform me that discussions are taking place on how to deal with this issue. Although I am appreciative of your efforts, I believe the golf course should be closed until an agreement is reached on how best to deal with the danger involved.

Obviously, I would prefer to see this problem solved by agreement among all the parties; but should we fail to accomplish that in short order, I will not hesitate to take legal action in order to prevent further injuries.

Your cooperation in this matter is much appreciated.

Sincerely,

EDWARD I. HALPERN  
 Executive Director & General Counsel

EIH:ac

cc: Charles E. Dougherty, Jr.  
 Commissioner John Harris  
 Brian Pitnick  
 Commissioner Richard Shapiro

SO. CALIFORNIA - MAIN OFFICE  
 Santa Anita Racetrack  
 285 W. Huntington Drive  
 Arcadia, CA 91007  
 P.O. Box 660030  
 Arcadia, CA 91066-0039  
 (626) 447-2145  
 (626) 446-0270 FAX  
 E-Mail: [caltrnre@pacbell.net](mailto:caltrnre@pacbell.net)

NO. CALIFORNIA - FIELD OFFICE  
 Golden Gate Fields  
 1100 Eastshore Highway  
 Berkeley, CA 94710  
 P.O. Box 0027  
 Berkeley, CA 94708  
 (510) 524-3081  
 (510) 524-5200 FAX  
 E-Mail: [nocaltrn@net.com](mailto:nocaltrn@net.com)

[www.caltrainers.org](http://www.caltrainers.org)

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



November 13, 2008

Mr. Rick Pickering, General Manager  
Alameda Fair Grounds  
4501 Pleasanton Ave.  
Pleasanton, CA 94566

Dear Mr. Pickering:

SUBJECT: RULE 1475 (B) GOLF COURSE IN THE INFIELDF OF THE RACETRACK

The golf operation in the infield of the racetrack at the Alameda County Fairgrounds does not comply with Section 1475 (B) of the California Horse Racing Board Rules and Regulations. If you plan to continue operating a golf course and a training facility simultaneously than you have to address the distance from the track to the golf course (needs to be a minimum of 135 feet between the inside track rail and the golf course). I have attached the Inspection Report to assist you in developing a plan of mitigation.

Please advise me as soon as possible your intentions in addressing this matter. If your mitigation is that the golf operation was grandfathered into some sort of agreement with the CHRB's approval than please provide some evidence of such because I have not been able to find any record of any such an arrangement.

Sincerely,

Kirk E. Breed  
Executive Director

cc: Commissioner John Harris  
Ed Halpern  
Charles Dougherty  
Drew Couto  
Jackie Wagner

# ALAMEDA COUNTY FAIRGROUNDS

P L E A S A N T O N

Kirk Breed  
Executive Director  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825

November 17, 2008

RE: **Rule 1475 – Golf Course in the Infield of the Racetrack**

Dear Mr. Breed:

Thank you for your letter dated November 4, 2008, and for our subsequent phone conversation. The Fair Association understands the weightiness of this matter and continues to work toward prudent solutions, which may include "buying-out" the remainder 26 years of the private leasehold interest in our golf course.

## **I. Background**

**Original Golf Course Lease** - The golf course at the Alameda County Fairgrounds began operations in April of 1974, via a multi-year lease agreement. The original agreement was for 10 years with two 10-year renewal options. At that time, in order to accommodate thoroughbred training, the lease precluded golfing until after training was concluded each morning. In 1984, based upon proven safety, the 10-year renewal agreement allowed golfing to begin at 8:00 AM. In 1994 the lease was renewed for it's final 10-year period, again allowing golf to begin at 8:00 AM each day. In 1988 a stand-alone Driving Range was constructed near the Satellite Wagering Facility via a separate lease agreement.

**Current Golf Course Lease** - In 1994, following a competitive bidding process, a new company, Jetter Golf, Inc, was selected as the new operator. The new 30-year agreement combined the Golf Course and the Driving Range into a single lease. Given the uncertainties of the racing industry, this new lease agreement provided that the Fair Association would give Jetter Golf a one-year notice if the Golf Course or Driving Range were needed for a differing land use. The lease document also established a predetermined formula for buying out the golf operator if such notice was given. Consistent with the old lease, the new lease allowed golfing to begin at 8:00 AM each day.

Based on the Legislature's passage of AB 765-Evans in 2007, (which would have allowed a 1% increase in Take Out for Fairs) and a commitment from the racing industry to see these funds enhance Pleasanton's training and racing operations,



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Page Two

the Fair Association provided Jetter Golf with the one-year notice in July of 2007, with an effective date of July 2008. When it became clear that the 1% increase in Fair Take Out might not be forthcoming, the Fair Association extended its one-year notice to March of 2009, and worked diligently with the racing industry toward SB-1635, a possible increase in Take Out on Exotic Wagers. When SB-1635 stalled out, the Fair Association had no clear means to fund the much-needed improvements and therefore it rescinded its one-year notice to Jetter Golf. The above referenced one-year notice; its extension and the subsequent rescinding, engendered legal fees and much negotiation on the part of the Fair Association and Jetter Golf.

### II. Golf Ball Incident

The October 26, 2008 golf ball injury is regrettable. Given how poorly the shot was hit, it could have struck a person standing on a public street adjacent to many municipal golf courses around California. The person who miss-hit the golf ball is in fact considered a good golfer, and he plays this course weekly as part of a Men's Golf Club. He came forward at the time of the incident to identify himself and offer assistance. In checking our files, we can find only one other report of someone being hit by a ball in the 34-year history of the golf course. This other incident was roughly 12 years ago when a golfer was struck while actually playing the course.

According to our "old time trainers" there was an incident some 14 years ago when a horse was struck in the shin while leaving the track. The horse rested for a week and then returned to training.

### III. Prudent Practices

The Fair Association removes balls from the track throughout the day, every day. The tractor drivers and water truck drivers stop to remove balls. The out-riders ride the track searching for balls each morning before training begins. Exercise riders also point out a ball from time to time to the out-riders. Screening and netting have been added to the course through the years where appropriate.

Signage is posted that advises golfers that horses are training from 8:00-10:30AM daily. Signage throughout the course also warns golfers not to attempt to retrieve any balls from the track until after morning training is completed.

Trainers and their workout personnel are also aware that golfing takes place during morning workouts. They are requested to advise the out riders if they see any golf balls or inappropriate behavior by golfers. Many training personnel golf on the course once they are finished with their training activities.

Rule 1475 Letter  
Page Three

By way of scope, the golf course averages more than 40,000 rounds each year. At 30 plus hits per round, this generates more than 1,200,000 balls per year. With everyone working together, millions of golf balls have not interfered with training operations. While an unfortunate incident has occurred, the odds are better at winning the lottery, or being struck by lightening, than being injured by a golf ball at our track.

**IV. Rule 1475 and Justifiable Reliance**

Rule 1475 became effective on May 24, 1994, some 20 years after the golf course began operations. Although the 1974 lease precluded golfing until after 10:00AM, the 1984 and 1994 lease renewals allowed golfing to begin at 8:00AM.

Thousands of horses have trained at the Pleasanton track concurrent with morning golfing. Owners, trainers and their respective Associations have been well aware of this for decades. Over the years CHRB Staff, Investigators and Racing Officials have been well aware of this practice, and have in fact golfed at this course.

Consequently, the Fair Association has justifiably relied upon a clear understanding by the California racing industry, respective Associations and the CHRB itself, that we golf from 8:00-10:30AM during training. The acceptance and acquiescence by the industry occurred both before and after Rule 1475 went into effect. Consequently, it respectfully argued that the golf course in the infield of the track has been previously exempted to Rule 1475, either formally or informally.

Should the industry now seek to apply Rule 1475 in this instance, it is respectfully submitted that further clarification of the rule be considered. Specifically, how is the 135 feet between the inside rail and the golf course determined? Is it measured to the edge of the nearest grass, to the edges of the Tee Boxes, to the edges of the Greens, etc...

**V. Vanning and Stabling Funds**

There appears to be confusion regarding the Vanning and Stabling funds that are now being allocated to Pleasanton. These funds are 30-45% less per day than what Bay Meadows and Golden Gate Fields received. These funds are allocated by a Committee consisting of three votes: GGF's, TOC and CARF. During negotiations regarding these funds, the CTT noted a potential conflict of training and golfing. However, Committee members stated that their primary goal was to prepare for a quick transition out of Bay Meadows, and that the golfing matter would be addressed in the future. Committee members also suggested that when more race dates are assigned to Pleasanton it might be possible to cover the cost to reduce the hours of golfing.

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Page Four

To date, all involved have worked admirably and cooperatively to transition out of Bay Meadows and in to Pleasanton. All parties have made adjustments and trainers are telling us that their thoroughbreds are more sound training in Pleasanton that they were when they trained at Bay Meadows.

**VI. Constructive Alternatives**

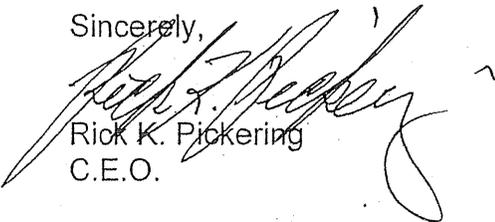
Since the October 26 incident, owners, trainers, jockeys, formal Associations, CHRB Staff, and the Golf Operator have put forth a variety of constructive solutions. Jetter Golf is amenable to installing fencing and screening as deemed appropriate by the racing industry, and paid for by the industry. However, they cannot guarantee that a golf ball will not enter the track.

Jetter Golf has argued that to take away their best two and half hours of each day would be comparable to asking a movie theatre to close down from 7:00-9:30PM each day. They believe that it would be detrimental to the momentum of their business. Although Jetter Golf is preparing a financial work up of the projected cost to close for these morning hours, it has been suggested that buying them out of the golf course lease would be a better approach than paying them daily for the next 26 years. They hope to have cost data available to us in the next two weeks.

In closing, we remain committed to working toward the success of training and racing in Northern California. We trust that everyone's Herculean efforts to facilitate a fast transition from Bay Meadows do not go unnoticed. Regarding golfing from 8:00-10:30AM, Jetter Golf has stated a willingness to work with the industry, provided they are not financially harmed. Thus at issue is whether to install more screens and nets, to buy out golfing for two hours each morning, or to but out the golf lease.

We appreciate the ongoing cooperation and understanding of the CHRB, and all involved parties, in sorting through possible solutions, prudent timing and the necessary finances.

Sincerely,



Rick K. Pickering  
C.E.O.

Cc: Drew Couto, TOC  
Ed Halpern, CTT  
Chris Korby, CARF  
Robert Hartman, GGF's



November 26, 2008

2008-11-26 11:58:24

**PRESIDENT**

JAMES M. CASSIDY

**NO CAL VICE PRESIDENT**

WILLIAM ANTON

**SO CAL VICE PRESIDENT**

EOIN HARTY

**SECRETARY/TREASURER**

HOWARD ZUCKER

**PRESIDENT EMERITUS**

NOBLE THREEWITT

**BOARD OF DIRECTORS**

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**EXECUTIVE STAFF**

EDWARD I. HALPERN  
 Executive Director  
 & General Counsel

CHARLES E. DOUGHERTY, JR.  
 Deputy Director

ANGIE CARMONA  
 Deputy Director

Via Fax & Mail

Mr. Kirk Breed  
 Executive Director  
 California Horse Racing Board  
 1010 Hurley Way, Suite 300  
 Sacramento, CA 95825

Dear Kirk:

As you are aware, the golf course in the infield at the Alameda County Fairgrounds creates a danger for riders, horses, and spectators. Errant golf balls cross the track, land on the track, and roll onto the track. In two recent incidences, a trainer was hit on the head by a golf ball and another ball flew under a horse's legs. We are fortunate to date that no serious injuries have occurred. On the other hand, the risk remains and the consequences could be grave.

I have been in touch with Rick Pickering and suggested minor modifications, which could decrease the risk of serious injuries. To date, there has been no response other than a general statement to the effect that they are working on the problem.

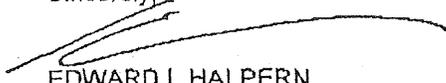
In 1994, the California Horse Racing Board approved an exemption thereby allowing the infield at Pleasanton to be used as a golf course. In order to obtain said exemption, the Alameda County Fairgrounds had to comply with Section 1471(c) of the Horse Racing Rules and Regulations to wit:

"The provisions of this article shall not require the removal or replacement of, or substantial modification to, any rail or other object installed prior to May 24, 1994, if in the judgment of the Board there is a showing that compliance with the safety standards can be attained by alternate methods, technologies, programs, practices, means, devices or processes proposed and implemented that will provide equal or superior safety for racing participants."

The golf course, as currently configured, does not meet these standards. The Board should use its authority under Section 1471(d)(4), "The Board may revoke an approval at any time if, in their judgment there is failure to comply with the terms of the approval" to consider revoking that exemption."

Therefore, I am hereby requesting the CHRB put this matter on the agenda of the next Board meeting.

Sincerely,

  
 EDWARD I. HALPERN  
 Executive Director & General Counsel

EIH:ac

cc: Richard Shapiro  
 CTT Board  
 Brian Pitnick

**SO, CALIFORNIA - MAIN OFFICE**

Santa Anita Race Track  
 285 W. Huntington Drive  
 Arcadia, CA 91007  
 P.O. Box 600039  
 Arcadia, CA 91006-0039  
 (928) 447-2146  
 (928) 446-0170 FAX  
 E-Mail: caltrms@pacbell.net

**NO. CALIFORNIA - FIELD OFFICE**

Golden Gate Fields  
 1100 Eastshore Highway  
 Berkeley, CA 94710  
 P.O. Box 6027  
 Berkeley, CA 94706  
 (510) 524-3081  
 (510) 524-1200 FAX  
 E-Mail: nocacfl@aol.com

www.caltrainers.org

**From:** Ehalp@aol.com [<mailto:Ehalp@aol.com>]  
**Sent:** Wednesday, November 26, 2008 10:22 AM  
**To:** Rick Pickering; [cdogjr@yahoo.com](mailto:cdogjr@yahoo.com); [kirkbreed@mac.com](mailto:kirkbreed@mac.com);  
[JohnHarris@harrisfarms.com](mailto:JohnHarris@harrisfarms.com); [richard@wincorealestate.com](mailto:richard@wincorealestate.com); [pitnick@pacbell.net](mailto:pitnick@pacbell.net)  
**Subject:** Re: Golfing Item

Rick,

On November 21, I wrote to you regarding a program of modest changes that we believe could alleviate the dangers posed by errant golf balls. (see below) To date I have had no response from you. Because this is Thanksgiving week, I understand that there can be some additional delay and therefore I will wait until December 2 for your reply. If I do not hear from you by that date I will have no choice but to file a complaint with the stewards. In addition thereto I will not hesitate to take such legal action as is necessary.

Your immediate attention is requested.

Ed Halpern

11-21-08

Rick,

Charlie, Brian Pitnick, Jim Burns and I walked the golf course on Wednesday and came up with the following ideas for minimizing the risk to horses, riders and other participants. We believe that at a very minimum these changes should be made immediately. Of course the safest manner of dealing with this issue would be to close the course during training. By making suggestions we are in no way waiving any persons rights against the fair or the golf course. Neither are we saying that we accept responsibility for accidents that occur if the changes are made.

Move the tee box on hole 9 approximately 15/20 yards to the left.

Move the tee box on 5 to the left and forward approximately 10/15 yards.

Extend the net on hole 4 an additional pole. Consider moving the tee box back to full utilize the length of the nets.

In addition, we would recommend that more signage be placed on the course to alert people that they should not go on the track during training hours. We only saw 3 signs up, on 1 and 9 tee box and along the track rail on 5.

We would like to have parking restricted so that nobody parks along the rail during training hours.

No use of lawnmower/maintenance tractors be allowed on holes that are on the perimeter of the course during training hours. They should only be moving in the center holes during training.

Open the course for play at 9am. Only 1 hour of course time would be lost.

In closing I would like to express my dissatisfaction with the actions taken to date by the management at Pleasanton. Because many of the solutions seem so simple it is clear that management had not previously walked the course to look for alternative solutions. Your response to my earlier letter was that you were making a good faith attempt to solve the problem. I trust that your good faith will now include making the effort to look into every possible solution and that you will act to mitigate the danger without further delay.

Your prompt action will be appreciated.

Ed Halpern  
Executive Director  
California Thoroughbred Trainers

**From:** Rick Pickering <Rick@AlamedaCountyFair.com>  
**Date:** December 1, 2008 3:58:55 PM PST  
**To:** Ehalp@aol.com, cdogjr@yahoo.com  
**Cc:** kirkbreed@mac.com, JohnHarris@harrisfarms.com, richard@wincorealestate.com, Christopher Korby <korby@calairs.net>, "Hartman, Robert" <Robert.Hartman@goldengatefields.com>, "Drew J. Couto" <drew@deposet.com>, dshaire@aol.com, Randy Magee <magee@alamedacountyfair.com>  
**Subject:** More on Golfing Item

Ed:

Thank you for your continued input on this important item. While last week was the Thanksgiving holiday, & I was in L.A., my apologies for not responding to you sooner. Your visit to the track & golf course on Wednesday, November 19 was appreciated, along with your emailed ideas of Friday, November 21. Your emailed ideas were immediately shared with Jetter Golf for their review & response. Your ideas were also immediately forwarded to the Nor Cal Vanning & Stabling Committee members for their review & input. Given the Thanksgiving holiday week, responses have been delayed. Again, my apologies for not advising you that these next steps had been taken immediately upon receiving your emailed ideas.

**OVERVIEW:** In order to help keep accurate communications on this item, I wish to respectfully share with CTT the following facts. We met with Jetter Golf when the incident occurred. They requested feedback from the Fair Association & horsemen regarding any ideas that might help mitigate future instances. We requested said input from industry representatives, including Pleasanton based horsemen & the CTT. Your visit to the Fairgrounds on November 19 was partially in response to our request for more input.

As requested by the Vanning & Stabling Committee members we asked Jetter Golf to provide a rough estimate of a "buy-out" of the 2 hours per day for the remaining 26 years of the lease. This 2 hour per day buy-out information was shared with the Vanning & Stabling Committee. Members of the Committee have now asked for an estimated cost to buy-out the Golf Course lease rather than simply buy-out two hours per day. We have met again with Jetter Golf & they are preparing a lease buy-out estimate. We have also remained in contact with Audrey Burch during this period of time. Please note that you & I spoke of much of this while we were at the November 18 CHRB Meeting in Davis.

Additionally, members of the Nor Cal Vanning & Stabling Committee & I have been attempting to schedule a meeting or conference call on this important matter.

Simultaneously with the above, we have initiated a full audit of the Golf Course. Mr. Lewis Ridgeway has been engaged as the auditor & is in the process of obtaining data. Should a buy-out be perused, it is prudent to have audited data as the lease agreement predicates a full buy-out tied to several factors, including undepreciated capital investments, gross receipts, etc...

**EXEMPTION:** Your November 26 letter states that, "In 1994 the CHRB approved an exemption thereby allowing the infield at the Fairgrounds to be used as a golf course..." Thank you for making reference to this important exemption as the Fair Association put this forward when the industry asked that we expand our training program to accept the Bay Meadows horses.

It the spirit of continued cooperation & safety for all, would you kindly provide me ASAP with a complete copy of the information referenced in your November 26 letter to the CHRFB.

When the Fair Association agreed to take on an expansion of stabling & training earlier this year, we did so with the good faith reliance that this exemption was in place. We also made it clear to all parties that any changes to this exemption or requested changes to the golf course would have to be paid for by the industry.

The December 1994 Minutes of the Fair Board state that the CHRFB had notified the Fair Association that it had granted a "permanent exemption" to permit the overlap of the golfing activities during training hours. To the best of my knowledge, the golf course has not significantly changed since 1994, other than Jetter Golf shortened the ninth hole three years ago. Consequently, please forward to me ASAP any aspects in which CTT now believes - after some 14 years of experience - that the Fair Association is not living up to the terms of the exemption.

**GOING FORWARD:** On a positive note I believe that all involved remain committed to the safety of horsemen & horses. At issue is determining what is best, in what time line, at what costs & how is it paid for. We recognize that CTT is seeking to limit its legal exposure in this matter & document its actions. We even understand the legal strategy of CTT putting forth suggested solutions on November 21, with the caveat that CTT is not responsible if these solutions don't work & now arguing that its recommendations have not yet been implemented. Again, we have asked Jetter Golf for a cost estimate to implement CTT's suggestions, including shifting the start of golf from 8:00AM to 9:00AM. We have asked for a meeting with the Nor Cal Vanning & Stabling Committee. We have actively sought industry input. We have continued with our audit of the golf course. We have not been advised on any related golf ball incident other than Mrs. Burch's.

It is respectfully requested that CTT hold off on its request to have the CHRFB Board reconsider its 1994 Exemption. However, if CTT believes it must move in this direction, it is respectfully requested that you share all related information with me as soon as possible. The fact that CTT & the entire Nor Cal Racing industry has been aware of, & participated in, training & golfing in Pleasanton since the 1970's, along with the 1994 CHRFB formal Exemption, goes to the point of mutual respect & cooperation. Since CTT now wants us to change quickly, give us the support to do so & the finances to make it happen.

I'm still naive enough to believe in fixing problems versus fixing blame, and that the most prudent solutions will be reached by the parties working cooperatively. While all parties have attorneys involved & varying amounts of skin in the game, the Fair Association remains committed to safety & we appreciate CTT's understanding as we work to simultaneously balance the needs of multiple constituents.

Rick Pickering  
cell 925-567-6032

**Wagner, Jacqueline**

---

**From:** Kirk Breed [kirkbreed@mac.com]  
**Sent:** Tuesday, February 10, 2009 11:28 AM  
**To:** Wagner, Jacqueline  
**Subject:** Fwd: Update on Pleasanton's Golf Ball Issue

Does this qualify for board kpacket.

Begin forwarded message:

**From:** Rick Pickering <Rick@AlamedaCountyFair.com>  
**Date:** February 10, 2009 10:44:16 AM PST  
**To:** Christopher Korby <korby@calairs.net>, "Drew J. Couto" <drew@deposet.com>, "Hartman, Robert" <Robert.Hartman@goldengatefields.com>, kirkbreed@mac.com, cdogjr@yahoo.com, Ehajp@aol.com, TBach6525@aol.com  
**Cc:** RBlonien@aol.com, Louie Brown <lbrown@kscsacramento.com>  
**Subject:** Update on Pleasanton's Golf Ball Issue

Gentlemen:

By way of an update, we continue to progress on the golf ball issue.

1. We completed a three week on-site monitoring of the golf course & track, noting specifics of any ball that reached the track. IE... Location, estimated trajectory (rolling onto the track vs flying onto the track,) time of day, etc... We had originally planned this as a two week study, but we extended it for a third week in order to gather more data.
2. We then walked the track & golf course with the Operator (Jetter Golf) & a golfing specialist/engineer (Dave Tanner.) Mr. Tanner has prepared the attached quote for his services. His firm will develop a computerized trajectory study of the four holes that are of concern. Based on the results of his study, he will provide engineered plans for the appropriate netting & fencing fixes. His designs will then be used to obtain construction & installation quotes. Although we have yet to identify a funding source for these efforts, we are moving forward.
3. We have concluded our independent audit of our Golf Operator. This Audit also confirmed that the largest percentage of activity at the 9 Hole Executive Course takes place in the morning hours.
4. There have been no reports of golf ball related incidents at the track, other than when Audrey was struck by a ball. The Golf Operator has continued to cooperate in looking for solutions.

---

**From:** adminscanner@alamedacountyfair.com [mailto:adminscanner@alamedacountyfair.com]  
**Sent:** Tuesday, February 10, 2009 10:06 AM  
**To:** Rick Pickering  
**Subject:** Message from KMBT\_C650



TANNER CONSULTING  
GROUP

*Golf Engineering Services...*

---

P.P.O Box 1860—Valley Springs, CA 95252 Phone: (209) 772-2233 Fax: (209) 772-2230

February 6, 2009

To: Ed Johnson – Maintenance Operations Manager  
Alameda County Fairgrounds  
4501 Pleasanton Avenue – Pleasanton, CA 94566

RE: Proposal for Ball Trajectory Study

Dear Mr. Johnson:

Thank you for the opportunity of providing you with our proposal for services. I would like to assure you that Tanner Consulting Group has the extensive experience and excellent technical background needed for a project such as yours. Our expertise covers all aspects of ball containment systems including planning, budgeting, and design. We pride ourselves on being able to offer innovative design and safety solutions.

With TCG, you can expect a well coordinated project from start to finish. Our designs will be done in C.A.D. to provide you with the most accurate plans available. Sight information will be compiled using the most current topographic site plan, as well as, any other information you can provide for us. Additionally, all of our work will be done in strict accordance with Municipal Codes & Ordinances, Uniform Plumbing Codes, National Electric Codes, and State & County Health Codes. Upon completion of your design, our structural engineer can create all necessary structural calculations and stamped plans needed for the permitting process of this project.

I believe this proposal addresses your requirements and provides the planning basis for a successful project. If you have any questions, please don't hesitate in calling me at (209) 772-2233. I look forward to hearing from you soon.

Best Regards,

*Dave Tanner*

Dave Tanner  
Tanner Consulting Group



# PROPOSAL

## ALAMRDA COUNTY FAIRGROUNDS/PLEASANTON FARWAYS GOLF CPOURSE

### PROPOSAL FOR BALL TRAJECTORY STUDY WITH SERVICES TO INCLUDE THE FOLLOWING:

1. TCG will re-create site plan in a 3-D format for the areas you indicate.
2. Four ball trajectory studies showing projected ball flights as they will relate to the facility plans will be prepared.
3. We will prepare four recommended netting plan that will include: Plan View, Elevations, Isometric Views, and include our Projected Ball Trajectory Chart.
4. Plans and specifications for a chainlink fencing system to be locate 10'-12' within the race rail and above the drainage swell at the perimeter of the golf course..

Tanner Consulting Group will create all necessary plans to assure all proposed improvements meet with all code requirements. Tanner Consulting Group will utilize a current topographic map or site plan provided by you along with most current satellite image.

#### Our fee structure for the above mentioned items is as follows:

a. Base Map Preparation	\$ 950.00
b. First Ball Trajectory Study Hole #1	\$ 1,640.00
c. Second Ball Trajectory Study Hole #4	\$ 1,210.00
d. Third Ball Trajectory Study Hole #5	\$ 1,210.00
e. Fourth Ball Trajectory Study Hole #9	\$ 1,210.00
f. Chain Link Fencing Plans for Perrimeter of Golf	\$ 1,100.00
g. Netting/fencing Plans and Specifications for Project	\$ 1,370.00
h. Site Visits or Meetings (if required):	\$ 1,100.00 (includes airfare, hotel, rental car & site visit)
i. Structural Engineering (if required)	\$ 2,200.00 each
j. Printing & Shipping	Billed at our cost

Please send your signed copy of this proposal, your purchase order, our new account information sheet, plus any site information to: **Tanner Consulting Group—P.O. Box 1860, Valley Springs, CA 95252.**

Date: \_\_\_\_\_

Signature of Acceptance: \_\_\_\_\_ Title: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

EMAIL: \_\_\_\_\_

SB 16 (Chapter 12)  
(See Page 3)

SECTION 1. Section 19606.1 of the Business and Professions Code is amended to read:

19606.1. (a) All revenues transferred pursuant to Section 19620.2 shall be deposited in a separate account in the fund and, notwithstanding Section 13340 of the Government Code, are continuously appropriated from that account to the Department of Food and Agriculture, for allocation by the Secretary of Food and Agriculture, at his or her discretion, for the purposes set forth in paragraphs (1) to (6), inclusive. The concurrence of the Director of Finance shall be required for allocations pursuant to paragraphs (1) and (2). Allocations pursuant to paragraphs (3) to (6), inclusive, shall be made with the concurrence of the Joint Committee on Fairs Allocation and Classification.

(1) For the repayment of the principal of, interest on, and costs of issuance of, and as security, including any coverage factor, pledged to the payment of, bonds issued or to be issued by a joint powers agency or other debt service or expense, including repayment of any advances made or security required by any provider of credit enhancement or liquidity for those bonds or other indebtedness or expenses of maintaining that credit enhancement or liquidity, incurred for the purpose of constructing or acquiring improvements at a fair's racetrack inclosure, satellite wagering facilities at fairs, health and safety repair projects, or handicapped access compliance projects at fairs or for the purpose of refunding bonds or other indebtedness incurred for those purposes. As used in this paragraph, "coverage factor" means revenues in excess of the amount necessary to pay debt service on the bonds or other indebtedness, up to an amount equal to 100 percent more than the amount of that debt service, which a joint powers agency, pursuant to the resolution or indenture under which the bonds or other indebtedness are or will be issued, pledges as additional security for the payment of that debt service or is required to have or maintain as a condition to the issuance of additional bonds or other indebtedness. Notwithstanding any other provision of law, the department may also commit any funds available for allocation under Article 10 (commencing with Section 19620) to complete projects funded under this paragraph in the priority described in this paragraph.

(2) For payment to the State Race Track Leasing Commission to be pledged for the repayment of debt necessary to construct a racetrack grandstand at the 22nd District Agricultural Association fairgrounds. This payment shall be made only if the Secretary of Food and Agriculture determines, annually, that all other pledged revenues have been applied to the repayment of that debt and have been determined by the secretary to be inadequate for that purpose.

(3) For the payment of expenses incurred in establishing and operating satellite wagering facilities at fairs.

(4) For the support of an equipment and operating fund to produce and display a consolidated California signal at satellite wagering facilities and fairs.

(5) For health and safety repair projects at fairs, which includes fire and life safety improvement projects, California Code of Regulations compliance projects, and long-term deferred maintenance projects.

(6) For the development and payment of revenue generating projects, the establishment of pilot projects to restructure the current fair system, and for projects realizing a cost savings for more efficient utilization of existing fair resources.

(b) The Secretary of Food and Agriculture may not make an allocation for purposes of paragraphs (2) to (6), inclusive, of subdivision (a) until the payments required in any fiscal year pursuant to paragraph (1) of subdivision (a) have been funded.

(c) Pursuant to subdivision (a), the Joint Committee on Fairs Allocation and Classification shall review and concur, or not concur, with the secretary's determination of the allocations to be made pursuant to paragraphs (3) to (6), inclusive, of subdivision (a) in total, and the committee may not add to, or delete projects or line items from, the proposed allocations.

(d) Approval of the Joint Committee on Fairs Allocation and Classification is deemed complete when one of the following conditions is met:

(1) The annual budget act is enacted.

(2) If the secretary's recommendations are received by the Joint Committee on Fairs Allocation and Classification after the enactment of the annual budget act, the recommendations shall be deemed approved 30 days after they are received unless they are rejected by the committee.

(e) If the Joint Committee on Fairs Allocation and Classification does not concur with the secretary's recommendations, the secretary may submit another set of recommendations to the committee pursuant to this section.

(f) The payments required in any fiscal year for the purposes of paragraphs (1) to (3), inclusive, of subdivision (a) shall be made before any transfer is made pursuant to subdivision (g).

(g) Except as otherwise provided in subdivision (f), when the revenues deposited in the separate account exceed eleven million dollars (\$11,000,000) in any fiscal year, the amount in excess of eleven million dollars (\$11,000,000) shall be transferred to the Fair and Exposition Fund for allocation in accordance with Sections 19620.1 and 19630.

(h) All of the costs of administering the accounts created by subdivision (a) and Section 19606.3 shall be charged to the respective accounts.

SEC. 2. Section 19606.3 of the Business and Professions Code is amended to read:

19606.3. The first one million one hundred thousand dollars (\$1,100,000) of all funds for distribution as purses generated at satellite wagering facilities statewide from wagering on thoroughbred horse racing shall be deposited in a special account in the fund and, notwithstanding Section 13340 of the Government Code, are hereby continuously appropriated to the Department of Food and Agriculture for supplementing purses at fair meetings to achieve the purposes of Section 19606.4.

SEC. 3. Section 19616.51 of the Business and Professions Code is repealed.

SEC. 4. Section 19616.51 is added to the Business and Professions Code, to read:

19616.51. (a) Notwithstanding any other provision of law, and in lieu of any license fee payable to the state prescribed for or referred to in Section 19491, 19491.5, 19596.3, 19601, 19601.2, 19602, 19603, 19604, 19605.25, 19605.35, 19605.45, 19605.6, 19605.7, 19605.71, 19606.5, 19606.6, 19610.8, 19611, 19612, 19614, 19616, 19616.1, 19616.2, or 19641, any association or fair that conducts a racing meeting shall only pay a license fee to the state to fund the board and the equine drug testing program as follows:

(1) All racing associations and fairs including all breeds of racing shall participate in the funding of the board in accordance with a formula devised by the board in consultation with the industry.

(2) The baseline funding for the board and equine drug testing program in the first fiscal year after the enactment of this section shall be the amount approved in the 2008-09 Budget Act.

(3) Adjustments to the funding in subsequent budget years may only be made by an act of the Legislature.

(b) The license fee reductions resulting from subdivision (a), after payments to fund the board and the equine drug testing program, shall be distributed as follows:

(1) For thoroughbred racing only, 3 percent of the amount of the reduction shall be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2, and shall thereafter be distributed in accordance with subdivisions (b), (c), and (d) of Section 19617.2. The remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(2) For quarter horse racing, 2.5 percent of the amount of the reduction shall be deposited with the official registering agency pursuant to subdivision (b) of Section 19617.7, and shall thereafter be distributed in accordance with subdivisions (c), (d), (e), and (f) of Section 19617.7, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(3) For harness racing, 6 percent of the amount of the reduction shall be distributed as specified in Section 19617.6, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

(A) Fifty percent to the association as commissions.

(B) Fifty percent to the horsemen as purses.

(4) For all other breeds, the remaining amount shall be distributed to the association that conducts the racing meeting and to horsemen participating in that racing meeting as follows:

- (A) Fifty percent to the association as commissions.
- (B) Fifty percent to the horsemen as purses.

SEC. 5. Section 19620.1 of the Business and Professions Code is amended to read:

19620.1. (a) From the total revenue received by the board, including revenues transferred from the Satellite Wagering Account pursuant to subdivision (g) of Section 19606.1, but excluding money received pursuant to Sections 19640 and 19641, the sum of two hundred sixty-five thousand dollars (\$265,000) plus an amount equal to 63/100 of 1 percent of the gross amount of money handled in the annual parimutuel pool generated within this state, or the maximum amount received by the state from the parimutuel pool of a racing meeting held in this state, whichever is less, shall be paid into the State Treasury to the credit of the Fair and Exposition Fund.

(b) From the total revenue received by the board, exclusive of money received pursuant to Sections 19640 and 19641, and in addition to the funds paid into the State Treasury to the credit of the Fair and Exposition Fund as specified in subdivision (a), the Legislature shall annually appropriate and the board shall deposit to the credit of the Fair and Exposition Fund, such sums as it deems necessary for the following purposes:

(1) For the support of the board, including any costs and expenses incurred by the Attorney General in the enforcement of this chapter as shall be authorized by the board, including, compensation including any fringe benefits paid to stewards and to the official veterinarian, and an amount not less than the amount expended in the 1994-95 fiscal year for the costs of laboratory testing related to horse racing pursuant to Section 19580.

(2) To the Department of Food and Agriculture for the oversight of the network of California fairs receiving money from the fund.

(3) To the Department of Food and Agriculture for the contributions, or the cost of benefits in lieu of contributions, payable to the Unemployment Fund by the network of California fairs receiving funds pursuant to this article, as a result of unemployment insurance coverage pursuant to Section 605 of the Unemployment Insurance Code.

(4) To the Department of Food and Agriculture for the auditing of all district agricultural association fairs, county fairs, and citrus fruit fairs.

SEC. 6. Section 19620.2 is added to the Business and Professions Code, to read:

19620.2. Notwithstanding any other provision of law, on July 1, 2009, and on each July 1 thereafter, 32 million dollars (\$32,000,000) shall be transferred from the General Fund and paid into the State Treasury to the credit of the separate account of the Fair

and Exposition Fund specified in Section 19606.1 and shall be continuously appropriated for allocation as specified in that section and Section 19620.1 only for the financial support of the network of California fairs.

SEC. 7. This act shall become effective on July 1, 2009.

DISCUSSION AND ACTION BY THE BOARD  
REGARDING A PRESENTATION FROM  
THE CALIFORNIA AUTHORITY OF RACING FAIRS (CARF)  
CONCERNING ITS PLANS FOR THE 2009 SUMMER RACING PROGRAM

Regular Board Meeting  
March 19, 2009

BACKGROUND

The Board at its November 2008 regular meeting allocated race dates in August and September 2009 to be conducted by the California Authority of Racing Fairs (CARF) at Golden Gate Fields.

CARF has submitted the attached status of planning of these events and is prepared to make a presentation concerning its preparation for the 2009 Summer Racing Program.

RECOMMENDATION

Staff recommends the Board hear from the CARF representative.

RACING AT GOLDEN GATE FIELDS  
CONDUCTED BY CALIFORNIA AUTHORITY OF RACING FAIRS  
*STATUS OF PLANNING*

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The California Horse Racing Board has allocated race dates in August and September 2009 to be conducted by the California Authority of Racing Fairs at Golden Gate Fields. We respectfully offer this report on the status of planning for these events.

*Lease Agreement with Pacific Racing Association/ Golden Gate Fields*

Representatives from Pacific Racing Association/Golden Gate Fields (PRA/GGF) and California Authority of Racing Fairs (CARF) have been meeting on a regular basis since October to work through the planning and coordination for the racing dates that will be conducted by CARF at GGF. We have determined that the governing structure for the agreement will be a lease arrangement between Pacific Racing Association and CARF. This lease agreement is currently in negotiation and discussions are going well. Broadly described, under the terms of this agreement PRA/GGF will carry out the normal day-to-day operations at GGF during this period and CARF, pursuant to its agreement with TOC, will be responsible for the racing program, stakes schedule and payment of purses.

*Purses, Racing Program and Stakes Schedule*

Representatives from CARF and from GGF have agreed to work together to coordinate consistent racing programs in Northern California from May through October 2009. TOC consent will be required as we proceed. All parties believe that this cooperation is especially important this year because all the stakeholders wish to keep racing in Northern California strong and attractive to horsemen and patrons alike. To that end, we are working to incorporate the following goals and objectives into our planning:

- Create a core racing program of Fair dates through the summer circuit, which features Turf and higher-quality Thoroughbreds.
- Retain the better Northern California Thoroughbreds, including grass horses, in the region through the summer. Objective: Better horses running in bigger fields.
- Create attractive opportunities in Northern California for horses from other jurisdictions.
- Manage the inventory of mid- to lower classifications of Thoroughbreds to keep a pool of runners available for better fields at Fairs outside Bay Area.
- Offer expanded program for two-year-olds involving minimal transport.
- Increase field size through 1) better management of runner inventory; 2) carefully structured purse/stakes schedule; and 3) reduced number of racing days (no Mondays; fewer dates in September).
- Target the use of supplemental purse funds create to accomplish objectives above.
- Distribute a competitive simulcast program to California, interstate and international markets.

Christopher Korby  
March 10, 2009

DISCUSSION AND ACTION BY THE BOARD REGARDING  
THE SIGNIFICANCE OF THE BANKRUPTCY FILING OF  
MAGNA ENTERTAINMENT CORPORATION  
ON THOSE SUBSIDIARIES OPERATING IN CALIFORNIA;  
TO WIT,  
LOS ANGELES TURF CLUB, INC., OPERATING AT SANTA ANITA PARK  
AND  
PACIFIC RACING ASSOCIATION OPERATING AT GOLDEN GATE FIELDS.

Regular Board Meeting  
March 19, 2009

Attached for your reference are various articles related to the bankruptcy filing of Magna Entertainment Corporation and the potential impact on Santa Anita Park Race Track and Golden Gate Fields. In addition, excerpts printed from the Santa Anita Park website titled "Frequently Asked Questions about MEC's Chapter 11 Filing" have been included.

## Frequently Asked Questions about MEC's Chapter 11 Filing

### **When did MEC file for Chapter 11 protection?**

On March 5, 2009, MEC filed for protection under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Court").

On March 5, 2009, MEC also sought a recognition order of the Chapter 11 proceedings from the Ontario Superior Court of Justice in Canada under the Companies' Creditors Arrangement Act.

### **What is a Chapter 11 filing?**

A Chapter 11 filing provides a debtor company (such as MEC) a vehicle for operating its business under protection from its creditors while developing a plan to resolve its financial and liquidity problems. Immediately upon a Chapter 11 filing, an "automatic stay" is imposed which halts the collection of creditors' claims and protects the debtor company from its creditors. During Chapter 11, the debtor company is able to continue to operate while it restructures its debt.

In a successful Chapter 11 case, the bankruptcy court will confirm a plan of reorganization that enables the debtor company to emerge from Chapter 11 and operate in the future relieved of many of the burdens that precipitated its Chapter 11 filing.

### **Why did MEC file for Chapter 11 protection?**

MEC filed for Chapter 11 protection in order to implement a comprehensive financial restructuring. Simply put, MEC has far too much debt and interest expense. Under Chapter 11 protection and with the Court's approval, MEC will continue to operate in the ordinary course of business while working with its creditors and other stakeholders to complete a restructuring.

Over the past several years, MEC has sold nearly \$500 million of assets and pursued numerous out-of-court restructuring alternatives. However, MEC has been unable to complete a comprehensive restructuring transaction to date. As a result, MEC is burdened with too much debt and interest expense. This situation has been exacerbated by the current economic recession, severe downturn in the U.S. real estate market and global credit crisis.

MEC believes that this Chapter 11 restructuring will bring its level of debt in line with current economic realities and take pressure off its operations, which have historically been burdened with significant interest expense and financing fees. In today's challenging economic environment, many companies are using Chapter 11 to substantially reduce debt and position themselves for future growth.

MEC has addressed its short-term liquidity concerns by obtaining a \$62.5 million debtor-in-possession ("DIP") financing from a subsidiary of MI Developments Inc. ("MID"), MEC's controlling shareholder and largest secured lender. This financing is intended to provide MEC with sufficient liquidity to operate during the Chapter 11 process.

**Is MEC going out of business?**

No. During the Chapter 11 restructuring process, MEC's day-to-day operations are expected to continue without interruption.

**What is the difference between Chapter 11 and Chapter 7?**

Under Chapter 11, a business continues to operate and management remains in control of the business, subject to required bankruptcy court approvals, while the company's debt is restructured. Under Chapter 7, a business immediately closes, and a trustee is appointed to manage the Chapter 7 process, which is a liquidation of assets.

MEC is restructuring under Chapter 11 and a trustee is not expected to be appointed.

**Will MEC be selling any of its racetracks or other assets?**

In connection with the Chapter 11 filing, MEC has entered into an agreement with MID to sell a substantial portion of its assets. MID has made a "stalking horse bid" to acquire the following MEC assets: Gulfstream Park, Golden Gate Fields, Palm Meadows Training Center, Lone Star Park, AmTote International, XpressBet, The Meadows holdback note and MEC's real estate joint venture with Forest City Enterprises.

The balance of MEC's assets that MID has determined not to purchase at this time include Santa Anita Park, The Maryland Jockey Club, Remington Park, Thistledown, Portland Meadows, StreuFEX, Magna Racino and MEC's other Austrian assets, lands in Ocala and Dixon, and MEC's joint venture interests in HRTV, TrackNet Media and The Shops at Santa Anita with Caruso Affiliated.

MEC's assets, including the assets MID has chosen to acquire pursuant to its "stalking horse bid", will be the subject of a marketing and sale process conducted by Miller Buckfire & Co., LLC, MEC's financial advisor and investment banker. During the marketing and sale process, MEC is expected to continue to operate in the ordinary course.

**What is a stalking horse bid?**

A "stalking horse" is an initial bidder who negotiates an asset purchase agreement with the debtor company. The stalking horse bid is subject to higher and better offers. If the stalking horse bid is topped, the stalking horse also has the ability to increase their bid.

**How will the sale process affect MEC's ongoing business operations?**

Our business operations will continue as usual. Most importantly, we do not expect there to be any interruption in our ability to serve our customers. To be sure, we intend to honor all of our customer-related obligations and programs, and we have asked the Court to issue orders ensuring that nothing will change from the perspective of our horsemen, customers and employees.

**Will the MEC tracks and entities continue racing and simulcast operations during this process?**

Yes. The Chapter 11 process does not affect our ability to continue racing and simulcast operations.

**How long will the Chapter 11 process take?**

We do not know how long the Chapter 11 process will take as it varies for each company depending on a number of different factors. We will make public announcements when significant developments in the Chapter 11 process occur.

**Were any of MEC's subsidiaries or operations left out of the Chapter 11 filing?**

Yes. The following MEC operations were not included in MEC's Chapter 11 filing:

- Lone Star Park
- Portland Meadows
- XpressBet
- AmTote Canada and AmTote Australasia
- Magna Racino and MEC's other Austrian operations
- HRTV (50% joint venture)
- TrackNet Media Group (50% joint venture)
- Joint venture with Caruso Affiliated at Santa Anita Park
- Meadows Racing Operations

## Frequently Asked Questions for Suppliers

**Will we be paid for goods and services provided before MEC filed for Chapter 11 on March 5, 2009?**

The bankruptcy laws of the United States prohibit us from paying for any goods or services that were delivered before the date of the filing, March 5, 2009. MEC sincerely regrets any hardship this may cause.

Such claims will be dealt with by a claims process later in the Chapter 11 proceedings. All trade creditors will be contacted in due course by MEC's claims agent regarding the claims process.

**Why should we continue to do business with MEC after March 5, 2009?**

We are required to pay for all good and services that are delivered after the date of the filing, March 5, 2009. We value our supplier relationships and would like to continue to do business with you on mutually agreeable terms after March 5, 2009.

**How will MEC pay us for goods and services delivered after March 5, 2009 while MEC is in Chapter 11?**

MEC has obtained a \$62.5 million debtor-in-possession financing facility from a subsidiary of MI Developments Inc. ("MID"), MEC's controlling shareholder and largest secured lender. This financing facility is intended to be sufficient for MEC to pay for all of the goods and services it requires during the Chapter 11 process.

## Frequently Asked Questions for Racetrack Customers

### **Are customers impacted by this action?**

No. During the Chapter 11 restructuring process, MEC's day-to-day operations are expected to continue without interruption. We will continue to provide the same quality of service to our customers and prospective customers as we always have. We have taken a number of measures in and out of court to ensure that this process does not interfere with our normal business operations.

### **Will customer obligations and programs be honored by the company?**

Yes. Our current processes for wagering and collecting winnings will remain the same.

### **I have a winning ticket that is uncashed. Can I still cash it?**

Yes. All winning tickets will continue to be honored as usual.

### **I still have vouchers/gaming currency. Can I use them?**

Yes. All vouchers and gaming currency will continue to be honored the same way. There will be no change in our handling of customer vouchers or gaming currency.

### **Will you still be holding the customer contests I enjoy?**

Yes. We understand the importance of these contests to our customers and have taken steps to ensure we will be able to continue to provide contests and honor the prizes for the contest winners.

## Frequently Asked Questions for XpressBet Customers

### **Is XpressBet going out of business?**

No. First of all, XpressBet has been excluded from MEC's Chapter 11 filing. During the MEC Chapter 11 restructuring process, XpressBet's day-to-day operations are expected to continue as usual.

### **Will MEC's Chapter 11 filing affect my ability to wager using my XpressBet account?**

No. MEC's Chapter 11 filing will have no impact on XpressBet's operations and you will continue to be able to wager thorough XpressBet just as you did before MEC's Chapter 11 filing.

### **Is my money safe with XpressBet?**

Yes. As required by Oregon law, XpressBet deposits and maintains account holders' funds in a restricted-use custody account with an FDIC-insured bank. These funds cannot be used for any purpose except to fund wagering activities and to comply with any other instructions or agreements of individual account holders. Funds in the custody account shall remain the property of the individual account holders for all purposes until wagered by the account holder or otherwise withdrawn or used in accordance with the account holder's instruction or agreement.

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**Subject:** FW: MEC and Special Meeting Coverage

## Magna Entertainment files for Ch. 11 protection

The Associated Press

Posted: 03/05/2009 12:35:28 PM PST

AURORA, Ontario—The largest horse track owner in the U.S. filed for Chapter 11 bankruptcy protection on Thursday, saying it was unable to obtain new financing while supporting its existing debt.

Magna Entertainment Corp., whose operations include Baltimore's Pimlico racetrack that hosts the Preakness Stakes, the middle jewel of the Triple Crown, said it would continue to operate while it reorganizes under the supervision of the U.S. Bankruptcy Court in Delaware.

"Simply put, MEC has far too much debt and interest expense," chairman and chief executive Frank Stronach said in a statement. "MEC has previously pursued numerous out-of-court restructuring alternatives but has been unable to complete a comprehensive restructuring to date due, in part, to the current economic recession, severe downturn in the U.S. real estate market and global credit crisis."

Magna's other racetracks include Santa Anita in Arcadia, Calif., and Golden Gate Fields in the San Francisco Bay area.

The California Horse Racing Board has called a special meeting Friday to discuss the financial conditions of both Magna tracks and verify that funds held for the public and the industry are fully protected, board spokesman Mike Marten said.

MEC, parent company of the Maryland Jockey Club, has addressed its short-term liquidity concerns by obtaining a \$62.5 million debtor-in-possession financing facility from a subsidiary of MI Developments Inc., a property-management company

that is Magna's controlling shareholder as well as its largest secured creditor.

The financing is intended to provide MEC with sufficient liquidity during the Chapter 11 process, during which MEC said it will continue to operate without interruption.

"As far as are guests are concerned there will be no change to the operation," said Maryland Jockey Club president and chief operating officer Tom Chuckas.

"The employees will not have to worry about payroll and the horsemen's purse account is protected. This is a tough time and very unnerving but at the end of the day it will create a more positive environment and a much stronger company."

MI Developments hopes to buy some of the racetrack company's assets for \$195 million. Among the items included in that deal are Magna's interest in The Village at Gulfstream Park in South Florida, Palm Meadows Training Center in Boynton Beach, Fla., Lone Star Park in Grand Prairie, Texas and

XpressBet, an account wagering company.

Lone Star Park president and general manager Drew Shubeck said in a statement that Lone Star was not among the Magna Entertainment subsidiaries filing for bankruptcy protection.

"As a result, none of Lone Star Park's accounts or assets will be frozen or negatively affected by this filing," Shubeck said. He added that there should be no immediate implications for the track, its employees, customers, horsemen and vendors.

Magna Entertainment, based in Aurora, Ontario, said it has between \$500 million and \$1 billion in liabilities and more than \$1 billion in assets, according to court filings.

It has between 10,000 and 25,000 creditors, including MI Development, which is owed \$372 million.

Magna Entertainment was spun off from auto parts company Magna International in 2000 while MI Developments was spun off by Magna International in 2003.

MI Developments said it would offer Magna a six-month \$62.5 million loan so it can continue to operate while undergoing bankruptcy proceedings.

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## Magna Entertainment Files for Chapter 11 Bankruptcy Protection

MI Developments to provide US\$62.5 million DIP financing and act as stalking horse bidder for certain MEC assets to protect its secured loan interests

AURORA, ON, March 5 /PRNewswire-FirstCall/ - MI Developments Inc. (MID) (TSX: MIM.A, MIM.B; NYSE: MIM) today announced that Magna Entertainment Corp. and certain of its subsidiaries (MEC) have filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware. MEC's day-to-day operations are expected to continue throughout the bankruptcy proceedings while MEC undertakes a process to sell its assets and repay indebtedness, including to MID.

MID holds a controlling equity interest in MEC and is the largest secured creditor of MEC. The current balance of MID's existing loans to MEC, including accrued interest, is approximately US\$372 million, comprised of US\$171 million under the Gulfstream Park project financing, US\$23 million under the Remington Park project financing, US\$125 million under the bridge loan provided in September 2007, and US\$53 million under the loan provided in December 2008. All of these loans are secured.

Dennis Mills, MID's Vice-Chairman and Chief Executive Officer, stated, "We are providing both the DIP financing and the stalking horse bid with the intent of preserving the value of our secured loans to MEC. The bid provides MID with the opportunity to acquire valuable real estate assets with considerable redevelopment prospects that we believe will create value for our shareholders."

### DIP Financing

MID, through a wholly-owned subsidiary, has agreed to provide a six-month secured debtor-in-possession financing facility to MEC (the DIP Financing) in the amount of US\$62.5 million. A portion of the DIP Financing will be used to fund interest and fees payable to secured creditors, including an estimated US\$26.2 million to MID. If approved by the Court, the DIP Financing, combined with MEC's cash flows from operations, should enable MEC to continue to satisfy its obligations associated with the ongoing operations of its business, including payment of employee wages and benefits in the ordinary course, and payment of post-petition obligations to vendors. The terms of the DIP Financing contemplate that MEC will sell all its assets through an auction process and use the proceeds from the asset sales to repay its creditors. The DIP Financing will be secured by liens on substantially all assets of MEC, as well as a pledge of capital stock of certain guarantors. Advances to MEC under the DIP Financing must be made in accordance with an approved budget.

### Stalking Horse Bid

MID has entered into an agreement with MEC to purchase MEC's relevant interests associated with the following assets (the Stalking Horse Bid): Golden Gate Fields; Gulfstream Park, including MEC's interest in The Village at Gulfstream Park (a joint venture with Forest City); Palm Meadows Training Center and excess lands; Lone Star Park; AmTote International; XpressBet(TM); and a holdback note associated with MEC's sale of The Meadows. MID's aggregate offer price for the assets is US\$195 million, with US\$136 million to be satisfied through a credit bid of MID's existing loans to MEC, US\$44 million in cash and US\$15 million through the assumption of a capital lease. Under the agreement, MEC will seek Court approval of a process to market these and all other MEC assets, and MID's offer may be topped by third parties during this auction process. MID will not receive any termination fees if MEC sells any assets to a third party, but may receive reimbursement for its expenses in connection with the Stalking Horse Bid.

MID has not made an offer to purchase any other assets of MEC at this time, although MID will continue to evaluate whether to do so during the course of the Chapter 11 process.

### Post-Chapter 11 Operations; Forbearance Agreement

If MID acquires non-racing real estate assets from MEC in the Chapter 11 auction process, MID would retain and develop these assets. All horse racing or gaming assets would be segregated from MID's real estate business and held in one or more new wholly-owned subsidiaries of MID (Raceco). Subject to the outcome of the Chapter 11 auction

process, (a) MID would retain the lands at Golden Gate Fields and Gulfstream Park, the interest in The Village at Gulfstream Park joint venture, and The Meadows holdback note, and (b) Raceco would lease the racing and gaming facilities at Gulfstream Park and Golden Gate Fields from MID pursuant to triple net leases at fair market rent and would own the relevant interests in Lone Star Park, AmTote International and XpressBet(TM). If MID acquires the Golden Gate Fields property, it intends to immediately commence seeking all required approvals to develop the property for commercial real estate uses.

On closing of the asset purchases, MID would execute a forbearance agreement providing that, without the prior approval of a majority of the votes of minority holders of MID Class A Shares, MID would not (a) make any further debt or equity investment in, or otherwise give financial assistance to, Raceco or (b) enter into any transactions with, or provide any services or personnel to, Raceco, except for (i) the triple net leases referred to above and (ii) limited administrative and office services. MID would also agree not to enter into any transactions in the horseracing or gaming business except through Raceco.

By December 31, 2011, MID would either (a) if Raceco were pro forma profitable and self-sustaining, sell it or spin it off to its shareholders, or (b) otherwise, cease racing and gaming operations at Raceco and either sell or develop all of Raceco's remaining assets.

Mr. Mills continued, "If we acquire any MEC racing assets through this process, we are fully committed to segregating them in a separate, self-funding subsidiary that would not require financial support from MID and has a clear deadline for separation from MID."

#### MID Board Approval

The Board of Directors of MID approved the DIP Financing and the Stalking Horse Bid after considering, among other things, a favourable recommendation from a Special Committee of independent directors. The Board received financial advice from GMP Securities L.P. and the Special Committee received financial advice from Blair Franklin Capital Partners Inc., including fairness opinions concerning the Stalking Horse Bid.

#### About MID

MID is a real estate operating company focusing primarily on the ownership, leasing, management, acquisition and development of a predominantly industrial rental portfolio for Magna International Inc. and its subsidiaries in North America and Europe. MID also acquires land that it intends to develop for mixed-use and residential projects. MID holds a controlling interest in MEC, North America's number one owner and operator of horse racetracks, based on revenue, and one of the world's leading suppliers, via simulcasting, of live horse racing content to the growing intertrack, off-track and account wagering markets. As noted in this press release, MEC has filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code.

#### Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements may include, among others, statements relating to the Chapter 11 proceedings and MID's participation therein. Words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate" and similar expressions are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future events or results and will not necessarily be accurate indications of whether or the times at or by which such future events or results will be achieved. Undue reliance should not be placed on such statements. Forward-looking statements are based on information available at the time and/or management's good faith assumptions and analyses, and are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Company's control, that could cause actual events or results to differ materially from such forward-looking statements. Important factors that could cause such differences include, but are not limited to, the risks and uncertainties inherent in the Chapter 11 process, including the auction of MEC's assets, and the risks that are set forth in the "Risk Factors" section in MID's Annual Information Form for 2007, filed on SEDAR at [www.sedar.com](http://www.sedar.com) and attached as Exhibit 1 to MID's Annual Report on Form 40-F for the year ended December 31, 2007, which investors are strongly advised to review. The "Risk Factors" section also contains information about the material factors or assumptions underlying such forward-looking statements. Forward-looking statements speak only as of the date the statements were made and unless otherwise required by applicable securities laws, MID expressly disclaims any intention and undertakes no obligation to update or revise any forward-looking statements contained in this press release to reflect subsequent information, events or circumstances or otherwise.

SOURCE MI Developments Inc.

<http://news.prnewswire.com/DisplayReleaseContent.aspx?ACCT=104&STORY=/www/st...>

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**Subject:** FW: Magna-Special Meeting articles

Blood-Horse

## Magna Rep Gives Assurances to CHRB

*by Jack Shinar*

Date Posted: 3/6/2009 6:11:23 PM

Last Updated: 3/6/2009 6:56:07 PM

A representative from the Magna Entertainment Corp. assured the California Horse Racing Board March 6 that the company "is not going out of business" in spite of its bankruptcy petition and that horsemen purse accounts and customer winnings will be paid on an ongoing basis.

Gregg Scoggins, MEC's national director for regulatory affairs, also told the board that XpressBet, the company's state-licensed advance deposit wagering provider, is not a party to the bankruptcy proceedings and would not be affected.

"No, (MEC) is not going out of business," Scoggins said. "It is simply going through a reorganization."

The CHRB's special meeting at Santa Anita Park came a day after MEC filed for chapter 11 protection on March 5 in a Delaware federal court. The company is seeking to restructure its massive debt, which according to court documents, amounts to nearly \$1 billion in liabilities. In addition to XpressBet, MEC owns and operates Santa Anita and Golden Gate Fields in California.

Anticipating the bankruptcy filing due to the company's ongoing financial uncertainty, the Thoroughbred Owners of California, in cooperation with Magna earlier in the week, transferred horsemen's funds held in paymaster accounts at Santa Anita and Golden Gate Fields to two accounts held in trust by the TOC.

Kirk Breed, the CHRB's executive director, said that auditors examined the accounts prior to the transfer of funds and "verified that all the accounts are in order."

Scoggins said that funds for horsemen's purses and to pay the betting public are being held apart from money needed for track operations.

"We are obligated to pay purses and they will be paid as we go," he said.

Scoggins, who was joined at the meeting by Brian Rosen, the lead attorney for MEC in bankruptcy proceedings, spent most of his time explaining the details of the court filing.

"We will do everything in our power, under bankruptcy law, to make sure this goes forward," Scoggins said. "I can understand everyone's anxiety."

The Delaware court was to hear several "first-day motions" on the filing March 6, including a wage plan as it pertains to company employees, so the Magna officials deferred on a couple of specific inquiries from board members and the public, saying they wanted to await rulings before responding.

CHRB members seemed relieved by the answers they did receive, however, and asked few questions. A couple of the commissioners thanked Scoggins for his explanation of the situation and expressed confidence that racing would continue without any interruptions at Santa Anita and Golden Gate.

"The key is it's going to be an ongoing operation," said John Harris, the board's chairman. "I think to the average fan and horsemen, there is not going to be a great uncertainty at all."

## Thoroughbred Times

# Magna officials meet with California regulators

by Frank Angst

An audit of the horsemen's accounts at California's two tracks owned by bankrupt Magna Entertainment Corp. revealed all funds are in order, and the money has been transferred to the Thoroughbred Owners of California.

In a special meeting of the California Horse Racing Board on Friday at Santa Anita Park, a Magna Entertainment Corp. official said that the horsemen's accounts at Santa Anita Park and Golden Gate Fields have been transferred to the Thoroughbred Owners of California. The financial instability of Magna, which declared bankruptcy on Thursday, concerned horsemen.

CHRB Executive Director Kirk Breed said auditors examined the accounts before the transfer and determined all funds were in order. Greg Scroggins, national director of regulatory affairs for Magna, said all funds have been transferred with the exception of money withheld to cover currently outstanding checks.

Scroggins told the board that accounts for bettors and horsemen at all Magna tracks are held separately from operating funds. He said both horsemen and players could continue to do business at Magna tracks with confidence despite bankruptcy proceedings.

"Horsemen's accounts and customer accounts are safe," Scroggins said.

Scroggins was less confident about questions regarding money, both winnings and fees, owed to other simulcast facilities, off-track outlets, and advance deposit wagering outlets. Traditionally such outlets first pay customers with the understanding that the host track will square such payouts. Host tracks typically square accounts once a month.

The issue has twice come up in recent bankruptcy filings. In 2008, Hinsdale Greyhound Park, which handled significant action on simulcast Thoroughbred racing, listed players and outlets as creditors. That case is still being resolved. In 2006, the New York Racing Association listed numerous racetracks, off-track outlets, and ADW outlets as creditors. John Lee, of NYRA, said all of those outlets eventually were paid.

Racing and Gaming Services, an off-shore rebate shop, is listed as a creditor by Magna. Dick Powell, of RGS, encouraged the CHRB to consider regulations that would require all such payments be rectified in 15 days or less.

"In the 21st century, there's no reason why these payments can not be paid overnight," Powell said.

CHRB Chairman John Harris said Friday's meeting was important to provide transparency for all racing stakeholders. He complimented Scroggins for the information provided and expressed confidence in the day-to-day operations of Golden Gate Fields and Santa Anita.

"The key is it's going to be an ongoing operation," Harris said. "I think to the average horsemen and average bettor, there is not going to be a great uncertainty at all."

Shifts behind the scenes will be significant. Magna parent company MI Developments Inc. has made a stalking

bid that, if approved, would transfer Golden Gate and Santa Anita to MI Developments, which would then consider outside bids on those properties. In a release, MI Developments said if it acquires Golden Gate Fields, it intends to immediately seek approval to develop the property for commercial real estate uses.

Washington Post

## Racing Industry to Feel Effects of Magna's Loss

By Andrew Beyer

Friday, March 6, 2009; 1:27 PM

HALLANDALE, Fla. — The bankruptcy of the Magna Entertainment Corporation — owner of some of America's most famous racetracks — was not another case of a company ruined by executive greed. On the contrary.

Magna's all-powerful chairman, Frank Stronach, loves horses and racing. He has invested countless millions of his own dollars in his personal breeding and racing operation, and his passion for the game led him to buy racetracks from Gulfstream Park to Santa Anita. He wasn't motivated by the desire to install slot machines or any other hidden agenda. He genuinely thought he could make horse racing more enjoyable and more popular. Yet the man who loves racing has plunged the sport into a crisis.

It is a crisis because of an economic fact that has always been the equivalent of a ticking time bomb for U. S. horse racing. Many of the country's most important tracks were built decades ago and occupy large tracts of prime urban real estate. Any developer could find better uses for them than operating a four- or five-month race meeting. Such tracks have continued to exist because of their owners' commitment to the sport.

But after Magna filed on Thursday for Chapter 11 bankruptcy protection, some of the most famous entities in the sport will be put up for sale. Suddenly it is possible to envision racing without the Preakness at Pimlico, without Gulfstream Park or Santa Anita.

Magna tried to put the best possible spin on the bankruptcy filing, saying in a statement: "In today's challenging economic environment, many companies are using Chapter 11 to reduce debt and position themselves for future growth." But the idea of Magna positioning itself for future growth is a pipe dream. In other cases of Chapter 11, creditors have an interest in helping a company reconstitute itself. Should General Motors file for bankruptcy protection, bondholders' best hope is for the auto company to survive and become profitable again.

Creditors have no interest in reviving a company that brought on its own demise with a series of disastrous financial moves. It bought Gulfstream Park for \$90 million, then demolished it and spent \$240 million to build a new facility that most fans regard as inferior to the old one. Because Gulfstream needed stabling for more horses, Stronach decided to build the Taj Mahal of stable areas, Palm Meadows, at a cost in the vicinity of \$100 million — an investment that returns no revenue.

Magna bought Laurel and Pimlico for an inflated price of \$171.5 million — and yet ceded a larger portion of future slot-machine revenues to the seller. With its debts mounting, Magna stayed afloat by borrowing money from another Stronach company, MI Developments, infuriating shareholders who didn't want their money squandered on unprofitable racetrack projects. Farallon Capital Management of San Francisco was one of those investors and it protested that MI Development was "pursuing a value-destroying investment [to please] Frank Stronach." It described Magna Entertainment as a "financial sinkhole."

Under pressure from such shareholders, MI Developments turned off the spigot of money, and without regular infusions of outside cash Magna couldn't survive. In the deal that was announced Thursday and must be approved by a bankruptcy court, MI Developments will give Magna cash to keep its day-to-day operations going and will buy many of the Magna properties — notably Gulfstream and Golden Gate Fields in northern California. Other tracks — Santa Anita, Laurel and Pimlico — remain part of Magna, for the time being, at least. When the Baltimore Sun asked Stronach if these were for sale, the chairman replied: "If the price is right."

There are few potential buyers who would want these properties as racetracks. Churchill Downs Inc. is the other

major owner of U.S. tracks, but it is now appears more interested in online wagering and slot machines than live racing. Perhaps it would want Gulfstream or Santa Anita because it needs good betting products to offer in the winter months.

Technology entrepreneur Halsey Minor has displayed some interest in the racing business; last fall he made an offer to buy some of MJI Developments' loans to Magna but was rebuffed. But there aren't going to be many bidders who want to operate even the prime racetracks, and it is probable that nobody will want the lesser tracks in Magna's portfolio, such as Thistledown in Ohio.

The fate of Maryland racing is especially uncertain. Because of the Preakness's importance and profitability, someone will want to own Pimlico, and the state of Maryland could always be a buyer of last resort. But Laurel Park is a probably worth more for real estate than for horse racing, particularly since its decade-long effort to obtain slot machines has failed. A year-round racing circuit in Maryland will cease to exist.

It was only seven years ago that Stronach promised to build a whole new Pimlico and "restore it to a world-class facility." He talked about making the Baltimore track the center of a larger entertainment complex. He talked about building a technical training center for inner-city youth. One of his chief lieutenants declared: "We intend to reinvent this business."

Like most of Stronach's visions, none of these things came to pass. Magna didn't reinvent the business, but it is about to reshape the racing industry in ways that no one could have imagined.

DRF

## \$6 million for horsemen temporarily frozen

By Steve Andersen

ARCADIA, Calif. - Approximately \$6 million in horsemen's funds distributed at Golden Gate Fields and Santa Anita on Wednesday has been frozen by banks as part of the bankruptcy proceedings of the tracks' parent company, Magna Entertainment, said Drew Couto, the president of the Thoroughbred Owners of California.

Couto said the money was disbursed to horsemen prior to Magna's filing for Chapter 11 bankruptcy protection in Delaware court on Thursday, but the checks cannot be cashed until the bankruptcy court allows the funds to be released.

Couto said on Friday that he hoped the funds would be released to horsemen later that day, but feared it might not occur until next week. He said the TOC has hired an attorney to argue on behalf of California horsemen in Delaware courts on Monday, if the funds had not been released.

"What we've told horsemen is we have counsel in New York standing by to go in on our behalf," he said.

About \$9 million in a trust formed Wednesday by the TOC also was not available to horsemen because of the logistics of launching the venture, Couto said. He expressed hope that the trust would be in place to distribute money on Saturday, even if that meant issuing hand-written checks. The TOC formed the trust in anticipation of the bankruptcy filing to administer horsemen's purse accounts through the track's paymasters of purses.

Speaking of the Magna bankruptcy, Couto said, "We'll have a couple of rough days, but people should realize the sky is not falling."

The larger issue of how Magna's bankruptcy will affect California racing was discussed in a one-hour meeting by the California Horse Racing Board at Santa Anita on Friday.

Gregg Scoggins, Magna's national director of regulatory affairs, told the board that the parent company will continue to operate its racetracks while attending to bankruptcy matters.

"We understand there are critical and important partners in our business - horsemen and fans," he said. "There is an appreciation for the roles these people play. We will do everything in our power, under bankruptcy law, to make sure this goes forward. I can understand everyone's anxiety."

The board took no action during the meeting, which was attended by approximately 100 horsemen and racing officials.

"I feel reassured," racing board chairman John Harris said at the conclusion of the meeting. "We'll know more as we go along."

## Las Vegas Review

# RICHARD ENG: Bankruptcy detracts from Big 'Cap card

Santa Anita management cannot catch a break.

While the focus Saturday should be on three terrific Grade I stakes – the Santa Anita Handicap, Kilroe Mile and Santa Anita Oaks – all that racing people can talk about is the bankruptcy filing of parent company Magna Entertainment.

In Las Vegas, we are numb from hearing the "B" word. Casino giants such as MGM Mirage, Las Vegas Sands and Station Casinos, among others, might have one foot in the bankruptcy grave. But it does not mean they are going out of business.

Meanwhile, Churchill Downs Inc. just reported a nice profit for 2008. CDI and Penn National are the two horse racing companies that have cash, and they might be willing to buy a Magna track.

Maybe this finally will lead to something I've suggested for years: Indian tribes should buy the California tracks and install slot machines with revenue going to purses and expenses while they lease out the racing dates.

Saturday's Santa Anita card is outstanding. Start with the Big 'Cap, which drew 14 runners, 13 of them graded stakes winners or stakes placed. Oddsmaker Jeff Tufts made Colonel John the 9-2 favorite, which tells us how tough this race is.

And here's further proof that synthetic surfaces are changing the game in Southern California: Ten Big 'Cap starters are stakes winners on grass.

That leads me to my pick for the Big 'Cap, Zambezi Sun at 12-1 odds. He was a Group 1-caliber grass star in France. The Bobby Frankel horse was training brilliantly for his U.S. debut in the San Luis Obispo. He was so rank that Garrett Gomez could not settle him down, and he ran sixth as an odds-on favorite.

The Oaks and Kilroe Mile have superstar headliners in Stardom Bound and Ventura. Both will be odds-on favorites and could team with Zambezi Sun to give trainer Bobby Frankel a sweep of the three Grade I stakes.

Stardom Bound is being prepared for a start in either the Kentucky Oaks on May 1 or the Kentucky Derby on May 2. Frankel will stay on the filly trail for as long as possible; he loves being the 3-5 chalk in a Grade I stakes.

Ventura will face males in the Kilroe Mile but still figures to be a strong favorite. She ran second against the boys in the Woodbine Mile last year, a significantly tougher race than this.

## International

Asiatic Boy punches ticket to Dubai World Cup with Maktoum Challenge win, page 10

## THOROUGHBRED TIMES

## TODAY

An international daily newsletter for THOROUGHBRED TIMES subscribers

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Friday,  
March 6, 2009

## Magna Entertainment files Chapter 11 bankruptcy

Facing the prospect of defaulting on multiple loans, Magna Entertainment Corp., North America's top racetrack owner in terms of revenue, filed for bankruptcy on Thursday.

The Ontario, Canada-based company filed for relief under Chapter 11 United States bankruptcy code in Delaware. The company expects its day-to-day operations to continue through the bankruptcy proceedings, though Magna will begin selling some assets to repay its debts.

In February, Magna's parent company, MI Developments Inc., halted a plan that would have infused \$125-million into the struggling racetrack company. That decision forced Magna Entertainment into a corner with loans totaling \$275-million coming due by March 20.

On February 27, Magna received written notice from lenders that several of its Maryland operations are in default on a loan agreement with PNC Bank, though PNC Bank chose not to exercise its rights and remedies because of the default. On the day it filed for bankruptcy, Magna faced payment on a \$40-million credit facility obtained through Wells Fargo Bank, National Association, and a Canadian chartered bank.

Magna owns and operates top winter racing destinations Gulfstream Park and Santa Anita Park. Other Magna tracks include Pimlico Race Course, Laurel Park, Golden Gate Fields, Lone Star Park, Remington Park, Portland Meadows, and Thistledown. Since December 2007, Magna had attempted to alleviate debt by selling Thistledown and Remington Park. Later, the company said it would consider selling its major tracks, or shares of its major tracks, though it failed to complete any such transactions.

Dennis Mills, chief executive officer of MI Developments, said the parent company still expects a return on Magna's real estate.

The current balance of MI Developments loans and interest owed by Magna total \$372-million, including \$171-million under the Gulfstream Park project financing, \$23-million in Remington Park financing, a \$125-million bridge loan in September 2007, and a \$53-million loan in December '08.

Tim Capps, executive-in-residence at the University of Louisville, said a Magna bankruptcy would be very sobering for the racing industry. Capps, who worked in the Magna family earlier this decade as executive director of the Maryland Jockey Club, noted that while operations will continue, the bankruptcy trustee's top concern is acquiring money to pay creditors. That could put some Magna track

properties in danger of purchase for nonracing use.

Capps also noted that the properties might not produce the expected value.

"They [will] be liquidating those places in what is obviously the worst economic environment in our lifetime," Capps said. "Not only is there no one out there who wants to buy anything, it's going to be very tough to find resources to do it. There's no credit."

For now, tracks will continue operations as usual.

"We are proceeding with business as usual with our daily off-season simulcasting operations in the Post Time Pavilion and the preparations for our 2009 Thoroughbred spring meet that opens on Thursday, April 9," said Lone Star President Drew Shubeck.

Oregon law should protect customer accounts at Magna's advance deposit wagering company, Xpressbet.com.

While operations will continue, obviously many of those operations will be limited in any planning.

"It might take a good while to resolve, and in the meantime those places will be trying to operate in a very difficult economic environment and keep their heads above water while sitting under the bankruptcy umbrella that freezes their assets and doesn't let them make any moves that aren't based on whatever the trustee feels it's appropriate to do," Capps said. "It's not a pretty scenario."

In bankruptcy proceedings, the Preakness Stakes (G1), the second leg of the Triple Crown, could be offered as an entity for bidding. Maryland law gives the state the right to match any offer for the race.

Frank Stronach is founder and chairman of Magna Entertainment and its parent, MI Developments. Stronach's Adena Springs racing operation earned the 2008 Eclipse Award as outstanding owner and has won the award for outstanding breeder as well.—*Frank Angst*



Benoit & Associates photo

## STRONACH

## Magna Entertainment Corp. acquisitions

Date	Property	Location	Price
December 1998	Santa Anita Park	Southern California	\$126-million
September 1999	Gulfstream Park	South Florida	95-million
October 1999	Remington Park	Oklahoma City	10-million
October 1999	Thistledown	Northeast Ohio	14-million
November 1999	Golden Gate Fields	Northern California	87-million
February 2000	Great Lakes Downs	Michigan	12-million
November 2000	Bay Meadows racing license	Northern California	24.1-million
April 2001	The Meadows (harness)	Pittsburgh area	53-million
October 2001	Portland Meadows	Oregon	5.97-million
October 2001	Multnomah Greyhound Park	Oregon	5.97-million
June 2002	Flamboro Downs (harness)	Ontario	46-million
July 2002	Maryland Jockey Club (majority)	Maryland	117.5-million
October 2002	Lone Star Park	Texas	100-million
August 2003	AmTote (30%)	Maryland	3.82-million
July 2006	AmTote (70%)	Maryland	14-million
September 2007	Maryland Jockey Club (whole)		18.3-million

## Chapter 11 and Magna Entertainment Corp.

The Chapter 11 bankruptcy filing by Magna Entertainment Corp. allows the company to continue to operate its business under protection from its creditors while developing a plan to resolve its financial and liquidity problems. Magna will continue to operate while it restructures its debt.

• *California, Florida, Maryland horsemen await Magna's future, page 2*

**Subject:** FW: Magna creditors article

## Thoroughbred Times

### MEC creditors begin to file

by Frank Angst

The expected long list of creditors expected to file in the Magna Entertainment Corp. bankruptcy is beginning to build.

Through Tuesday, four entities had filed as creditors in the racetrack owner's Chapter 11 bankruptcy case in United States Bankruptcy Court for the District of Delaware. Those filers include The Pepsi Bottling Group Inc., Greenlight Capital Inc., PNC Financial Services, and Wells Fargo & Co.

Magna has filed a list of more than 33,500 potential creditors, but that list is expected to be reduced by as much as 67%.

In a special California Horse Racing Board meeting on March 6, a Magna representative said that the company would soon pay many of the listed creditors. Greg Scroggins, national director of regulatory affairs for Magna, specifically cited horsemen. While horsemen may currently be listed as creditors, Scroggins said horsemen's accounts are separate from the bankruptcy and those accounts will be squared.

Scroggins was less confident about the listed racetracks and secondary pari-mutuel outlets in the bankruptcy. At the least, delays are likely. Brian Wesley, of the California Attorney General's office, said this money could be settled as part of the bankruptcy.

In a response to a question about filing the bankruptcy in Delaware, Wesley said that court is well-suited and experienced in handling such cases.

Magna has submitted a list of its 50 largest creditors to the bankruptcy court. That list follows. Some creditors appear twice and some claims may be resolved before being part of the bankruptcy.

*Frank Angst is senior staff writer of THOROUGHBRED TIMES*

#### Creditors who have filed in the Magna Entertainment Corp. bankruptcy

<input type="checkbox"/> Creditor	Estimated claim amount
Bank of New York	\$127,345,313
Bank of New York	76,193,229
Maryland Thoroughbred Horsemen's Association	3,820,500
Aon Reed Stenhouse	3,682,756
Florida Thoroughbred Breeders and Owners	2,157,327
Zurich North America	1,937,472
Racing and Gaming Services	1,763,952
Northern California Off-Track Wagering	1,662,231
California Horse Racing Board	1,374,051
Southern California Off-Track Wagering	1,194,623

Magna International Inc.	845,892
New York Racing Association	830,175
McCasey Group	756,217
Elite Turf Club 2	695,411
Oklahoma Tax Commission	669,114
The Leffler Agency	637,487
Red Rock Administrative Services	617,561
Royal River Racing	605,791
Aristocrat Technologies	551,153
Jerry Hollendorfer or George Todaro	550,252
Los Angeles County Tax Collector	442,281
Las Vegas Dissemination	430,036
Juddmonte Farms	424,961
Southern Service Corp.	377,728
Aladema County (California) Tax	367,691
Ranger Construction-South	364,289
California Thoroughbred Business League	336,275
Leonard Powell	329,411
Jerry Hollendorfer	307,846
Gulf Greyhound	290,675
New York Racing Association	288,285
Harrah's Louisiana Downs	274,900
Oklahoma County Treasurer	273,574
Aware Digital	270,000
Maryland Horse Breeders Association	269,800
Max International	250,416
Oklahoma Breeding Development	246,969
Fair Grounds race course	220,591
Bob Baffert	204,617
Cecil Peacock	200,547
Charles Cono	197,723
Churchill Downs Inc.	195,098
Maryland Racing Commission	193,914
Roberts Communications Network	188,005
Las Vegas Dissemination Service	185,260
Tampa Bay Downs	185,081
B. Wayne Hughes	184,882
Richard O'Neill Trust	170,516
Florida Power and Light Co.	168,000
Lathrop Hoffman	166,788

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Subject: FW: More Magna coverage

San Gabriel Valley Tribune

## Santa Anita attorney explains bankruptcy

By Frank C. Girardot, Staff Writer  
Posted: 03/06/2009 07:07:31 PM PST

ARCADIA - An attorney for Magna Entertainment Corp., the parent of Santa Anita Park, on Friday appeared before a special meeting of the California Horse Racing Board to explain the ramifications of his company's bankruptcy filing.

While track employees and horsemen will likely be protected, off-track betting parlors, which receive a two-percent commission on bets placed through their facilities, will likely have to line up in court with other creditors to collect what's owed them.

"Hollywood Park, Los Alamitos and Pleasanton (Race Track) all three carry the Santa Anita signal," said Rod Blonien, who appeared on behalf of the three other tracks. "There are moneys already owed (by Santa Anita and Golden Gate Fields) for satellites. Would they be protected?"

Magna attorney Greg Scroggins, said he was uncertain about that portion of Magna's debt. Brian Wesley, speaking on behalf of the state Attorney General's office said money owed to off-track sites could get tied up in the overall bankruptcy proceedings.

Magna's filing in a Delaware federal court carries repercussions for horsemen and bettors at the track as well, racing officials said Friday.

Board members used the special hearing to question the Magna attorney about the significance of those ramifications.

By the time the 10:30 a.m. meeting adjourned an hour later, John Harris, the board's president said he felt somewhat reassured.

"At least in the short term,"

Harris said. "It's still a question of total disposition of the case. Bankruptcy law seems counterintuitive at times."

Scroggins explained MEC's bankrupt became necessary after the company lost about \$500 million over the past five years. He noted that MEC defaulted on a \$40 million loan owed to its holding company and

largest creditor MI Development.

As part of the filing, MID placed a \$195 million "stalking horse bid" for several of MEC's assets. Santa Anita was not among those assets.

Canadian auto parts magnate Frank Stronach is the majority share holder in both MEC and MID, Scroggins said.

"It's the same man controlling everything," Scroggins said. "But because both companies are public there are safeguards in place to make sure that any arrangement between them is at arms length."

While most horseman's money from the track's \$15 million paymaster account was placed in a joint trust fund with the Thoroughbred Owners of California prior to Thursday's filing, checks written from the Santa Anita account have yet to be honored, Scroggins said.

"I know there's a lot of fear out there," he said. "But, the number one unsecured creditor is a bank in New York. This company plans to pay their customers going forward. In regard to horsemen getting paid, I can appreciate the horsemen's anxiety. MEC is committed to continuing their operations and coming out of this bankruptcy as a viable business."

[frank.girardot@sgvn](mailto:frank.girardot@sgvn)

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**Subject:** FW: Magna news (including attachment) and HP purses article

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Blood-Horse

## MID May Dispose of MEC Tracks by 2011

*by Ryan Conley*

Date Posted: 3/10/2009 9:17:15 PM

Last Updated: 3/11/2009 10:05:58 AM

The parent company of Magna Entertainment Corp. disclosed March 10 it does not intend to keep on a long-term basis the racing assets upon which it is bidding in MEC's Chapter 11 bankruptcy reorganization. Included in the disclosure is the company's "immediate" intention of redeveloping Golden Gate Fields into a commercial property if the bid is successful.

MI Developments, which is the controlling shareholder in MEC, said in a filing with the Securities and Exchange Commission that if it is successful in acquiring the properties it is seeking in a \$195-million "stalking horse bid," those assets by the end of 2011 will be either sold, spun-off to its shareholders, or closed for other development.

Racing assets included in the bid from MID, which can be topped by a third-party entity in a court auction, are Golden Gate Fields, Gulfstream Park, and Lone Star Park, as well as well as totalizator company AmTote International and advance deposit wagering entity XpressBet.com, among others.

In separate SEC filings that detailed Frank Stronach's stock holdings as chairman in both MID and MEC, it was disclosed that if the stalking horse bid is successful, the racing assets would be "segregated" into one or more new wholly-owned subsidiaries generically called "Raceco."

If the assets are profitable or self-sustaining by the end of 2011, Raceco will either sell or spin-off the assets to MID shareholders; but if they are not profitable, the company intends to "cease racing and gaming operations ... and either sell or develop all of Raceco's remaining assets."

Further, MID said it would "immediately" pursue commercial rezoning for Golden Gate Fields, and would cease racing at the Albany, Calif., track "prior to commencement of construction on the rezoned property." Were Golden Gate to close, it would leave Northern California without a large racing complex, following on the heels the 2008 shuttering of historic Bay Meadows.

MEC owns the assets of Lone Star Park, but not the 285-acre property upon which it sits, according to SEC filings. The company has a lease for the property through 2027 with the city of Grand Prairie, Texas, where the track is located.

It was previously disclosed that other properties in the MEC fold would be marketed separately, including, in part, Santa Anita Park, The Maryland Jockey Club (which includes Pimlico Race Course and Laurel Park), Remington Park, Thistledown, and Portland Meadows.

MEC filed for bankruptcy March 5 in a federal court in Delaware, where the company is incorporated in the United States.

### Hollywood Cuts \$1.5 Million in Stakes

by Tom LaMarra

Date Posted: 3/10/2009 3:11:40 PM

Last Updated: 3/11/2009 10:07:38 AM

In what could be—or not—its last spring/summer meet, Hollywood Park has scheduled \$8 million in stakes, down \$1.5 million from the comparable meet in 2008, in an effort to preserve overnight purses, officials said.

The \$700,000 Hollywood Gold Cup (gr. I) and \$700,000 American Oaks (gr. IT) highlight the 65-day meet that begins April 22. Three graded stakes—the Jim Murray Memorial Handicap (gr. IIT), Hawthorne Handicap (gr. III), and Will Rogers Stakes (gr. IIIT) have been removed from the schedule.

The \$750,000 CashCall Mile (gr. II) will be run as the Royal Heroine Mile with a \$250,000 purse.

Track officials said the stakes schedule was “revamped due to the sagging economy” with the intent of protecting overall quality of racing.

“We thought the best course of action was to do as much as we could for overnight purses,” Hollywood Park vice president of racing Martin Panza said in a statement. “The deductions will help keep overnight purses at or near their 2008 levels.”

For a 60-day meet in 2008, purses averaged \$447,333 per day, including stakes. Total purses paid during the meet came in at \$26.8 million, according to The Jockey Club Information Systems.

Panza said CashCall, through owner J. Paul Reddam will remain a sponsor of the CashCall Futurity during the fall meet.

“We hope the CashCall Mile will be coming back to Hollywood Park in the future,” Panza said. “We’re very disappointed that it was not given grade I status, a point that is hard to explain to our sponsor. It is unfortunate that Japanese grade I winners are not taken into account by the graded stakes committee.”

The American Oaks and \$300,000 Triple Bend Stakes (gr. I) are set for July 5. The Gold Cup will be run July 11 along with the grade II Royal Heroine Mile. While the Gold Cup and American Oaks remain the richest races on the calendar, they have each been cut by \$50,000.

There are 49 races on the stakes schedule, including six grade I events. There are 10 grade II races and 11 grade III races, officials said.

The \$1.3-million Cal National Gold Rush X is slated for April 25, the first Saturday of the meet.

Hollywood Park officials announced several years ago their plans to close the track and sell it to developers. There has been speculation 2009 could be the last year of racing, but comments by Panza on the stakes schedule suggest otherwise.

He said officials would review the graded stakes dropped from this year’s schedule for 2010, an indication the track plans to race.

“For this year, only, they are discontinued,” Panza said. “Under the guidelines of the graded stakes committee, as long as we run them again next year, we’re allowed to keep the grades. It would probably be our intent to re-establish those races, but we will have to wait and see if the economy improves.”

## Paulick Report

# MAGNA DETAILS: REVENUE, EMPLOYEES AND CREDITORS

*By Ray Paulick*

The volume of paperwork in Magna Entertainment's chapter 11 bankruptcy filing last Thursday yielded some interesting details about the Frank Stronach-controlled company, its operations and creditors (tens of thousands of which were listed on more than 500 pages of documents). But pleadings from the company's attorneys in federal bankruptcy court in Wilmington, Del., for a loan of \$62.5 million from parent company MI Developments (MIM) to continue operations were only partially approved by Judge Mary Walrath in Friday's first hearing when she okayed a smaller loan of just \$13.3 million. Bondholders reportedly objected to the amount sought by Magna Entertainment (MEC) and questioned whether its parent company should be the lender.

Along those lines, on March 5, the day Magna Entertainment filed for bankruptcy, one of the largest institutional shareholders in MI Developments sent a letter to the Securities and Exchange Commission expressing concern about MI Developments' activities and warning of possible legal action against the real estate company's board of directors.

MI Developments and Magna Entertainment are all spinoffs from the auto parts giant, Magna International. All three companies are controlled by Frank Stronach.

Magna Entertainment's unaudited financial statements showed 2008 revenues from continuing operations of \$593 million, with \$413 million of that amount attributable to pari-mutuel wagering. The company said it has assets of \$1.049 billion and liabilities of \$959 million. There are approximately \$6.7 million in uncashed winning tickets and \$16 million in horsemen's accounts at tracks included in the chapter 11 filing. In addition, Magna reported estimated cage holdings of \$15.6 million at the company's casino properties.

"(Magna does not) believe that the funds in the Horsemen Accounts are property of their chapter 11 estates," the filing said. "Furthermore, the Debtors believe the commencement of these chapter 11 cases could itself negatively affect their customers and Horsemen's attitudes towards their races and create concerns about their ability to host such races. Accordingly, the Debtors must quickly assure their customers and Horsemen of their ability to fulfill their obligations under the prepetition obligations arising under the Customer Programs, and to maintain their existing customer base and preserve their goodwill on a going-forward basis by continuing these Customer Programs during the postpetition period."

As of Feb. 4, 2009, Magna employs nearly 5,000 workers — 2,748 of them full time and 2,145 part time; 1,862 are represented by labor unions. The company said it is current on all payrolls, with the exception of \$1.24 million earned but not paid on bonus compensation (and it said no individual is owed more than \$10,950)

There are 38 employees at Magna Entertainment's Canadian headquarters that were paid \$7.344 million in regular earnings and \$2.5 million in bonuses in 2008 (an average per employee of \$259,000 per year). Twenty-nine of those corporate workers have employment contracts.

Of the racetracks included in the filing:

**Santa Anita Park** employs the highest number of workers – 968 (829 of which are union members), with a 2008 payroll of \$23.7 million (plus \$330,000 in bonuses).

**Gulfstream Park** is next in the number of workers, with 864 employees (371 full time, 493 part time; none of them union members) and a 2008 payroll of \$18.3 million (plus \$150,000 in bonuses).

**Maryland Jockey Club** (Pimlico and Laurel) has 533 employees, 287 of which are union members. MJC's 2008 payroll was \$19.4 million.

**Remington Park** in Oklahoma has 473 employees (394 full-time and 79 part-time; none are union members). In 2008, Remington's payroll was \$11.7 million.

**Golden Gate Fields** near San Francisco has 414 employees (347 of which are union members). Golden Gate's 2008 payroll was \$11.5 million, plus \$115,000 in bonuses.

**Thistledown** near Cleveland has 109 employees (82 full-time, 27 part-time, 55 are union workers). The 2008 payroll was \$4.5 million, with \$13,000.

#### **UNHAPPY MI DEVELOPMENTS SHAREHOLDER**

Hotchkis and Wiley Capital Management, a Los Angeles-based company which has stated previous concerns with the amount of money MI Developments has loaned or spent to keep Magna Entertainment afloat, filed a 13D letter with the SEC March 5, warning of possible legal action against the MI Developments board. Hotchkis and Wiley has invested more than \$225 million in MI Developments in two separate funds, acquiring 5.3 million shares at an average price of \$28.35 per share for one and 2.4 million shares at an average price of \$31.77 for the other. Its holdings amount to roughly 17% of MI Developments' Class A shares.

(MI Developments stock hit a 52-week low of 3.26 per share in the days before the Magna Entertainment bankruptcy filing; it opened today's trading at 4.69. Magna Entertainment shares opened at 11 cents a share, but factoring in last year's 1-for-20 reverse stock split, the actual value is less than a penny. Shares traded for as high as 10.00 per share in 2002, long before the 1-for-20 reverse split, which was done last year to keep prices over a dollar and in compliance with NASDAQ regulations.)

In its letter, Hotchkis and Wiley said they "continue to be concerned about MID's activities and, with other interested shareholders, have retained counsel to investigate whether claims should be asserted against the MID directors in connection with transactions with insiders to the detriment of the corporation. Such counsel recently sent a letter to the MID board of directors notifying them of such concerns, which may be deemed an attempt to influence the MID policies."

#### **TOP 50 UNSECURED CREDITORS**

Finally, the chapter 11 filings included a list of what Magna Entertainment attorneys said were the 50 largest creditors with unsecured claims. Many of those claims involve purse money held in horsemen accounts by racetrack paymasters. There was a significant "run" on that money last week in the days leading up to Magna's bankruptcy filing, with checks cut to various owners and trainers. Some horsemen contacted by the Paulick Report said the checks were accepted by their banks, but there is some question about whether or not they will be cleared with sufficient funds in Magna accounts as the legal proceedings move forward.

Here is the list, as reported in the Magna Entertainment filings:

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NAME OF CREDITOR	NATURE OF CLAIM	AMOUNT
Bank of New York, as trustee	8.55% notes	\$127,345,313
Bank of New York, as trustee	7.25% notes	\$76,193,229
Maryland Thoroughbred Horsemen's Assn.	Trade	\$3,820,500
Aon Reed Stenhouse Inc.	Insurance	\$3,682,756
Florida Thoroughbred Owners and Breeders Assn.	Horsemen	\$2,157,327
Zurich North America	Letter of Credit	\$1,937,472
RGS/St. Kitts	Settlement	\$1,763,952
Northern California Off Track Wagering Inc	PRA Trade Payable	\$1,662,231
State of California Treasurer	Statutory Wagering Settlement	\$1,374,051
Southern California Off Track Wagering Inc	Statutory Settlement	\$1,194,623
Magna International	Related Party Transactions	\$845,892
New York Racing Association	Settlement	\$830,175
McCasey Group	Related Party Transactions	\$756,217
Elite Turf Club 2, c/o Las Vegas Dissemination	Settlement	\$695,411
Oklahoma Tax Commission	Gaming Tax	\$669,114
The Leffler Agency	Trade	\$637,487
Red Rock Administrative	Trade	\$617,561
Royal River Racing (Lewiston Raceway)	Settlement	\$605,791
Aristocrat Technologies Inc.	Slot Machine Purchases	\$551,153
Jerry Hollendorfer or George Todaro	Horsemen	\$550,252
Los Angeles County Tax Collector	Property Tax	\$442,281
Las Vegas Dissemination	Settlement	\$430,036
Juddmonte Farms	Horsemen	\$424,961
Southern Service Corp.	Trade	\$377,728
Aladema County Tax Collector	Property Tax	\$367,691
Ranger Construction South (Pompano Beach, FL)	Trade	\$364,289
California Thoroughbred Business League	Settlement	\$336,275
Leonard Powell	Horsemen	\$329,411
Jerry Hollendorfer	Horsemen	\$307,846
Gulf Greyhound (Santa Fe, Tx)	Settlement	\$290,675
New York Racing Association	Settlement	\$288,285
Harrah's Louisiana Downs	Settlement	\$274,900
Oklahoma County Treasurer	Property Tax	\$273,574
Aware Digital (Hallandale, FL)	Trade	\$270,000

Maryland Horse Breeders Assn.	Trade	\$269,800
Max International (Lancaster, PA)	Trade	\$250,416
OK Breeding Development (OHRC)	Horsemen	\$246,969
Fair Grounds Race Course	Settlement	\$220,591
Bob Baffert	Horsemen	\$204,617
Cecil N. Peacock	Horsemen	\$200,547
C.R. Cono, LLC	Horsemen	\$197,723
Churchill Downs Inc.	Settlement	\$195,098
Maryland Racing Commission	Pari-mutuel Taxes	\$193,914
Roberts Communications Network	Utility-Phone	\$188,005
Las Vegas Dissemination	Settlement	\$185,260
Tampa Bay Downs	Settlement	\$185,081
B. Wayne Hughes/Spendthrift Farm	Horsemen	\$184,882
Richard J. O'Neill Trust	Horsemen	\$170,516
Florida Power & Light Co.	Utility - Electric	\$168,000
Lathrop G. Hoffman	Horsemen	\$166,788

## Horseracing Insider

Written by **Bill Christine**

### The Not-So-Great Race Place

Arcadia, California, March 10, 2009--As I made my way into the bankruptcy-ravaged track on Santa Anita Handicap day, I was hard-pressed to find any ravages at all. I looked in trash cans, under seats in the grandstand, and in the parking lots, and I couldn't turn up one ravage. Mostly, I saw 31,000 people having a good time. The day before, at a special meeting of the California Horse Racing Board to discuss Magna Entertainment's bankruptcy filing, John Harris, the board chairman, had said: "The San Gabriel Mountains will still be there tomorrow, and Jay Cohen will still be calling the horses to the post." For a day, he was as right as rain. But how long he will continue being right is something else again.

There are actually wags out there who are saying that Hollywood Park will outlast Santa Anita in racing's survival game. Now wouldn't that be a kick in the head? Hollywood Park, with rigor mortis just around the corner, rising from the dead, and Santa Anita, long the jewel of California's race tracks, taking the fall instead. It might be a sick joke, but as a betting proposition, the odds could be shorter than you think. The future of Santa Anita and all of the other Magna tracks is in the hands of a bankruptcy judge in Wilmington, Delaware, named Mary F. Walrath. It is not known if the Honorable Ms. Walrath ever sneaked over to Delaware Park to try to cash a parlay on her lunch hour, but during times like these, that would help.

The first horseman I saw upon entering the track was trainer Bobby Frankel. He was leaning against a white fence that runs from the receiving barn to the paddock, next to a path where Stardom Bound would soon be led by a handler to be saddled for the Santa Anita Oaks. Stardom Bound is a \$5.7-million filly, and Frankel would be with her every step of the way. Frankel is not among Magna's high-ticket unsecured creditors, as Bob Baffert and Jerry Hollendorfer are, and for him Frank Stronach's pocket paralysis was a far-off concern.

I asked Frankel if he had watched Aqueduct's Gotham Stakes, run earlier in the day. "That horse (I Want Revenge) looked real good," he said. "He's got to move up among the top five in the country (on the Kentucky Derby list)." Stardom Bound had been high on various lists, too, but then she was life and death to beat a 35-1 shot in the Santa Anita Oaks. The Santa Anita Derby seems like a stretch, and the

Kentucky Derby a pipedream, for this filly now.

After Frankel won Stardom Bound's photo, he got beat by a nostril when his Ventura, another odds-on favorite, was just short at the wire of the Jimmy Kilroe Mile, and then he was second again, with 27-1 shot Champs Elysees, as Einstein won the Santa Anita Handicap. Frankel is not the kind of trainer who rationalizes a win and two seconds in three Grade I races. He went home thinking the glass was half-empty.

This should be the time of the year to talk about 3-year-olds, not bridge loans, so I was glad I bumped into Frankel. But the problems for Frank Stronach's Magna companies will not go away. To think that not too many years ago, the Big Three of U.S. racing were Churchill Downs, the New York Racing Association and the Stronach empire, and now all but Churchill have been forced into bankruptcies. Everything Stronach has is for sale, including Santa Anita and Gulfstream Park, and even the Preakness, if you can put a price on just one horse race. He'd best not count on finding a sellers' market.

Stronach went to the bootstraps once before, when his core business, the auto-parts giant Magna International, appeared to be foundering, but now, to steal the immortal Brando line, he seems to have bought a one-way ticket to Palookaville. Not many things have gone right since he bought Santa Anita at the end of 1998. At the time, what did we know? He was seen as a white knight, a true, deep-pocketed horseman who had rescued Santa Anita from Meditrust, a nursing-home conglomerate which couldn't tell a horse from a hobbit, but had bought the track less than two years before because of some unique tax advantages.

Last week in Delaware, Stronach lawyers went before Mary Walrath to ask if MI Developments, Magna Entertainment's parent company, could loan the race tracks \$62.5 million. The judge allowed about \$13 million for starters, just to keep Santa Anita and Gulfstream Park going. Stronach will need much more. His utility bills alone average almost \$1.3 million a month. He has, literally, thousands of creditors who are owed about \$500 million. The list of creditors runs more than 500 pages. Big notes are due soon. At the special racing board meeting, there was a parade of worried creditors who appeared. A lawyer representing Hollywood Park--yes, moribund Hollywood Park--and two other California tracks asked about an amount that was later said to be \$150,000. A representative from an off-shore rebate book asked for reassurance on a debt that's estimated at more than \$2 million. The answers they got from a Magna lawyer were vague and unconvincing.

To possibly take his mind off these unsavory topics, Stronach has taken up expository writing. He sent articles to two of the trade magazines outlining broad changes in the way the Eclipse Awards should be decided. Perhaps he is chagrined at winning another Eclipse for best owner in 2008, an award that many have said he had no business getting. But in matters pecuniary, he has taken a low profile. There were no Stronach sightings on Santa Anita Handicap day, and in fact the winner's-circle presentation was done by an executive from an Indian casino. How ironic that Santa Anita, in a small way, is doing business with one of the tribes. Many dollars short, and a decade late.

## **STOCKTON Record**

**Sport of kings takes a hit**

**Thoroughbred breeders seek ways to stay creative, be competitive**

**Reed Fujii**

Staff Writer

March 08, 2009 6:00 AM

Nobody's calling it the sport of paupers - yet.

But the recession is taking its toll on the thoroughbred horse industry as it has on other areas of the economy. With a lack of cash and credit, business is slow and prices are down.

Auction results posted at [thoroughbredtimes.com](http://thoroughbredtimes.com) show that 2-year-olds in race training sold for an average of \$104,000 apiece at an auction Feb. 17 in Ocala, Fla., compared with an average of \$158,000 at the same sale in 2008. A March 3 sale of 2-year-olds in training in Miami brought an average of \$236,000, down one-third from an average of \$344,000 the year before.

But where many may see challenges, Kristina Alexander sees opportunity.

Acting general manager at Applebite Farms, a 94-acre thoroughbred breeding and training facility in French Camp, Alexander is offering a 2-for-1 deal on stud fees, on top of already reduced rates for the services of the farm's three racing stallions.

"We're offering over here, if you buy a breeding with one of our stallions, we're going to comp one of them, so people are able to breed two mares for the price of one," she said.

Even with that sweetener, Applebite's fees - ranging from \$1,500 to \$2,500 - may not seem like such a bargain when demand for horses is so low that humane organizations report increasing cases of horses simply abandoned by owners who could no longer afford them.

But Alexander believes the thoroughbred market will rebound.

"Because a lot of people are not breeding their horses this year because of the economy, it's going to create a shortage of horses next year," she predicted. "People most likely are going to be paying more for them.

"Honestly, we are just trying to boost our end of the horse economy," Alexander continued. "If nobody is breeding their horses, it's bad for them, because their mares are standing empty not having babies, and it's bad for us, because we're paying for the stallions."

Applebite is not alone in cutting stud fees and charges for other services, said Gregory Ferraro, director of the Center for Equine Health at the University of California, Davis.

"Everyone is making deals now, even in Kentucky," he said, referring to the hub of the U.S. thoroughbred industry.

"If you breed four or five mares to several of their stallions, they'll give you a better deal than if you send one."

The view is much the same at Harris Farms in Coalinga, perhaps one of the largest thoroughbred

facilities in California, said David McGlothlin, general manager of the horse division.

"All of the farms, as they represent the stallion owners, are very aggressive in their marketing at this point," he said.

"Yes, we do make concessions to mare owners to get mares booked to our stallions."

Horse racing, the sport of kings, remains a pursuit of the well-to-do.

However, Ferraro said, "Even though it's rich people, when times are tough, money gets tight."

And this recession is particularly tough, he added.

"From the commercial thoroughbred side, I'd probably say the industry is suffering as much or more than it has at any time in the last 40 years."

At the UC Davis veterinary school, Ferraro noted, "We're dealing with the issue of unwanted horses all the time."

The same economic forces are affecting horses as well as other investments, McGlothlin said.

"There are fewer people who are willing to accept the exposure of owning horses at this point, just as there are fewer people willing to have stocks in their portfolios," he said.

However, he noted, the economic underpinnings of the industry, particularly thoroughbred racing and the gambling revenues it generates, remain in place.

"The competition is still there; the purse money is still available at the racetrack, which is ultimately what all of this is aimed at," McGlothlin said.

And for those who believe in the old adage 'buy low and sell high', today's sagging markets may well prove a great opportunity.

"Who every thought you could buy GE at 7 in the stock market?" McGlothlin said, referring to General Electric closing Tuesday at \$7.01 a share. "It's probably a fantastic buy right now, and that's probably the same in the horse industry.

"For the ones who are in it for the long term and who have the real passion for it, this is a good time."

It's also a busy time at Applebite Farms. Because thoroughbred racers are classed by the calendar year of birth, the foaling season began in January. Alexander said the facility had seen nine colts and fillies into the world by mid-February and had another 60 on the way.

And with horses having an 11 1/2-month gestation period, the stallions also were busy impregnating mares.

Among all these other chores, Alexander said Applebite workers recently had to prepare a client's horse for shipment to Kentucky to new owners. It was a horse that cost the unnamed client \$300,000, but the best offer was just \$25,000.

While an unfortunate loss for the client, Alexander noted, "It's a good deal for somebody."

STAFF ANALYSIS  
DISCUSSION AND ACTION BY THE BOARD REGARDING  
THE STATUS OF STATUTORY DISTRIBUTIONS AND  
THE SIGNIFICANCE OF THE BANKRUPTCY FILING OF MAGNA  
ENTERTAINMENT CORPORATION ON THESE DISTRIBUTIONS

Regular Board Meeting  
March 19, 2009

BACKGROUND

On March 4, 2009, California Horse Racing Board (CHRB) auditors performed a preliminary review of the accounting systems at Golden Gate Fields and Santa Anita. The preliminary review revealed that both associations maintain accounting systems that segregate statutory accounts in accordance with Board Rule, 1470, Accounting Practices and Responsibility. Further, auditors noted that both associations issue weekly checks for traditional wagering statutory obligations and monthly checks for advance deposit wagering (ADW) obligations.

ANALYSIS

On March 5, 2009, Magna Entertainment Corp (MEC) announced its filing for Chapter 11 bankruptcy protection. In addition, sometime during March 5<sup>th</sup> or 6<sup>th</sup> MEC requested a freeze of its bank account. Consequently, the bank did not cash outstanding checks, which include payment of the statutory obligations. As of close of business March 4, 2009, MEC had a total of \$6,095,417 in statutory obligations that were either pending payment or payments that were issued were returned by the bank. In addition, MEC's statutory obligations, post bankruptcy filing, total \$2,122,497. As of March 11, 2009, MEC has not issued any additional checks. See Table 1 for details of these statutory obligations.

Table 1.

## Balance on statutory distribution accounts pre and post MEC bankruptcy filing

<i>Traditional Wagering</i>					
<i>Association</i>	<i>Statutory Distribution</i>	<i>Balance</i>			
		<i>Pre Bankruptcy</i>		<i>Post Bankruptcy</i>	
Santa Anita	City Tax	80,908		63,011	
Santa Anita	Equine Research Fund	62,466		19,094	
Santa Anita	Expense Fund (2.5 %)	770,421		313,883	
Santa Anita	Location fees (2%)	590,923		246,608	
Santa Anita	Promotion Fund	66,213		50,221	
Santa Anita	Stabling and Vanning Fund	206,918		156,942	
Santa Anita	State of California License Fees	1,497,693		458,647	
Santa Anita	Workers Compensation Fund	154,982	3,430,523	125,584	1,433,992
GGF	City Tax	-		22,601	
GGF	Equine Research Fund	23,312		6,849	
GGF	Expense Fund (2.5 %)	-		150,078	
GGF	Location fees (2%)	259,706		102,248	
GGF	Promotion Fund	57,087		24,012	
GGF	Stabling and Vanning Fund	-		72,037	
GGF	State of California License Fees	328,773		94,273	
GGF	Workers Compensation Fund	117,532	786,410	32,088	504,186
<b>Total Traditional Wagering</b>		<b>4,216,933</b>		<b>1,938,178</b>	
<i>Advance Deposit Wagering</i>					
<i>Association</i>	<i>Statutory Distribution</i>	<i>Balance</i>			
		<i>Pre Bankruptcy</i>		<i>Post Bankruptcy</i>	
Santa Anita	Backstretch Fund	41,170		7,662	
Santa Anita	DIR/Problem Gambling	13,439		1,393	
Santa Anita	Equine Research Fund	54,894		5,108	
Santa Anita	Retirement Fund (Jockeys, backstretch, welfare fund)	149,635		13,923	
Santa Anita	Location Fees	814,346		92,867	
Santa Anita	Workers Compensation Fund	198,824		18,158	
Santa Anita	A/B 480 reserve	-	1,272,308	-	139,110
GGF	Backstretch Fund	18,330		2,640	
GGF	DIR/Problem Gambling	4,752		480	
GGF	Equine Research Fund	24,440		1,760	
GGF	Retirement Fund (Jockeys, backstretch, welfare fund)	66,606		4,797	
GGF	Location Fees	436,953		32,000	
GGF	Workers Compensation Fund	55,096		3,532	
GGF	A/B 480 reserve	-	606,176	-	45,210
<b>Total ADW Wagering</b>		<b>1,878,484</b>		<b>184,319</b>	
<b>Total Traditional and ADW Wagering</b>		<b>6,095,417</b>		<b>2,122,497</b>	

**Notes:**

Included March 5, 2009 as a post filing date since the actual filing took place in the morning before the start of racing in California.

For ADW used from March 5-9 as the post bankruptcy date.

For traditional used from March 5-10. as the post bankruptcy date.

Pre bankruptcy amounts were provided by Santa Anita.

A description and applicable Business and Professions Code sections of the different statutory obligations is as follows:

### Traditional Handle

#### City Tax

19605.7 (d)

For cities and counties that have live or simulcast racing within their borders, the Horse Racing Law provides for an in-lieu tax from the racing handle. This tax is in-lieu of billing the racing locations for the cost of city services necessary to support the racing activity in their jurisdiction.

#### Equine Research Fund

19601 (b) 19610.2

The Horse Racing law provides UCD funds for research on equine related diseases and other health related issues. This money has funded new laboratories and equipment at Davis.

#### Expense Fund (2.5 percent)

19605.7 (a)

When off-track wagering was authorized in California, the law (19605.7a) allowed for the expense of creating the off-track network, of simulcast sites to be offset by a deduction from the off-track handle. This fund pays for the pari-mutuel labor at the simulcast sites in California the telephone/data lines from the live tracks to the simulcast sites, the cost of sending the audio-visual signal of the racing program to the simulcast sites, and other related costs to support the off-track wagering program. This fund spends approximately \$36 million/year.

#### Location fees (2 percent)

19605.7 (a)

The various sites within California that participate in the off-track wagering program: live racetracks, dark racetracks, fair locations, and Indian Reservations are allowed by law (19605.7a) to keep approximately two percent of the amount that they handle at their location. The locations keep approximately \$28 million/year.

#### Promotion Fund

19605.73 (c)

The Horse Racing Law allows for the formation of an organization to promote thoroughbred and fair racing in California. The California Marketing Committee was created to fill this mandate and is funded by a percentage of the off-track handle. This program receives approximately \$6 million per year.

## Stabling and Vanning Fund

19607.3 (f)

The Horse Racing Law mandates the creation of two funds; one north and one south; for the express purpose of reimbursing owners of thoroughbred race horses for the cost of transporting their horses to live race meets. In addition, the funds also pay race tracks and auxiliary stabling areas a subsidy to offset the daily cost of stabling horses.

## State of California License Fees

19491, 19491.5, 19596.3,  
19601, 19601.2, 19602,  
19603, 19604, 19605.25,  
19605.35, 19605.45,  
19605.6, 19605.7 (a),  
19605.71 (a), 19606.5,  
19606.6, 19611, 19614 (a),  
19616 (c), 19616.1, 19616.2

For every thoroughbred association conducting a live racing meeting a percentage is retained from the association for the payment to the state as a license fee.

## Workers Compensation Fund

19605.75 (b) (c)

Every thoroughbred association and fair that conducts a racing meet shall deduct 0.5 percent of the total amount handled in exotic pari-mutual pools of thoroughbred races for the purposes of administering a workers compensation fund for trainers and owners. Additional monies not used for the purposes of worker's compensation are used to fund health and safety programs, research or safety equipment or making capitol improvements that are designed to prevent work place accidents and increase the safety of jockey, exercise riders, backstretch employees and other race track personnel.

## ADW Handle

## Backstretch Fund

19604. (f) (3) (A) (B)

An amount equal to 0.16 percent (0.00165) of the amount handled on ADW that originated in California. One-half of the amount shall be distributed to supplement, not supplant, the trainer-administered pension plans for backstretch personnel. The other one-half shall be distributed to supplement, not supplant, the welfare fund established for horsemen and backstretch personnel.

Department of Industrial Relations (DIR) Problem Gambling 19604. (f) (2)

An amount of 0.0003 multiplied by the amount handled on ADW wagers originating in California shall be distributed to the DIR to cover costs associated with its audits on California trainers' payroll. However if the amount exceeds the costs incurred by DIR the reduction shall be forwarded to an organization designated by the racing association to augment a compulsive gambling prevention program.

Equine Research Fund

19604.(f) (1)

An amount equal to 0.0011 multiplied by the amount handled on ADW originating in California for each racing meeting shall be distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the UC Davis

Retirement Fund

19604 (i)

This law provides the amounts distributed under this section shall be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on ADW originating in California for each racing meeting, and shall not exceed two million dollars (\$2,000,000).

- Jockey Retirement Fund 19604 (i) (1), 19612.9

50 percent of the money shall be distributed to the California Horse Racing Board (Board) to establish and to administer jointly with the organization certified as the majority representative of California licensed jockeys (Jockeys Guild) a defined contribution retirement plan for California licensed jockeys who retired from racing on or after January 1, 2009, and who, as of the date of their retirement, had ridden in a minimum of 1,250 pari-mutuel races conducted in California

- Backstretch Pension Plan 19604 (i) (2) (A), 19613

Trainer administered pension plan for backstretch personnel. The remaining 50 percent of the Retirement Fund money is then redistributed. 70 percent of the 50 percent is administered to this fund.

- Horseman & Backstretch Personnel Welfare Fund  
19604 (2) (B), 19641,

30 percent of the 50 percent is administered to this fund.

## Workers Compensation Fund

19605.75 (b) (c)

Every thoroughbred association and fair that conducts a racing meet shall deduct 0.5 percent of the total amount handled in exotic pari-mutual pools of thoroughbred races for the purposes of administering a workers compensation fund for trainers and owners. Additional monies not used for the purposes of worker's compensation are used to fund health and safety programs, research or safety equipment or making capitol improvements that are designed to prevent work place accidents and increase the safety of jockey, exercise riders, backstretch employees and other race track personnel.

## AB 480 Reserve/Location Fees

19604. (f) (4)

Satellite wagering commissions are funded by a percent of handle. For the first \$250M in handle there is a deduction of 2 percent of the handle for satellite commissions. For each additional threshold of \$250M up to \$750M there will be a reduction of 0.50 percent for satellite wagering commissions. In the event of a reduction in the satellite wagering commissions, the benefits there from shall be distributed equitably as purses and commissions to all associations & racing fairs generating ADW wagers in proportion to the handle generated by those associations and racing fairs. When the satellite percentage is reduced from 2 percent to 1.5 percent, the CHRIMS system will put the .5 percent in a holding "bucket" called "AB480 Fund" so that the ADW reports stay in balance. The host pays a single entity, SCOTWINC, these amounts when settling ADW monies and SCOTWINC will hold them in an account until the end of the year when they will be paid out according to ratios that are determined by the ADW handle. Once the AB480 holding fund is allocated to the hosts, it is distributed to purses and track commissions. The CHRIMS ADW system has a report that tracks these amounts by host.

## RECOMMENDATION

This item is presented for Board discussion and action

**CALIFORNIA HORSE RACING BOARD**

**MARCH 19, 2009**  
**REGULAR BOARD MEETING**

**There is no board package material for Item 12**

STAFF ANALYSIS  
DISCUSSION AND ACTION BY THE BOARD REGARDING THE  
DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF  
HOLLYWOOD PARK RACING ASSOCIATION IN THE  
AMOUNT OF \$190,000 TO 23 BENEFICIARIES

Regular Board Meeting  
March 19, 2009

BACKGROUND

Business and Professions Code section 19550 states the Board shall require each licensed racing association that conducts 14 or less weeks of racing to designate three racing days, and each licensed racing association that conducts more than 14 weeks of racing to designate five racing days during any one meeting, to be conducted as charity days by the licensee for the purpose of distribution of the net proceeds therefrom to beneficiaries through the distribution agent. No racing association shall be required to pay to a distributing agent for the purpose of distribution to beneficiaries more than an amount equal to two-tenths of one percent of the association's total on-track handle on live races conducted by the association at the meeting. Business and Professions Code section 19554 states the distributing agent for charity distributions shall be a nonprofit organization or corporation selected by the licensee of the meeting and approved by the Board. Business and Professions Code section 19555 provides that each licensee shall pay over such charity days' net proceeds to such distributing agent as soon as practicable and such agent shall hereafter distribute not less than 90 percent of the aggregate proceeds from charity days' racing to beneficiaries within 12 calendar months after the last day of the meeting during which such charity days were conducted. The balance, if any, of such aggregate charity days' net proceeds, shall be distributed as soon as practicable. Business and Professions Code section 19556 provides that the distributing agent shall make the distribution to beneficiaries qualified under this article. At least 20 percent of the distribution shall be made to charities associated with the horse racing industry. An additional five percent shall be paid to a welfare fund and another five percent shall be paid to a non-profit corporation, the primary purpose of which is to assist horsemen and backstretch personnel who are being affected adversely as a result of alcohol or substance abuse. In addition to the above distributions, a separate 20 percent shall be made to a nonprofit corporation or trust, the directors or trustees of which shall serve without compensation except for reimbursement for reasonable expenses, and which has as its sole purpose the accumulation of endowment funds, the income on which shall be distributed to qualified disabled jockeys.

On November 22, 2008, the Board received a request from Hollywood Park Racing Charities, Inc., (HPRC) for approval of the 2007 Hollywood Park Racing Associations (HPRA) charity day proceeds. The proposed distribution amount of \$180,000 is from charity day racing during the HPRA Spring 2007 race meeting from April 25, 2007 through July 15, 2007 and HPRA Fall race meeting from November 7, 2007 through December 22, 2007. Staff generated the CHRIMS report to calculate the amount due, pursuant to Business and Professions Code section 19550, for charity day proceeds. According to staff calculations the correct amount to be distributed totaled \$194,129.87.

On January 20, 2009, staff spoke with Julie Hale, Administrative Secretary for HPRC, regarding the proposed distribution amount. At the conclusion of discussions, Ms. Hale indicated that she would increase the distributable amount to \$194,129.87.

On January 21, 2009, the Board received the revised request for approval of HPRA's charity day proceeds. The revised distribution amount totaled \$190,000.

On January 29, 2009, Ms. Hale provided HPRC's accounting records and expenses for 2007. The record indicates revenues received from HPRA's for charity day proceeds in the amount of \$194,129.87, and \$12,430 for administrative expenses.

On February 13, 2009, the Board responded to HPRC and HPRA indicating it received the revised charity day distributions.

Staff reviewed the HPRA's 2007 application for license to operate a horse racing meeting under section 10 (Charity Racing Days), part D that indicated HPRA will pay the distributing agent an amount equal to the maximum required under Business and Professions Code section 19550(b), two-tenths of one percent of the association's total on-track handle on live races

#### ANALYSIS

HPRC is requesting approval to distribute charity day proceeds from the HPRA Spring 2007 race meeting from April 25, 2007 through July 15, 2007 and HPRA Fall race meeting from November 7, 2007 through December 22, 2007. From the net proceeds from the charity days of \$194,129.87, HPRC is proposing to distribute \$190,000. The list of organizations selected and amount to be distributed is listed on the attached. Staff notes that approximately 62% of the proceeds will be given to horse racing related organizations all in compliance with controlling authorities.

#### RECOMMENDATION

This item is presented for Board discussion and approval is recommended.

CHRB Analysis  
Hollywood Park Racing Association 2007 Charity Day Proceeds

Charity	Amount	Proposed Disbursement Percentage	Required By Horse Racing Law	
Disabled Jockeys Fund	38,000	20.00%	20	c
Race Track Chaplaincy of America	8,000	4.21%		d
Southern California Equine Foundation	5,000	2.63%		d
Winners Foundation	15,000	7.89%	5	a
Edwin J. Gregson Foundation	5,000	2.63%		d
California Thoroughbreds Horsemen's Foundation	20,000	10.53%	5	b
Don MacBeth Memorial Jockey Fund	15,000	7.89%		d
California Equine Retirement Foundation	5,000	2.63%		d
Traquility Farm	5,000	2.63%		d
Glen Ellen Vocational Academy, Inc.	2,500	1.32%		d
<b>Total to Equine Related Charities</b>	<b>118,500</b>	<b>62.37%</b>	<b>50</b>	<b>d</b>
Centinella Valley Juvenile Diversion Project	5,000	2.63%		
Children's Bureau of Southern California	5,000	2.63%		
Inglewood After School Program	2,500	1.32%		
Inglewood Recreation Department	3,000	1.58%		
Inglewood Senior Citizens Center	2,500	1.32%		
International Life Services	5,000	2.63%		
Saint Margaret's Center	6,000	3.16%		
Salesian Boys and Girls Club	5,000	2.63%		
Watts/Willowbrook Boys and Girls Club	5,000	2.63%		
Inglewood Education Fund	15,000	7.89%		
Inglewood Children's Dental Center	2,500	1.32%		
Los Angeles NAACP	7,500	3.95%		
Los Angeles Urban League	7,500	3.95%		
<b>Total to Non-Equine Related</b>	<b>71,500</b>	<b>37.63%</b>		
<b>Total</b>	<b>190,000</b>	<b>100</b>		

## Notes:

- a Fund for substance or and alcohol abuse (BP 19556 (b) )
- b Welfare fund for Backside Personnel (BP 19641 (b))
- c Disable Jockeys Fund (BP 19556 ( C ) )
- d Horse Related Charities (BP 19556 (b) )

Source: Hollywood Park Racing Association Letters dated 11-22-08, 1-21-09, 1-29-09  
Business & Professions Codes 19550, 19554, 19555, 19556, 19557

**Hollywood Park Racing Charities, Inc.**

1050 South Prairie Avenue  
Inglewood, California 90301

**Mailing Address:**  
P.O. Box 369  
Inglewood, California 90308

(310) 419-1500

**President and Chairman:**  
Tiroo Del Junco, M.D.

**Secretary:**  
Barbara Richardson Knight

**Treasurer:**  
Angie Dickinson

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

January 21, 2009

Mr. Francisco Gonzales  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, California 95825

Fax # (916) 263-6042

Re: HOLLYWOOD PARK RACING CHAR  
GRANTS

This is a revised list of the grants for 2008 from the Hollywood Park Racing Charities, Inc. Please include these in the next available meeting. We would like to get the checks out as soon as possible.

Any questions or corrections, please contact me at (626) 922-2912, or call Eual Wyatt at Hollywood Park, (310) 419-1527.

Sincerely,



Julie Hale

Administrative Secretary

Hollywood Park Racing Charities, Inc. - 2008 Grants

<u>Education</u>		
✓ Inglewood Education Fund	\$15,000	
<u>Health</u>		
✓ Inglewood Children's Dental Center	\$ 2,500	
<u>Miscellaneous</u>		
✓ Los Angeles NAACP	\$ 7,500	
✓ Los Angeles Urban League	<u>\$ 7,500</u>	15,000.00
	\$15,000	2,500.00
<u>Racing</u>		
✓ California Equine Retirement Foundation	\$ 5,000	7,500.00
✓ California Thoroughbred Horsemen's Foundation	\$20,000	7,500.00
✓ Disabled Jockeys Endowment	\$38,000	5,000.00
✓ Glen Ellen Vocational Academy, Inc. ✓	\$ 2,500	20,000.00
✓ Edwin Gregson Foundation	\$ 5,000	38,000.00
✓ Don MacBeth Memorial Jockey Fund	\$15,000	2,500.00
✓ Racetrack Chaplaincy of America	\$ 8,000	5,000.00
✓ Southern California Equine Foundation	\$ 5,000	15,000.00
✓ Tranquility Farm	\$ 5,000	8,000.00
✓ Winners Foundation	<u>\$15,000</u>	5,000.00
	\$118,500	5,000.00
<u>Social Services</u>		
✓ Centinela Valley Juvenile Diversion Project	\$ 5,000	2,500.00
✓ Children's Bureau of So. California	\$ 5,000	3,000.00
✓ Inglewood After School Program	\$ 2,500	2,500.00
✓ Inglewood Recreation Department	\$ 3,000	5,000.00
✓ Inglewood Senior Citizens Center	\$ 2,500	6,000.00
✓ International Life Services	\$ 5,000	5,000.00
✓ Saint Margaret's Center	\$ 6,000	5,000.00
✓ Salesian Boys & Girls Club	\$ 5,000	30,000.00
✓ Watts/Willowbrook Boys & Girls Club	<u>\$ 5,000</u>	
	\$39,000	
<u>TOTAL \$190,000</u>		