

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, **Wednesday, September 25, 2002**, commencing at **10:00 a.m.**, at the Sheraton Suites Fairplex Hotel, 601 McKinley Avenue, **Pomona, California**.

AGENDA

Action Items

1. Approval of the **minutes** of the regular meeting of **July 25, 2002 and August 21, 2002**.
2. Discussion and action by the Board on the **Application for License to Conduct a Horse Racing Meeting of the Churchill Downs California Fall Operating Company (T)** at Hollywood Park, commencing November 6 through December 22, 2002, inclusive.
3. Discussion and action by the Board on the **Application for License to Conduct a Horse Racing Meeting of the Pacific Racing Association (T)** at Golden Gate Fields, commencing November 6, 2002 through March 30, 2003, inclusive.
4. Discussion and action by the Board to **increase the percentage for stabling and vaning to 1.25%, for funding worker's compensation**.
5. Report by Vice Chairman Licht on **discussions with representatives from out-of-state simulcast sites**.
6. Discussion and action by the Board for the **45 day public notice on the proposed regulatory addition of CHRB Rule 1668 – Scratched Horses in Claiming Races**.
7. Discussion and action by the Board on the **request of the Del Mar Thoroughbred Club to distribute charity racing day proceeds** in the amount of \$170,707 to 22 beneficiaries.
8. Staff update on the **Advance Deposit Wagering handle**.
9. Report on the implementation of **Advance Deposit Wagering**.
 - A. Report by **XpressBet**.
 - B. Report by **TVG**.
 - C. Report by **YouBet**.

10. Staff report on the following **concluded race meetings**:

- A. **Capitol Racing, LLC**, at Cal-Expo from December 26, 2001 through July 27, 2002.
- B. **San Mateo County Fair** at Bay Meadows from August 7 through August 19, 2002.
- C. **Humboldt County Fair** at Ferndale from August 8 through August 18, 2002.
- D. **California Exposition and State Fair** at Sacramento from August 21 through September 2, 2002.

Committee Reports

11. Report from the **Pari-mutuel Operations Committee**.

Vice Chairman Roger H. Licht, Committee Chairman
Chairman Alan W. Landsburg, Committee Member

Other Business

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

Additional information regarding this meeting may be obtained from Roy Minami, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. A copy of this notice can be located on the CHRB website at

CALIFORNIA HORSE RACING BOARD

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

CALIFORNIA HORSE RACING BOARD

**Memorandum**

Date : September 13, 2002

To : **California Horse Racing Board**
Alan W. Landsburg, Chairman
Roger H. Licht, Vice-Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
John C. Harris, Member
Marie G. Moretti, Member
John C. Sperry, Member

From : **C.M. Howell**
Administrative Hearings Unit

Subject : PROPOSED DECISIONS SCHEDULED FOR ACTION-EXECUTIVE SESSION

The following Proposed Decisions and Administrative Proceedings may be reviewed for action:

CA Harness Horsemen's Assn.
and Capitol Racing LLC,
and

Los Alamitos Quarter Horse Racing Assn.
and Pacific Coast Quarter Horse Racing Assn.

Statement of Issues
OAH Case #s
L-2000070187
L-2000070190

GONZALEZ, Franci "Paco"
SAC 98-065
Respondent

Accusation

McCAFFERY, Trudy
TOFFAN, John
Sac 99-008
Appellants

Appeal purse forfeiture

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PENDING LITIGATION
SEPTEMBER 2002

CASE

CASE NUMBER

DAVIES, A. v. California Horse Racing Board	Contra Costa County Superior Court No. C 98-01694
STOKES, LANCE W. v. California Horse Racing Board	Los Angeles County Superior Court No. BS 064741
MARTIN, JOHN v. California Horse Racing Board	Sacramento County Superior Court No. 98 SC00952
PLANO, RICHARD v. California Horse Racing Board	Sacramento County Superior Court No. 98 CS00909
SIEDELMAN, GARY v. California Horse Racing Board	Sacramento County Superior Court No. AS 03388
BAFFERT, BOB v. California Horse Racing Board	U.S. District Court, Central District of California Case No. 01-07363 DT
DELONG, GREGORY KENNETH v. California Horse Racing Board	Los Angeles County Superior Court No. BS 076967

ITEM 1

PROCEEDINGS of the Regular Board Meeting of the **California Horse Racing Board** held at the **Del Mar Satellite Wagering Facility**, 2260 Jimmy Durante Boulevard, Del Mar, California, on **July 25, 2002**.

Present: Alan W. Landsburg, Chairman
Roger H. Licht, Vice-Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
John C. Harris, Member
John C. Sperry, Member
Roy C. Wood, Jr., Executive Director
Tom Blake, Deputy Attorney General

MINUTES

Chairman Landsburg asked for approval of the minutes of the Regular Board Meeting of June 6, 2002. Commissioner Granzella **motioned** to approve the minutes. Vice-Chairman Licht **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE BAY MEADOWS OPERATING COMPANY, LLC (T) AT BAY MEADOWS, COMMENCING AUGUST 30 THROUGH NOVEMBER 3, 2002, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said the Bay Meadows Operating Company (BMOC) proposed to run 49 days, two days less than in 2001, for a total of 421 races. Ms. Wagner stated BMOC had a number of first post times that would correlate with the overlaps, and listed them in date order. She noted the horsemen's agreement had been received and the fire clearance was missing from the application. Ms. Wagner stated staff recommended approval of the application conditioned upon receipt of any items the analysis noted as missing. Bernie Thurman of BMOC said her organization felt running a twilight card concurrent with Del

Mar would increase handle. Running concurrent with Del Mar would be beneficial to all parties as BMOC was a partner with Cal Expo on the off-track commissions. The three tracks would be running at the same time, and would coordinate post times just as they would during other days of the week. Ms. Thurman said BMOC offered to make Cal Expo whole regarding any out-of-state or on-track commissions lost due to BMOC changing its post time. She stated BMOC thought it would be beneficial to run Wednesday, September 4, concurrent with Del Mar. A letter requesting the date had been submitted to the Board; however, the amendment was not granted as an allocated race day. Commissioner Harris commented the Race Dates Committee attempted to move away from six-day weeks in Northern California to try boost the size of the fields. He stated he did not think it would be prudent to add another day when BMOC's fields were still only seven head per race. Ms. Thurman stated BMOC believed September 4 was a unique day. New York would be dark so California export handles would probably be higher than normal. Experience demonstrated handles increased on days when two or more California cards were offered concurrently. Ms. Thurman said BMOC felt it would be beneficial for the entire state, increase jobs, and increase opportunities for horsemen to earn purses. Otherwise, Ms. Thurman said, September 4 would be the only day Southern California would be running without a Northern California signal. Vice-Chairman Licht asked if it was true Arizona's Turf Paradise earned a million dollars in handle on Tuesdays because they were the only course for New York fans to wager on. Ms. Thurman said that was correct. She stated it was a "shelf-space" issue. Fans who wished to wager on an out-of-state location had no New York races to wager on, so they wagered on other locations. Craig Fravel of Del Mar Thoroughbred Club (DMTC) said his organization had a lot of experience with concurrent cards, and strongly supported BMOC's request to run on September 4. He

stated there was a significant impact on Southern and Central zone handles when there was no concurrent Northern signal. Mr. Fravel said he was glad to hear other California tracks would be running concurrently with DMTC on Fridays. Don Johnson of Thoroughbred Owners of California (TOC) said his organization supported BMOC's request to run on September 4. Dave Elliott of Cal Expo said he would like to know if the increased overnight purses proposed by TOC in its agreement with BMOC would occur during the overlap. By law, Cal Expo would be required to pay 100 percent of what BMOC paid, and would have to write an addendum to its condition book. Mr. Elliot asked if BMOC was planning to run concurrent with Fairplex Pomona during the day on Fridays. Ms. Thurman said the first Friday BMOC would run concurrently with Fairplex Pomona during the day. The second and third Fridays, BMOC would run in the evening. Mr. Elliott stated Cal Expo received a letter from BMOC which discussed how it would make Cal Expo whole. In the letter BMOC proposed Cal Expo make up any purse money it lost from the supplemental purse fund. Mr. Elliott said that was not possible. Cal Expo was allocated a specific amount from the supplemental purse fund because of the overlap, and no more. He stated any purse deficiencies due to BMOC's overlap would have to be made up by Cal Expo, not BMOC. Mr. Elliot stated by racing on Friday night BMOC would make a few extra thousand dollars at Cal Expo's expense. He said he would like the Board to have BMOC run the Friday night at 7:15 p.m. rather than at 3:15 p.m. with Cal Expo. Peter Tunney of Magna Entertainment Corporation said there had been hours of testimony regarding concurrent running of meetings, and there was no question that if a meeting was being held in Southern California the dates should be covered in Northern California. Mr. Tunney said concurrent running was in the best interest of the state and the industry. Charles Dougherty of California Thoroughbred Trainers (CTT) said his organization

shared Commissioner Harris's concerns regarding running a six-day week in Northern California. However, as BMOC was asking for only one day, and would not ask for additional six-day weeks, CTT supported the request. Commissioner Harris asked if BMOC would be open to receiving a simulcast signal on September 4. Ms. Thurman said it was a possibility BMOC was leaving open. Commissioner Harris asked if there was any other date in BMOC's fall schedule that would be a viable substitute for September 4. Ms. Thurman said September 4 was the only non-concurrent race date in the schedule. She stated if BMOC picked up another date it would result in a four-day race week, which was something she did not care to do given BMOC's labor situation. Ms. Thurman added that in September 2001 field sizes were larger than those during the rest of the year. She stated with cooperation from the horsemen and much effort by the racing office and the year-round purse program, field sizes during BMOC's spring meeting actually increased. Commissioner Bianco **motioned** to approve the request by BMOC to add September 4, 2002, to its race dates. Vice-Chairman Licht **seconded** the motion, which was **carried** with Chairman Landsburg, Vice-Chairman Licht, Commissioner Bianco and Commissioner Granzella voting "yes" and Commissioners Harris and Sperry voting "no." Chairman Landsburg asked if the Friday night represented a change over the 2001 BMOC schedule. Ms. Thurman said in 2001 BMOC raced all its Fridays at night. In 2002 BMOC proposed to run two Friday twilight cards and a Friday day card. The balance of seven Fridays would be run at night with no concurrent racing in Southern California. Commissioner Harris said he had no problem with BMOC running on Fridays. He stated his only concern was that Cal Expo be made whole if it was damaged. Ms. Thurman said the off-track handle was split 60/40, with Cal Expo receiving the larger share. Each party would keep their respective on-track handle. She stated BMOC believed the Friday night

would actually generate more revenues for Cal Expo. Mr. Elliott said when BMOC directly overlapped his organization Cal Expo was the third man out in California. He stated if out-of-state wagering was considered, live on-track commissions for Cal Expo also would be diminished. Mr. Elliott said BMOC was offering to make up Cal Expo's losses in live on-track handle, but there were caveats with the offer as it was based on comparable race cards. He asked who would determine what was comparable? Additionally, if Cal Expo's satellite wagering commission made up the difference in live commissions, BMOC would not make Cal Expo whole. Mr. Elliott said Cal Expo was willing to negotiate, but it wanted to be made whole for the one day. Ms. Thurman said the spirit of BMOC's offer was if in total Cal Expo was harmed, it would be made whole. She stated BMOC felt the 60 percent commission increase would more than compensate any loss in off-track and on-track handle. Vice-Chairman Licht **motioned** to approve the Friday racing schedule as proposed in BMOC's license application. Commissioner Bianco **seconded** the motion, which was **carried** with Vice-Chairman Licht and Commissioners Bianco, Granzella, Harris and Sperry voting "yes," and Chairman Landsburg **abstaining**. Commissioner Sperry **motioned** to approve the application for license to conduct a race meeting of BMOC. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES COUNTY FAIR (F) AT FAIRPLEX, COMMENCING SEPTEMBER 13 THROUGH SEPTEMBER 29, 2002, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said the Los Angeles County Fair (LACF) proposed to run 17 days, the same number of days as 2001, for 204 races, eight more than in 2001. The first post

time would be 12:30 p.m. daily and wagering would be offered under CHRB rules. Ms. Wagner stated the horsemen's agreement had been received, and staff recommended approval of the application conditioned upon receipt of any items the analysis noted as missing. Chairman Landsburg said he noted the Thoroughbred Owners of California (TOC) letter had a caveat regarding Advance Deposit Wagering, that indicated prior to the LACF meeting TVG would attempt to eliminate the Oregon fee as a deduction from the market fee. Wilson Shirley of TOC said his organization had been advised the .25 percent Oregon hub fee was waived on wagers made by California residents. He stated the .25 percent would revert to a market access fee for California hosts. The fee reduction would commence the first day of the Del Mar meeting. Commissioner Sperry **motioned** to approve the application for license to conduct a horse racing meeting of LACF. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF CAPITOL RACING LLC, (H) AT SACRAMENTO, COMMENCING SEPTEMBER 27, 2002 THROUGH FEBRUARY 23, 2003, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said Capitol Racing (CR), LLC proposed to run 87 nights for a total of 1,110 races. Ms. Wagner stated there would be racing three nights per week through October 12; four nights per week through December 21; and five nights per week through February 23, 2003. There would be 12 simulcast races on nights without quarter horse overlap and six simulcast races during overlap. Ms. Wagner stated the fire clearance was missing from the application. She said staff recommended approval of the application conditioned upon receipt of any items the analysis noted as missing. Commissioner Granzella

motioned to approve the application for license to conduct a horse racing meeting of CR, LLC. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPROVAL OF THE ANNUAL DISTRIBUTION OF A PORTION OF THE UNCLAIMED REFUND MONIES, ADJUSTED FOR INFLATION, TO THE JOCKEYS' GUILD HEALTH AND WELFARE TRUST, PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTION 19612.9.

John Reagan, CHRB staff, said the CalPERS benchmark was used for past increases in the annual distribution of unclaimed refund monies to the Jockeys' Guild (Guild) Health and Welfare Trust. Mr. Reagan said the CalPERS increase for 2002 was 25.1 percent. He stated the Guild asked for a 30 percent increase in the distribution. With a 30 percent increase, the distribution would amount to \$884,235, while a 25.1 percent increase would equal \$850,000. Commissioner Harris asked where unclaimed refund monies went if they were not distributed to the Guild. Mr. Reagan said they were held by the associations for three years, then returned to the state as unclaimed personal property. The money represented tickets removed from the pool due to a scratch or other situation. Mr. Reagan stated unclaimed refund monies amounted to over a million dollars a year, and were generated among the various tracks. Commissioner Bianco asked if Advance Deposit Wagering (ADW) affected the refund monies. Mr. Reagan said with ADW there were no refunds as funds were immediately credited and debited to accounts. Mr. Reagan stated the Thoroughbred Owners of California (TOC), which was a partner in the distribution and the welfare fund, had indicated it would prefer approval of the 25.1 percent increase. Chris McCarron of the Guild asked that the 30 percent increase be approved. He stated every dollar approved went towards health and welfare benefits with a

small amount used for administrative expenses. Commissioner Harris asked how the Guild established eligibility for the fund. Mr. McCarron said to be eligible a jockey must have ridden 100 mounts in the calendar year, half of which had to be in California. Chairman Landsburg asked if the Guild policed claims to verify their legitimacy. Mr. McCarron said doctor's bills were processed by the Guild in the same manner an insurance company would administer them. Chairman Landsburg said he believed it was important to remember there was a 15 to 20 percent lag in workmen's compensation payments due to fraud. He stated he thought the Guild should reexamine its payments at random to make sure its system was effective. Chairman Landsburg said the Board was authorizing a transfer of funds to the Guild and he thought it was incumbent on it to be able to certify its claims were legitimate. Vice-Chairman Licht **motioned** to approve the request of the Guild to increase the allocation of unclaimed refund monies to 30 percent. Commissioner Bianco **seconded** the motion, which was **unanimously carried**. Commissioner Granzella **motioned** to approve the annual distribution of a portion of the unclaimed refund monies, adjusted for inflation, to the Guild's Health and Welfare Trust. Commissioner Harris **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE OAK TREE CHARITABLE FOUNDATION TO DISTRIBUTE CHARITY RACING DAY PROCEEDS IN THE AMOUNT OF \$97,000 TO 47 BENEFICIARIES.

John Reagan, CHRB staff, said the request by the Oak Tree Charitable Foundation (OTCF) would distribute 53 percent of the charity racing day proceeds to racing-related charities. He stated staff recommended approval of the request. Commissioner Sperry **motioned** to approve

the request of the OTCF to distribute charity racing day proceeds in the amount of \$97,000 to 47 beneficiaries. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE PACIFIC RACING ASSOCIATION TO DISTRIBUTE CHARITY RACING DAY PROCEEDS IN THE AMOUNT OF \$68,300 TO 17 BENEFICIARIES.

John Reagan, CHRB staff, said the request by the Pacific Racing Association (PRA) would distribute 68 percent of the charity racing day proceeds to racing-related charities. He stated staff recommended approval of the request. Commissioner Granzella **motioned** to approve the request of the PRA to distribute charity racing day proceeds in the amount of \$68,300 to 17 beneficiaries. Commissioner Sperry **seconded** the motion, which was **unanimously carried**.

STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETINGS:

- A. **LOS ANGELES TURF CLUB AT SANTA ANITA FROM DECEMBER 26, 2001 THROUGH APRIL 21, 2002.**
 - B. **SAN JOAQUIN FAIR AT STOCKTON FROM JUNE 12 THROUGH JUNE 23, 2002.**
-

John Reagan, CHRB staff, said the Los Angeles Turf Club had an excellent meeting. He commented staff determined Advance Deposit Wagering (ADW) did not have an impact on the over-all handle. Mr. Reagan stated San Joaquin Fair (SJF), the first fair of the season, was down a few percent on total handle, but he did not know if ADW was the cause. Mr. Reagan said staff was monitoring the other fairs in Northern California and noted they too were down several percent in various areas. He did not believe ADW had a direct impact, but it could have had some effect. Mr. Reagan stated ADW and the economy, as well as a heat wave in

Northern California, could have combined to cause a down-turn in the fairs. Vice-Chairman Licht said he thought it would be beneficial if the industry were to initiate an objective statistical review of the effect of ADW. He stated a suggestion had been made to fund a statistical study by the University of Arizona. Chairman Landsburg commented while the industry was maintaining its dollar averages a 5.48 percent drop in daily attendance indicated it was losing its live audience. Mike Ziegler of Santa Anita Park Race Track (Santa Anita) said he could account for his organization's drop in attendance. Mr. Ziegler said Santa Anita changed its policy regarding the importation of food onto its facility. He stated persons known as "pot-luckers" had been allowed to bring food onto the facility. Such persons generally did not wager or buy food. After the policy was changed the on-track attendance dropped by 5.48 percent but the handle was not affected. Chris Korby of the California Authority of Racing Fairs said the first week of the SJF was overlapped by the Bay Meadows meeting. He stated there was difficulty filling races the second Friday and Saturday, which was a contributing factor to the decline.

STAFF UPDATE ON THE ADVANCE DEPOSIT WAGERING HANDLE.

John Reagan, CHRB staff, said through July 6, 2002, 66.3 million dollars had been handled in California through the Advance Deposit Wagering (ADW) system. Mr. Reagan stated the ADW handle represented an increase from 5.3 percent to 5.7 of the total California handle. Mr. Reagan said staff was working with the hubs and CHRIMS regarding maintenance and auditing of the database to ensure the data was valid. Within a short time the ADW handle

would be processed much like the regular handle with data reports available and the distribution made weekly.

REPORT ON THE IMPLEMENTATION OF ADVANCE DEPOSIT WAGERING.

- A. **REPORT BY XPRESSBET.**
 - B. **REPORT BY TVG.**
 - C. **REPORT BY YOUBET.**
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Ed Hannah of XpressBet said his organization would support an effort to determine the effect of Advance Deposit Wagering (ADW) on California's handle. He stated XpressBet believed hiring a statistician through the racing program at the University of Arizona would be a good start, and his organization was prepared to fund a portion of the cost. Mr. Hannah said California residents made 90 percent of the wagers received by XpressBet's California hub. The total number of wagers received by the California hub was 11,058 out of just over 11,000 accounts. The total dollars wagered on XpressBet's California hub since its inception in January 2002 was just over \$24 million. Seventy four percent of XpressBet's accounts were opened through its call center; 16 percent were opened at XpressBet's centers at Santa Anita; and 5 percent were opened at Golden Gate Fields and at Bay Meadows. Mr. Hannah stated 47 percent of XpressBet's handle was wagered on races at Santa Anita; nine percent on Bay Meadows races; eight percent on Golden Gate Fields races; and 36 percent was wagered on races at other venues. Ron Luniewski of XpressBet said his organization would soon introduce a new, more user friendly web site. In addition, XpressBet had changed its funding vendor, so there would soon be a substantial upgrade in the timeliness of financial transactions. Mr. Hannah said XpressBet launched its Horse Racing TV (HRTV) channel from its production center at Santa Anita. However, the channel was limited to distribution through a private

satellite service, so it did not have broad distribution. He noted comments received regarding the broadcasts were positive. Mr. Hannah explained the content of HRTV channel broadcasts and stated XpressBet was in discussions with national cable and satellite carriers, as well as California broadcast companies for broader distribution. Commissioner Harris asked if it would be possible to show HRTV channel content on the Internet. Mr. Hannah said XpressBet was not the sole owner of HTRV. He stated to show the channel on the Internet would require permission of XpressBet's partners. Commissioner Harris asked if any banks had refused to take credit cards on deposit. Mr. Luniewski said there were banks that would attempt to stop an Internet gaming transaction, however, after an education process, they would allow the transactions. Mr. Hannah commented there was federal legislation proposed that would make it illegal for credit cards to be used for illegal gambling purposes. He stated XpressBet was working with the American Horse Council to make sure legal gambling operations such as ADW were not included. Commissioner Harris said he understood XpressBet charged a three percent fee on credit card deposits. He asked if the fee had impacted XpressBet's competitive advantage. Mr. Luniewski said the recent change in its financial vendor resulted in a cheaper fee. He stated XpressBet was considering dropping the fee, which was purely a cost flow-through and did not represent a profit to the organization. Mr. Hannah said the three per cent fee was the result of there being no signed credit card receipt when an advance deposit was made. This resulted in opportunities for fraud and improper credit card advances. XpressBet had a contract with an entity that was prepared to assume the risk. However, to assume the risk, the entity charged XpressBet a three percent fee. Commissioner Harris said XpressBet had a lot of information on its ADW account holders, and the risk of fraud was no different for its competitors. Mr. Luniewski said XpressBet's change in vendors would result in savings

passed on to its account holders. He stated XpressBet was also looking at other ways to conduct transactions. Chairman Landsburg said the interest earned on ADW accounts was to be held for charity. He stated he had not seen a report regarding the issue. Mr. Luniewski said information regarding interest was given to CHRB staff.

Tony Allevato of TVG said his organization's California handle as of July 2002 was 33.8 million dollars. He stated California ADW account holders had wagered 60 percent on in-state races, and 40 percent on out-of state races. Non-California residents had wagered \$4.7 million on California races, which represented 23 percent of the handle TVG received on California tracks. TVG currently had just under 14,000 ADW account holders in California. Mr. Allevato stated the Oregon Racing Commission lifted the .25 percent tax on wagers placed by California residents. The elimination of the tax resulted in a decrease of the hub fee from 6.25 percent to six percent. The residual quarter point would increase the return to California racetracks and horsemen through the market access fee. Mr. Allevato said TVG entered into an agreement with FOXSports.com which would allow video streaming of its races through the Internet site. He stated the FOXSports.com site was the second largest sports web site with four million viewers a month. There was no membership fee for the FOXSport.com service, but one had to be a TVG account holder. Mr. Allevato said the California Racing Fairs had entered into an agreement with TVG and wagering on their races became available in late June 2002. Mr. Allevato talked about racing coverage provided by its Fox television channel shows. He explained the ratings various shows received, and related how TVG covered the American Oaks event at Hollywood Park. Mr. Allevato concluded by talking about future television coverage on Fox television channel. Vice-Chairman Licht said he understood TVG

was video streaming its product on the Internet. He stated he thought that was a violation of some of TVG's contracts. Mr. Allevato said TVG could not video stream its entire program, but could offer specific races and post parades. He stated the video streaming did not include TVG announcers doing commentary. Commissioner Harris asked if TVG had any banks that would not take credit card transactions. Mr. Allevato said TVG had not experienced any problems with banks. Commissioner Harris asked if TVG saw any trends regarding its account holders. Mr. Allevato said of the account holders who made regular wagers, the per capita was about \$140 per day, but he did not know the number of active accounts.

Joseph Hasson of YouBet.com said since his organization received its license in February 2002 it handled 14.1 million dollars in wagers. Of that figure California residents wagered 5.21 million dollars on California races, and 7.56 million dollars on out-of-state races. Out-of-state residents wagered a significant amount of money on California races. Mr. Hasson said YouBet.com was providing ADW on all California fair meetings, which had been received favorably by the fan base. He stated since it received its license, YouBet's California ADW account holders grew from 5,000 to a total of 9,000 accounts. In addition, YouBet acquired a large number of out-of-state accounts. Vice-Chairman Licht asked why YouBet was not allowed to broadcast over ESPN. Charles Champion of YouBet said his organization entered into an agreement with Winnercomm and National Thoroughbred Racing Association (NTRA) productions, which is a subsidiary of NTRA. He stated YouBet experienced difficulty with NTRA regarding the execution of the contract as NTRA productions did not inform its parent company of its existence. The NTRA contacted its exclusive marketing partner, TVG, and subsequently notified YouBet it could not broadcast. Mr. Champion stated YouBet was

attempting to resolve the issue and believed it was close to bringing its site up with California content. Mr. Champion commented he needed to clarify the issue of credit card fees. He stated YouBet also charged fees and had done so for approximately 30 days. He stated YouBet's fee was 3.98 percent. YouBet had not seen any effect on credit card transactions as a result of the fee. Mr. Champion stated credit cards were an increasing problem for his organization and for ADW in general. CitiBank was denying use of its cards for ADW transactions, and there were states that prohibited funding ADW accounts with credit cards or placed holds on credit card funds. Mr. Champion said YouBet placed a credit card block on the ADW accounts of customers from such states. He stated another issue with credit cards was that companies were taking larger reserves on the accounts. When an account was funded with a credit card the funds were withheld from YouBet. Mr. Champion stated it was a real problem for YouBet as it had approximately \$750,000 being held in reserve by credit cards companies. Commissioner Harris commented credit cards were a concern to the entire industry. He stated he believed the industry needed to work with banks to educate them regarding the differences between legal and illegal wagering. Commissioner Harris said he understood YouBet allowed its account holders to fund their accounts using an electronic check. Mr. Champion said YouBet believed its "express cash" function was the most efficient way its customers could fund their accounts. He stated YouBet did not charge fees for the service.

GENERAL BUSINESS

Michael Braver, a racing fan, spoke about his disagreement with the Stewards' actions regarding the sunset handicap at Hollywood Park on July 21, 2002. Chris McCarron of the Jockeys' Guild (Guild) said his organization wished to express its opposition to the use of shock wave therapy at racetrack setting. He stated the Guild appreciated the Board's policy regarding use of the therapy.

MEETING ADJOURNED AT 12:35 P.M.

ITEM 1

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Del Mar Satellite Wagering Facility**, 2260 Jimmy Durante Boulevard, Del Mar, California, on **August 21, 2002**.

Present: Alan W. Landsburg, Chairman
 Roger H. Licht, Vice-Chairman
 William A. Bianco, Member
 John C. Harris, Member
 Marie G. Moretti, Member
 John C. Sperry, Member
 Paige Noble, Chief of Administration
 Tom Blake, Deputy Attorney General

MINUTES

Chairman Landsburg asked for approval of the minutes of the Regular Board Meeting of June 26, 2002. Sherwood Chillingworth of Oak Tree Racing Association presented a correction to the minutes of the Regular Board Meeting of June 26, 2002. Commissioner Moretti **motioned** to approve the minutes as amended. Commissioner Bianco **seconded** the motion, which was **unanimously carried**

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE OAK TREE RACING ASSOCIATION (T) AT SANTA ANITA, COMMENCING OCTOBER 2 THROUGH NOVEMBER 3, 2002, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said the Oak Tree Racing Association (OTRA) proposed to run 26 days, six days less than in 2001, for a total of 223 races. The first post time would be 1:00 p.m. weekdays and 12:30 p.m. weekends and holidays. Ms. Wagner stated the post time for Breeder's Cup on October 26, 2002, would be 9:30 a.m. The post time for Cal Cup on November 2, 2002, would be 12:00 noon. The wagering program would use CHRB

regulations. The only item missing from the application was the fire application. Ms. Wagner said staff recommended approval of the application dependent on receipt of any items the analysis noted as missing. Commissioner Sperry **motioned** to approve the application for license to conduct a horse racing meeting of OTRA. Vice-Chairman Licht **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE FRESNO COUNTY FAIR (F) AT FRESNO, COMMENCING OCTOBER 2 THROUGH OCTOBER 13, 2002, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said the Fresno County Fair (FCF) proposed to run ten days, one less than in 2001, for a total of 98 races, four less than in 2001. The first post time would be 12:37 p.m. weekends, 12:45 p.m. Fridays, and 1:37 p.m. Wednesdays and Thursdays. The wagering program would use CHRB regulations. Ms. Wagner said staff recommended approval of the application dependent on receipt of any items the analysis noted as missing. Commissioner Moretti **motioned** to approve the application for license to conduct a horse racing meeting of FCF. Commissioner Harris **seconded** the motion, which was **unanimously carried**.

PUBLIC HEARING ON THE ADOPTION BY THE BOARD OF THE PROPOSED REGULATORY ADDITION OF CHRB RULE 1867 – PROHIBITED VETERINARY PRACTICES, TO ESTABLISH CRITERIA AND LIST THOSE DRUGS, SUBSTANCES OR MEDICATIONS WHOSE USE OR POSSESSION OF CONSTITUTES A PROHIBITED VETERINARY PRACTICE.

Dr. Ron Jensen, CHRB Equine Medical Director, said Rule 1867 was an addition to the rules dealing with prohibited veterinary practices. He stated the first two practices to be prohibited under the rule were the possession or use of erythropoietin or darbepoietin within the confines of a facility under the jurisdiction of the Board. Additionally, the rule would prohibit the use and/or possession of any medication that had not been approved by the United States Food and Drug Administration. The Board approved Rule 1867 at the June 2002 meeting and directed staff to initiate the rulemaking process. Dr. Jensen said no comments had been received. He added that since June 2002, seven racing jurisdictions in the United States adopted the rule or began the rulemaking process for similar prohibited practices rules. Jacqueline Wagner, CHRB staff, said staff recommended adoption of the rule as presented. Vice-Chairman Licht asked if a test for Epogen existed. Dr. Jensen said there was a new screening test, however, it was difficult to confirm. Vice-Chairman Licht asked how the Board would proceed if there was a positive test for the drug. If it was difficult to confirm the presence of the drug with current testing procedures, how would the rule work? Dr. Jensen in the event a licensee was found on the premises of a facility under the jurisdiction of the Board in the possession of erythropoietin, it would be a violation of the rule. He stated it was currently not a violation to be found in possession of the drug. Commissioner Harris said he understood the effect of the drug on horses was different than in humans, and the drug was more prevalent among human athletes. Dr. Jensen said horses had a reserve of red blood cells in their spleens. If a horse

was stimulated in any fashion, it would contract the spleen, which would add up to 25 percent more red blood cells in the animal. In humans that would not happen, so the drug would probably work more effectively in increasing stamina in humans as opposed to horses. Horse already had a reserve of red blood cells. With erythropoietin there was the possibility of increasing red blood cells in a horse to such an extent the heart would actually have difficulty pumping blood. Erythropoietin was a human product so the horse's system would recognize it as a foreign substance and develop antibodies towards it. The erythropoietin produced by injection, in combination with the horse's natural erythropoietin, would eliminate the production of red blood cells to the point the horse would become very anemic and require treatment. Commissioner Bianco **motioned** to adopt Rule 1867, Prohibited Veterinary Practices. Vice-Chairman Licht **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE BAY MEADOWS FOUNDATION TO DISTRIBUTE CHARITY RACING DAY PROCEEDS IN THE AMOUNT OF \$105,000 TO 44 BENEFICIARIES.

John Reagan, CHRB staff, said the request distributed exactly 20 percent of the proceeds to horse racing related charities. He stated staff recommended approval of the request. Chairman Landsburg said that while the law required the foundation to distribute only 20 percent of the proceeds to horse racing related charities, most of the requests for distribution included up to 50 percent towards industry related organizations. He stated in the future he hoped to see more of Bay Meadows Foundation's charity proceeds going to racing related charities. Vice-Chairman Licht said he agreed with Chairman Landsburg. However, he stated he was happy to see the horse racing charities chosen by the foundation were people related

rather than horse related charities. Vice-Chairman Licht commented he thought it was a much better use of the charity funds. Frank De Marco, representing Bay Meadows, said the Bay Meadows Foundation was completely independent of the racing association by order of the Superior Court in San Mateo County. He said the only control exercised by Bay Meadows Operating Company was in designating the recipients of the 20 percent dedicated towards racing related charities. Commissioner Bianco said when he was being confirmed by the legislature none of the persons he spoke to seemed to know about the industry's charitable contributions. He asked if the Bay Meadows public relations department could send such information to Senator Burton's committee. Sherwood Chillingworth of Oak Tree Racing Association said his organization had compiled a list of its charitable donations over the last ten years. He stated he would be happy to forward the information to the appropriate parties. Chairman Landsburg said such information should be given to Mike Martin, CHRB public affairs officer. Commissioner Moretti said she would be happy to work with Mr. Martin to see the information was delivered to legislators who represented the districts where the racing associations were located, and to the rules committee. Mike Martin, CHRB staff, said a future newsletter would focus on the issue of charity, and the information could be incorporated materials given the legislature. Commissioner Moretti said she thought it behooved the industry to let the legislature know about its charitable contributions as it was very aware of how much money was contributed by other gaming organizations in California. Commissioner Moretti **motioned** to approve the request by the Bay Meadows Foundation to distribute \$105,000 to 44 beneficiaries. Commissioner Sperry **seconded** the motion, which was **unanimously carried**.

STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETINGS:

- A. **CHURCHILL DOWNS CALIFORNIA COMPANY AT HOLLYWOOD PARK FROM APRIL 24, 2002, THROUGH JULY 21, 2002.**
 - B. **ALAMEDA COUNTY FAIR AT PLEASANTON FROM JUNE 26, 2002, THROUGH JULY 7, 2002.**
 - C. **SOLANO COUNTY FAIR AT VALLEJO FROM JULY 10, 2002, THROUGH JULY 21, 2002.**
 - D. **SONOMA COUNTY FAIR AT SANTA ROSA FROM JULY 24, 2002, THROUGH AUGUST 5, 2002.**
-

John Reagan, CHRB staff, said the report included the meeting at Hollywood Park (HP) and three fairs. He stated staff was monitoring the meetings for signs of cannibalization from Advance Deposit Wagering (ADW) and other factors. Mr. Reagan said the meeting at HP was good over-all, but on-track attendance was down four percent. He said in July it was noted the Stockton Fair was down three to five percent in various categories. In comparing the three fairs in the current report, Alameda was down slightly more than Stockton, while Santa Rosa was about equal to Stockton. The Solano County Fair (SCF) experienced greater decreases. Mr. Reagan said there had been some decrease in handle but staff still could not make hard conclusions regarding the impact of ADW. Commissioner Harris asked if ADW was included in the off-track handle. Mr. Reagan said the numbers were exclusive of ADW. To keep the CHRIMS database operating efficiently ADW numbers were reported separately. When ADW numbers were determined to be accurate and the software was working efficiently, the handle information would be merged. Mr. Reagan added, however, ADW would probably always be reported as a separate item. Craig Fravel, representing CHRIMS, said ADW software development process proved to be very difficult, but he was confident CHRIMS was nearing the end of its transition period. Mr. Fravel said he asked CHRIMS staff to develop a monthly report format that would have a simple but comprehensive detail of not only ADW handle, but

of virtually every component of year-to-date activity. He stated such a report would soon be available by logging onto the CHRIMS web site, or via e-mail to interested parties. Vice-Chairman Licht said he spent a lot of time on the back side at HP during its meeting. He stated the two comments he heard most often had to do with HP's main track and its turf course. He asked if HP had heard anything regarding the two tracks, and if there were plans to address the issues. Eual Wyatt of HP said his organization was aware of the comments and found them disconcerting. He stated HP had just finished resodding the turf course. Some work was done on the growing medium, which would hopefully make it a kinder course. Mr. Wyatt said HP was in the process of determining what steps to take on the main track. Hollywood Park would take action prior to the commencement of its meeting. Vice-Chairman Licht asked if there had been any consideration regarding eliminating synthetic fiber completely from the track. Mr. Wyatt said it was a consideration, but HP was not convinced it should be eliminated. Commissioner Harris asked if HP and Santa Anita had been working to achieve similar tracks. He stated the two different kinds of tracks were a problem in Southern California. Horses were training on one track and running on the other, then reversing the situation when the meetings changed. Mr. Wyatt said he did not know if it would be possible as Santa Anita had threats of heavy rain in the summer, and HP did not. He stated the track superintendents communicated a lot, but he did not know if they tried to develop similar tracks. Ed Halpern of California Thoroughbred Trainers (CTT) said he often heard from trainers regarding their concerns over the tracks. It was difficult to be specific about a particular track as the range of opinions was always wide. However, he stated during the recent HP meeting and subsequent training period, there had been an unusual number of comments from trainers regarding the quality of the track. Mr. Halpern stated he spoke with

HP management regarding the number of comments he had received and they were cooperative. Commissioner Harris said there must be a way to quantify the hardness, the degree of moisture, or other factors. Mr. Halpern said there were test that would measure such things, but with all the science and testing, the answer sometimes involved an intrinsic awareness of the track. Mr. Wyatt said HP had equipment to measure the track's moisture on a daily basis as well as a "clay hammer" that gave readings on the hardness of the course. He stated HP's quandary was tests revealed the track had not changed from 2001. Mr. Wyatt said HP was working with the trainers to determine what the problem was and would hopefully come up with a solution. Chris Korby of California Authority of Racing Fairs (CARF) said the 2002 fairs generally tended to be up in attendance. He stated he believed the drop in handle reflected a downturn in the regional economy. Mr. Korby said CARF increased its outreach promotion program to attract new patrons. He stated CARF was working with the California Marketing Committee's Golden Rewards program, which was generating good results. Regarding SCF, on-track attendance dipped in 2002 compared to 2001. Mr. Korby stated he believed that was due to a significant change in the calendar between the two years. The fair previously coincided with the closing week of HP and the opening of Del Mar, which meant it had 12 days of overlap with Southern California racing. Mr. Korby said CARF was also interested in ADW's impact on the fairs. He stated from the preliminary data there had been steady growth in ADW handle since the three ADW vendors began offering wagering on the fairs' product.

STAFF UPDATE ON THE ADVANCE DEPOSIT WAGERING HANDLE.

John Reagan, CHRB staff, said the Advance Deposit Wagering (ADW) handle had grown to 82.6 million dollars, which was 6.25 percent of the total California handle to date. Mr. Reagan stated ADW was growing steadily as a method of placing a wager, and as a percentage of the entire California handle.

REPORT ON THE IMPLEMENTATION OF ADVANCE DEPOSIT WAGERING.

- A. REPORT BY XPRESSBET.
 - B. REPORT BY TVG.
 - C. REPORT BY YOUBET.
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Ed Hannah of XpressBet said wagering by California residents since the inception of his organization's California hub represented 90 percent of wagers placed. Of its accounts in the California hub, 9,477, or 84.9 percent of the total were with California residents. As of August 4, 2002, total wagering through the California hub was just under 25 million dollars. XpressBet's accounts were acquired through: 74 percent via telephone, fax or Internet; 16 percent opened at Santa Anita; five percent each at Bay Meadows and Golden Gate Fields. The handle per track was: 36 percent wagered on Santa Anita; nine percent wagered on Bay Meadows; eight percent wagered on Golden Gate Fields; and 47 percent wagered on other tracks available on the XpressBet system. The weekly handle for the California hub had stabilized in the \$200,000 to \$300,000 range. Mr. Hannah said the numbers were low because other than the fairs, XpressBet did not have any California content. The interest accrued to the benefit of backstretch charities and welfare funds was \$6,197 through August 4, 2002. The funds would be remitted in January, 2003, as required by law. Mr. Hannah reviewed XpressBet's negotiations with broadcasters in Southern and Northern California. He stated it

was difficult to advance negotiations with many of the cable operators due to turmoil in the industry or prospective mergers.

John Hindman of TVG said his organization's handle to date was nearly \$50 million. TVG currently had 16,000 subscribers, of which 2,000 were added during the Del Mar meeting. The average rate of growth in TVG's handle beginning February 2002 was 53 percent a month. The average rate of growth in subscribers was 48 percent a month. During the Hollywood Park meeting TVG handled \$16 million, and to date nearly \$8 million at Del Mar. Mr. Hindman reviewed TVG's media exposure as well as its future media plans. He stated video streaming had been successfully launched and was popular with subscribers as its use was higher than anticipated. Mr. Hindman said TVG's wagering systems continued to perform well with a 99 percent success rate in processing wagers and less than .1 percent of down time. Mr. Hindman said the Oregon commission eliminated the quarter percent tax on wagers made through the California hub. He stated the money would go into the market access fees, which were split between racetracks and horsemen according to law. Vice-Chairman Licht asked if the default on the Del Mat Internet site helped TVG open accounts. Mr. Hindman said TVG's vice president of marketing was pleased with the numbers. Vice-Chairman Licht asked of a lot of the new accounts were opened to get access to the video streaming and never funded. Mr. Hindman said his organization was monitoring such accounts as it was not beneficial for it or its credit card partners to supply the service. He stated TVG found those who did sign up were funding their accounts and were wagering. Chairman Landsburg read a memorandum into the record regarding the Oregon Racing Commission's deliberations and decision to eliminate its quarter percent tax on ADW wagers made by TVG's California patrons. Commissioner Sperry said he watched with interest TVG's progress and felt it's television

program helped racing considerably. He stated however, TVG's recent wrestling challenge did not, in his opinion, benefit racing at all. Commissioner Sperry said it took away from the entire program, and meant three live races were not shown. Mr. Hindman said TVG tried to look at both sides of the equation. He stated it staged such events occasionally to attract a non-traditional audience.

Joe Hasson of **YouBet.com** (YouBet) said his organization processed over 11,000 telephone calls in July 2002, and over 1.2 million dollars in wagers. YouBet added 1,000 California customers to its California base in July; 5,000 since its licensing in February 2002. Mr. Hasson said Local 280 ratified its contract with YouBet, so the live operator workstations in its offices would be launched September 2002. The handle from the California fairs was steadily growing, with the exception of Ferndale, which overlapped with the San Mateo County Fair. Subsequent to the Fresno Fair, Youbet planned to present a report and analysis of its comarketing efforts with CARF. Mr. Hasson presented slides representing the wagering patterns of YouBet's customers, and the results of the various meetings it offered. He also showed slides designed to provide a comparison of the value YouBet brought to California horse racing vs. other entities. Vice-Chairman Licht asked Mr. Hasson to explain what "RGS" was. Mr. Hasson said "RGS" was an account wagering organization based in the British Virgin Islands. Vice-Chairman Licht asked if RGS' services could be provided by California's licensed ADW providers. Mr. Hasson said California's ADW providers could provide better services. YouBet provided online streaming and race results, as well as other information to customers. In addition, it contributed a significant amount of money to fund TVG's television production. He stated RGS did not do any such things for horse racing in California. Although RGS brought in a lot of handle, the proceeds for horsemen was low: \$375,000 on

\$16 million in wagers, versus YouBet's \$100,000 on \$3 million in wagers. Vice-Chairman Licht said RGS stated it was not taking wagers from California residents, and claimed it would not be in business if it were not able to rebate 10 percent on each dollar wagered. He said he felt the service that YouBet and its two competitors provided were vastly superior to those of the off-shore providers. Mr. Hasson said YouBet agreed with Vice-Chairman Licht, and recommended the Board consider looking at methods of cutting off offshore gambling as customers were transferring money into the offshore accounts then wagering back into the states. Chuck Champion of YouBet said he believed the questions raised by Vice-Chairman Licht were appropriate, but he did not want to represent YouBet as expert on offshore gaming or RGS. Mr. Champion said YouBet was engaged in researching how entities such as RGS affected it. He stated there was evidence to suggest offshore wagering patrons were using YouBet to facilitate their handicapping; downloading products, watching videos, then placing wagers offshore to receive nine or 13 percent in rebates. Vice-Chairman Licht said he believed YouBet was not unique as TVG and XpressBet had the same experience. He stated California needed to look at rebates, or cutting off those entities who offered rebates as such competition was unfair. Vice-Chairman Licht said the long-term issue was whether California allowed its licensees to compete with the off-shore entities, or find a way to cut them off. He stated California had the best product and deep pools that allow for sizeable wagers, which could not be made in many locations. Mr. Hannah said XpressBet believed a lot of patrons were deriving handicapping information from product or other industry-available product and using it to place wagers through an offshore entity that offered rebates. Mr. Hannah commented at the 2001 University of Arizona conference evidence was presented which demonstrated offshore rebate entities had resources that probably exceeded the combined after-

tax income of Magna Entertainment Corporation and Churchill Downs combined. XpressBet agreed rebating offshore entities were a serious issue for the entire industry. Commissioner Harris said he was bothered that Magna Entertainment and Churchill Downs had not followed up on the offshore advertising in the Daily Racing Form (DRF). Craig Fravel of Del Mar Thoroughbred Club said he spoke to the publisher of DRF about the issue of offshore advertising. He stated the publisher indicated a willingness to revisit the issue and spoke about forming a national committee to discuss it. Mr. Fravel said offshore advertising was a source of revenue for DRF, but he did not think it was substantial. Sherwood Chillingworth of Oak Tree Racing Association said he recently attended a conference with representatives of almost every track in the United States. He stated the rebate issue was discussed with the conclusion that associations had to cut off the signal to entities who were rebating and not paying their fair share back to the industry. Mr. Chillingworth said the Thoroughbred Racing Association would soon issue a report on the issue.

REPORT FROM THE RACE DATES COMMITTEE.

Commissioner Harris said the committee met on July 26, 2002, and received comments on the proposed racing schedule for 2003. He outlined the various discussions regarding the 2003 schedule and stated the final issue to be resolved was the conflict regarding Bay Meadows' overlap with Stockton and Sacramento. Commissioner Harris said the issue was not resolved, but would be discussed again at the next committee meeting.

GENERAL BUSINESS

Chairman Landsburg asked Commissioner Harris to comment regarding a race involving the mule Black Ruby. Commissioner Harris said Black Ruby was a ten year old female mule who has won 47 out of 53 races and was widely publicized in the media. Black Ruby was entered to race at Ferndale on Sunday, August 18, 2002. Due to publicity, Ferndale asked the CHRB to limit wagering to win and exotic wagering only. The request was approved. Commissioner Harris said a problem developed when Del Mar decided not to take the race; not to put the race in its program; and not to allow wagering on it. Del Mar took the action despite there being only win and exotic wagering on the race. Commissioner Harris said the idea behind limiting the type of wagering was to eliminate the chance of a minus pool, and as it turned out, there was no minus pool. He stated he believed Del Mar's actions were misinformed as the race had significance to a lot of horse people and fans. Commissioner Harris added Del Mar's action may have been illegal as the association could not pick and choose which races it would take without CHRB approval. He stated he believed the industry needed to work together and be more sensitive to what the public wanted, and what it could do to publicize racing. Although Black Ruby was a mule, there was still a lot of fan interest in the animal. Craig Fravel of Del Mar Thoroughbred Club (DMTC) said the issue dated back to the 2001 race meet at DMTC. In 2001, DMTC had close to a half million dollar net impact as a result of minus pools in the Southern zone on wagers on minor breed races from the Northern pool. Mr. Fravel said in 2001 he consulted with the stewards, and CHRB executive staff regarding DMTC's obligations under the law. He stated he concluded the law was permissive and DMTC had the option of refusing to take wagers on some races. Mr. Fravel stated in 2001 DMTC did not take wagers

in two instances and had continued to judiciously refuse wagers on occasion. He said DTMC planned to hold a match race with Black Ruby and Taz the week after Labor Day. As a thoroughbred track DMTC's primary interest was to make sure thoroughbred purses were not impacted, and that is why it did not take wagers on the race in question. Commissioner Harris said DMTC could have worked with Ferndale to have only exotic wagering with no win only pool. Mr. Fravel said that would have been a good solution. He stated he believed that with the win pool there was only a two-tenths pay out. The position DMTC took regarding the law was that it was permissive, but if a race was taken, DMTC was stuck with the wagering format of the host association. Mr. Fravel said the issue was not limited to Del Mar as other tracks and the horsemen had an interest.

OLD BUSINESS

Chairman Landsburg said during the June 26, 2002, Regular Board Meeting a suggestion was made to undertake further discussions regarding moving the Fairplex meeting to Santa Anita. He asked if the Board felt it should be discussed. Vice-Chairman Licht said the issue should go before the Dates Committee. The Board needed more information on the issue as it was a problem that would return and he wanted to be prepared. Commissioner Moretti said due to the money and complex issues raised she was not sure the issue would fit on the agenda of a Regular Board Meeting. If Fairplex wished to continue the discussion, it should be set as a separate meeting. Mike Seder of Fairplex said his organization would be happy to work with the Board on the issue. He stated Fairplex had not abandoned its interest in moving and would still like to do what it considered would be in the best interest of horse racing. During the

current Fairplex meeting Mr. Seder said his organization would conduct surveys of patrons and the horsemen to determine their views. At the end of the meeting Fairplex hoped to have more information to share with the Board. Commissioner Harris said there was a lot of concern on the backstretch and with fans regarding the accuracy of reporting workouts. Commissioner Harris said the issue had been discussed in the past, and workouts were under the Board's oversight. He stated he believed the public should have confidence the Board was trying to provide correct information. Sherwood Chillingworth of Oak Tree Racing Association (OTRA) said he was on the management committee of Equibase Corporation – which was working with a company that did satellite positioning. He stated the company was using the technology with NASCAR racing and was working to develop it for horse racing purposes. Mr. Chillingworth said one of the problems with the technology was making sure the right transmitter was on the correct horse. It was easy to accomplish during a race as the transmitters could be attached to the jockey's uniform, but it would be more difficult during the morning works. Mr. Chillingworth said he requested a copy of the proposed lease agreement between Fairplex and Los Angeles Turf Club (LATC), which Deputy Attorney General (DAG) Tom Blake stated was a public document; however, the document was returned to LATC. Mr. Chillingworth said he believed he was entitled to receive a copy of the lease as it was declared a public document. Frank De Marco of LATC said the DAG declared the lease agreement between OTRA and LACT a public document. He stated the issue was raised in connection with Fairplex Park's request to change its venue, not in connection with an application for license. Deputy Attorney General Blake said there was a question regarding whether information could be submitted to the Board in confidence; and where it was decided it could not be kept in confidence, the information was withdrawn. If the Board was not in

possession of a document, there would be no application of the Public Records Act. Mr. Blake stated he believed the lease was going to be submitted and made part of the record, but the parties changed their decision, so it was returned. He said in the future, documents submitted to the Board would be looked at to determine if the information contained in them would be made available upon request. Lee Hall of the Service Employees International Union (SEIU) said his union submitted information regarding New World Services (NWS) at Hollywood Park and was waiting for a response from staff. Mike Martin, CHRB staff, said he received information from the SEIU and had arranged for a meeting with NWS to discuss the issue.

MEETING ADJOURNED AT 12:00 P.M.

STAFF ANALYSIS
September 25, 2002

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF CHURCHILL DOWNS CALIFORNIA FALL OPERATING COMPANY AT HOLLYWOOD PARK FROM NOVEMBER 6, 2002 THROUGH DECEMBER 22, 2002.

Churchill Downs California Fall Operating Company filed its application for license to conduct a thoroughbred horse racing meeting at Hollywood Park:

- November 6 through December 22, 2002, or 35 days, 4 more than 2001. The association proposes to race a total of 301 races, or 8.6 per day.
 - They meet the 10% requirement of stakes purses paid for Cal-bred stakes races.

November – 2002						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11 H	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28 H	29	30

December – 2002						
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 H	26	27	28
29	30	31				

- Racing 5 days per week, Wednesday through Sunday, with 8 races per day Wednesdays, Thursdays and Fridays, 9 or 10 on a selected basis Saturdays and Sundays.
 - 10 races Friday, November 29, Saturday, November 30 and Sunday, December 1.
 - Racing Monday, November 11.
 - No racing Wednesday, November 13.
- First post 12:30 p.m. daily.
 - 7:05 p.m. post Friday, November 8 and 15.
 - 11:00 a.m. post Thursday, November 28.
- Specific changes from the 2001 license application:
 - Zachary Soto replaces Dave Samuel as placing judge, Ruben Hernandez replaces Zachary Soto as patrol judge and Dan Eidson replaces Douglas Breder as assistant racing secretary.
 - Offering an 8 seat super box for \$3,000.
- Request Dianne Piper be appointed horse identifier pursuant to CHRB Rule 1525.
- Track safety requirements have been fulfilled.
- Wagering program will use CHRB rules.
 - Early wagering 8:00 a.m. on the day of and advance-day wagering.
 - \$1 trifecta and superfecta in any race that complies with Rule 1979 and 1979.1.
 - Pick 6 offered on last 6 races.

- Offering option of an alternate selection in the place pick all, pick 6 and pick 4.
- Pick (n) pool - designate 70% of the net pool be retained for the jackpot and no cap be set.

- 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. Horsemen's agreement.
2. Fire clearance.

RECOMMENDATION:

Staff recommends the Board approve the application conditioned upon receiving the additional information necessary to conduct the racing meeting.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING
CHRB-17 (Rev. 7/01)

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. **Churchill Downs California Fall Operating Company, a wholly owned subsidiary of Churchill Downs Incorporated, 1050 South Prairie Avenue, Inglewood, California 90301 (phone) 310-419-1500 (fax) 310-671-4460**

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.**

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: **November 6 through December 22, 2002.**

B. Actual dates racing will be held: **November 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 20, 21, 22, 23, 24, 27, 28, 29, 30, December 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 18, 19, 20, 21 & 22.**

C. Total number of days or nights of racing: **35**

D. Days or nights of the week races will be held:

Wed - Sun Tues - Sat Other (specify)
**Racing Veterans' Day, Monday November 11
and dark Wednesday, November 13**

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

3. RACING PROGRAM

A. Total number of races: **301**

Application received: <i>8/8/02 mb-</i>	CHRB CERTIFICATION	Hearing date: <i>9/25/02</i>
Deposit received: <i>On file</i>		Approved date:
Reviewed: <i>PN</i>		License number:

- 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, with 10 races on Friday, November 29, Saturday, November 30 and Sunday, December 1.**
- C. Total number of stakes races: **24 (18 stakes and 6 overnight stakes)**
- 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.
- 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:

RACE	All days except Fridays November 8 & 15 and Thursday, November 28	Friday Nights (November 8 & 15)	Thanksgiving Day, Thursday November 28
1 st	12:30 p.m.	7:05.m.	11:00 am
2 nd	1:00 p.m.	7:35p.m.	11:30 am
3 rd	1:30 p.m.	8:05 p.m.	12:00 noon
4 th	2:00 p.m.	8:35 p.m.	12:30 pm
5 th	2:30 p.m.	9:05 p.m.	1:00 pm
6 th	3:00 p.m.	9:35 p.m.	1:30 pm
7 th	3:30 p.m.	10:05 p.m.	2:00 pm
8 th	4:00 p.m.	10:35p.m.	2:30 pm
9 th *	4:30 p.m.		
10 th *	5:00 p.m.		

* When applicable

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.

HOLLYWOOD PARK FALL MEETING
2002 STAKES SCHEDULE

<u>DATE</u>	<u>STAKE</u>	<u>PURSE/DISTANCE</u>
Sat. Nov. 9	MATIARA STAKES Fillies, Three Years Old	\$125,000 One Mile & One Eighth (Turf)
Sat. Nov. 16	MOCCASIN STAKES Fillies, Two Years Old	\$100,000 Seven Furlongs
Sat. Nov. 23	HOLLYWOOD TURF CUP (GRADE I) Three Year Olds & Upward	\$250,000 One Mile and One Half (Turf)
	HOLLYWOOD PREVUE STAKES (GRADE III) Two Year Olds	\$125,000 Seven Furlongs
	ON TRUST HANDICAP Three Year Olds & Upward, Bred in California	\$100,000 Added* Seven and One Half Furlongs
Sun. Nov. 24 *****	CAT'S CRADLE HANDICAP Fillies & Mares, Three Year Olds & Upward, Cal-Bred *****	\$100,000 Added* Seven and One Half Furlongs *****
<u>TURF FESTIVAL</u>		
Fri. Nov. 29	MIESQUE STAKES (GRADE III) Fillies, Two Years Old Nominations close Friday, August 9	\$200,000 One Mile (Turf)
	HOLLYWOOD TURF EXPRESS (GRADE III) Three Year Olds & Upward Nominations close Friday, August 9	\$200,000 Five and One Half Furlongs (Turf)
Sat. Nov. 30	CITATION HANDICAP (GRADE II) Three Year Olds & Upward Nominations close Friday, August 9	\$500,000 One Mile and One Sixteenth (Turf)
	GENEROUS STAKES (GRADE III) Two Year Olds Nominations close Friday, August 9	\$200,000 One Mile (Turf)
Sun. Dec. 1	THE MATRIARCH (GRADE I) Fillies & Mares, Three Year Olds & Upward Nominations close Friday, August 9	\$500,000 One Mile and One Eighth (Turf)
	HOLLYWOOD DERBY (GR. I) Three Year Olds Nominations close Friday, August 9	\$500,000 One Mile and One Eighth (Turf)
*****	*****	*****

<u>DATE</u>	<u>STAKE</u>	<u>PURSE/DISTANCE</u>
Sat. Dec. 7	VERNON O. UNDERWOOD (GRADE III) Three Year Olds & Upward	\$100,000 Six Furlongs
Sat. Dec. 14	HOLLYWOOD STARLET (GRADE I) Fillies, Two Years Old Late Supplements to be made at Time of Entry.	\$200,000 Added One Mile and One Sixteenth
	NATIVE DIVER HANDICAP (GRADE III) Three Year Olds & Upward	\$100,000 One Mile and One Eighth
Sunday Dec. 15	BAYAKOA HANDICAP (GRADE II) Fillies & Mares, Three Year Olds & Upward	\$150,000 One Mile and One Sixteenth
Sat. Dec. 21	HOLLYWOOD FUTURITY (GRADE I) Two Year Olds Late Supplements to be made at Time of Entry.	\$200,000 Added One Mile and One Sixteenth
	DAHLIA HANDICAP (GRADE II) Fillies & Mares, Three Year Olds & Upward	\$150,000 One Mile and One Sixteenth (Turf)

* - \$25,000 from the Cal-Bred Race Fund.

HOLLYWOOD PARK FALL MEETING
OVERNIGHT
2002 STAKES SCHEDULE

<u>DATE</u>	<u>STAKE</u>	<u>PURSE/DISTANCE</u>
Wed. Nov. 6	BIEN BIEN STAKES Three Year Olds which have not won \$50,000 at one mile or over	\$70,000 Added One Mile (Turf)
Sun. Nov. 10	STEINLEN HANDICAP Three Year Olds & Upward	\$70,000 Added One Mile & One Sixteenth (Turf)
Sun. Nov. 17	SAFELY KEPT HANDICAP Fillies & Mares, Three Year Olds & Upward	\$70,000 Added Five and One Half Furlongs (Turf)
Thur. Nov.28	WAYA HANDICAP Fillies & Mares, Three Years Old & Upward	\$70,000 Added One Mile and One Half (Turf)
Sun. Dec. 8	CORONA HANDICAP Fillies & Mares, Three Year Olds & Upward	\$70,000 Added Six Furlongs
Sun. Dec. 22	DAYJUR HANDICAP Three Year Olds & Upward	\$70,000 Added Five & One Half Furlongs (Turf)

C. CORPORATION

1. Registered name of the corporation: **Churchill Downs California Fall Operating Company**
2. State where incorporated: **Kentucky**
3. Registry or file number for the corporation: **0474649**
4. Names of all officers and directors, titles, and the number of shares of the corporation held by each: **See Attachment A**
5. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each: **The corporation is a wholly-owned subsidiary of Churchill Downs Incorporated, a company publicly traded on the Nasdaq national market.**
6. Number of outstanding shares in the corporation: **1000 no par value**
7. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: **Mary Ann Guenther, Corporate Counsel & Assistant Secretary**
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity: **Churchill Downs Incorporated**
10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission. **On File**

D. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:

Attachment A

CHURCHILL DOWNS CALIFORNIA COMPANY

NAME	TITLE	NUMBER OF SHARES (Beneficially Owned)*
Thomas H. Meeker	Chairman of the Board	0
John R. Long	Director and Vice President	0
Robert L. Decker	Director	0
Rebecca C. Reed	Director & Secretary	0
Frederick M. Baedeker, Jr.	Director and President	0
Vicki L. Baumgardner	Assistant Treasurer	0
Mary Ann Guenther	Assistant Secretary	0
Allen N. Gutterman	Vice President, Marketing	0
Steve Arnold	Vice President, Finance, and Treasurer	0

*Shares beneficially owned in Churchill Downs California Company. The most current proxy statement for shares beneficially owned in Churchill Downs Incorporated on file.

6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.

E. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.

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:

Frederick M. Baedeker, Jr., President
Eual G. Wyatt, Jr., General Manager
Steve Arnold, Vice President, Finance, and Treasurer
Don Barney, Director of Security/Operations
Tim Barden, Management Liaison & Simulcast Coordinator
Benoit & Associates, Inc., Track Photographer
Cleon Bounds, Plant Superintendent
Aimee Nakagawa, Turf Club
Allen Gutterman, Vice President, Marketing
Diane Hudak, Horsemen's Liaison
Russell Hudak, Timer, Morning Line Maker
Ted Jakubanis, Television
Kerlan-Jobe Orthopedic, Jockeys' Physician
Michael Mooney, Director of Media Relations
Plusmic, USA
Robert Poole, Director of Pari-mutuels
Robert Toma, Turf Course Superintendent
Vic Stauffer, Track Announcer

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:
(a) Mary Ann Guenther, Corporate Counsel and Assistant Secretary, 700 Central Avenue, Louisville, Kentucky 40208 and (b) Frederick M. Baedeker, Jr., President or (c) Eual G. Wyatt, Jr. General Manager, 1050 South Prairie Avenue, Inglewood, California 90301.

5. PURSE PROGRAM

- A. Estimated purse distribution:
 - 1. All races other than stakes: **\$ 8,350,980**
 - 2. Overnight stakes: **\$ 420,000**
 - 3. Non-overnight stakes: **\$ 3,100,000**
- B. Stakes Races:
 - 1. Estimated purse distribution for all stakes races: **\$ 3,520,000**
 - 2. Percentage of the estimated purse distribution for all stakes races that will be distributed for California-bred stakes races: **4.3%**
- C. Estimated funds to be generated for all California-bred incentive awards: **\$ 1,000,000**
- D. Estimated amount of payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):

TOC		\$ 121,754
CTT	Administration	\$ 60,877
	Pension Plan	<u>\$ 121,754</u>
		\$ 182,630
- E. Total estimated amount from all sources to be distributed at the meeting in the form of purses or other benefits to horsemen: **\$ 13,175,364**
- F. Estimated purse funds to be generated from on-track handle and intrastate off-track handle: **\$ 9,130,000**
- G. Estimated purse funds to be generated from interstate handle: **\$ 2,740,980**
- H. Bank or depository for the Paymaster of Purses' purse account and the account number: **California Federal Bank #2654175997**
- I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meeting: **Bowen-McBeth, Inc. 10722 Arrow Route, Suite 110, Rancho Cucamonga, California 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 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

breeder's 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 or location of each off-site stabling area and the number of stalls to be maintained at each site:

Santa Anita	1,500
Pomona	500
San Luis Rey Downs	500

- E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses, which cannot be provided stabling on-site. **On file.**

Complete subsections F through I 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: **\$493,000, average cost per available stall at San Luis Rey and Pomona - \$10.00 per day**
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse: **\$190,000**

Roundtrip from:

Santa Anita	\$160	Los Alamitos	\$160
Pomona	\$180	Gallaway Downs	\$290
San Luis Rey	\$290		

- I. Estimated cost for off-site stabling and vanning for this meeting. **\$683,000**

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), LS for limited sweepstakes (pick 6), PK3 for pick three, PK4 for select four, PK6 for pick 6 one pool, PK7 for pick 7, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, SS1 for special sweepstakes (pick 6) alternate 1, SS2 for special sweepstakes (pick 6) alternate 2, SS3 for special sweepstakes (pick 6) alternate 3, SRUS for special reserved unlimited sweepstakes (pick 9), SUS for special unlimited sweepstakes (pick 9), 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
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
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 P(n)P (Pick 6) (when 8 races)	CHRB 1976.9
Race #4 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2 P(n)P (Pick 6) (when 9 races)	CHRB 1976.9
Race #5 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$2 P(n)P (Pick 6) (when 10 races) \$1 PK4 (when 8 races)	CHRB 1976.9 CHRB 1978
Race #6 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3	CHRB 1977
	\$2Q	CHRB 1958
	\$1 PK4 (when 9 races)	CHRB 1978
Race #7 *	\$2DD	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3 (when 9 or more races)	CHRB 1977
	\$2Q	CHRB 1958
	\$1 PK4 (when 10 races)	CHRB 1978

Race #8 *	\$2 DD (when 9 or more races)	CHRB 1957
	\$1E	CHRB 1959
	\$1PK3 (when 10 races)	CHRB 1977
	\$2Q	CHRB 1958
Race #9 *	\$1E	CHRB 1959
	\$2Q	CHRB 1958
	\$2 DD (when 10 races)	CHRB 1957
Race #10*	\$1E	CHRB 1959
	\$2Q	CHRB 1958

* \$1Trifecta in any race when we can comply with CHRB Rule 1979 and a \$1 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 pool be retained for the jackpot and that no cap be set on the jackpot. 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.

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

- B. The maximum carryover pool to be allowed to accumulate before its distribution **OR** the date(s) designated for distribution of the carryover pool: **N/A**
- 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: **8:00 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: **Autotote: September, 2003**

8. SIMULCASTING WAGERING PROGRAM

- A. Simulcast organization engaged by the association to conduct simulcast wagering: **Southern California Off-Track Wagering, Inc.**
- 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:

National Orange Show (San Bernardino)	Barona Indian Reservation
Del Mar Fair (Del Mar)	Sycuan Tribe
Ventura County Fair	Cabazon Indian Reservation
Riverside County Nat'l Date Fest. (Indio)	Viejas Indian Reservation
Lake Perris Fairgrounds	Santa Anita Racetrack
Santa Barbara Horse & Flower Show (S.B.)	L.A. County Fair (Pomona)
Santa Barbara County Fair (Santa Maria)	Los Alamitos Race Course
Antelope Val. Fair & Alfalfa Fest. (Lancaster)	San Bernardino County Fair (Victorville)
Bay Meadows/Golden Gate/CARF and NOTWINC locations	

- D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal: **See Attachment B**
- E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association: **See Attachment B**
- 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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Examples:

Calder Race Course	1/1 & 1/2/99	Full Card
Fair Grounds	3/14/99	Selected Feature and/or Stakes Races

- G. 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":

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

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

Examples:

Retama Park	4/8 & 4/9/99	Full Card
Ruidoso Downs	9/6/99	Selected Feature and/or Stakes Races

- H. 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, 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":

HARNESS SIMULCAST RACES TO BE IMPORTED

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

Saratoga Raceway	5/8/99	Full Card
Meadowlands	8/7/99	Selected Feature and/or Stakes Races

Attachment B

Acoma Pueblo Casino
America Tab
Arapahoe Park
Arlington International
Atlantic City Race Course
Atokad Downs
Balmoral Park
Batavia Downs
Beulah Park
Birmingham Race Course
Blue Ribbon Downs
Bluff's Run Greyhound Park
Buffalo Raceway
Calder Race Course
Camptown Greyhound Park
Canterbury Park
Capital District OTB
Catskill OTB
Charles Town Race Course
Choctaw Racing
Churchill Downs
Colonial Downs
Columbus Races
Connecticut OTB
Corpus Christie Greyhound Park
Dairyland Greyhound
Dakota Teletrack
Delaware Park
Delta Downs
Dover Downs
Downs at Albuquerque
Dubuque GHP
Ellis Park
Emerald Downs
Eureka
Evangeline Downs
Excelsior Casino
Fairgrounds
Fairmount Park
Finger Lakes
Fonner Park
Fort Tuthill Downs
Foxswoods Casino
Freehold Raceway
Geneva Lakes Kennel Club
Great Lakes Downs
Greentrack
Greyhound Track at Post Falls
Gulf Greyhound Park
Harrington Raceway
Hawthorne
Hazel Park
Hialeah Park
Hinsdale Greyhound Park
Hoosier Park
Horsemen's Park
Jackson Harness
Keeneland
Ladbroke @ The Meadows
*LVDC
Lebanon Raceway
Les Bois Park
Lewiston Raceway
Lincoln Greyhound Park
Lincoln State Fair Park
Lone Star Park
Louisiana Downs
Manor Downs
Maryland Jockey Club
Maywood Park
Meadowlands
Mesquaki Casino
Mobile Greyhound Park
Monmouth Park
Montana Simulcast Partners
Monticello Raceway
Mountaineer Park
Mt. Pleasant Meadows
Multnomah Kennel Club
Nassau Regional OTB
Nevada Pari-Mutuel Association
New Jersey Casinos
New York City OTB
NYRA
Newport Jai-Alai
Northfield Park
Northville Downs
Oaklawn Park
Ocean Downs Racetrack
Penn National
Philadelphia Park
Plainridge
Suffolk Downs
Suffolk OTB
Sunland Park
Sun Ray Park

Attachment B (continued)

Pocono Downs	Tampa Bay Downs
Pojoaque Casino	T VG
Portland Meadows	Thistledown
Potawatomi Casino	Tonkowa Casino
Prairie Meadows	Tri-State Greyhound Park
Raceway Park	Turf Paradise
Racing Services, Inc.	Turfway Park
Remington Park	Valley Race Park
Retama Park	Vernon Downs
RGS	Western Regional OTB
River Downs	Wichita Greyhound Park
Rockingham Park	Will Rogers Downs
Ruidoso Downs	Wonderland Greyhound Park
Saginaw Harness	Woodlands
St. Croix Meadows	Wyoming OTB
Sam Houston	Yavapai Downs
Saratoga Harness	Yonkers Raceway
Scarborough Downs	Youbet Racing Operations
Scioto Downs	
Southland Greyhound Park	
Sports Creek	
Sportsman's Park	
Stables Casino	
Stevenson & Associates	

* Out-of-state wagering systems which will not combine their pari-mutuel pools with those of the association.

The following is a list of international wagering systems to which the Association proposes to offer its live audiovisual signal for wagering purposes:

Assiniboia Downs	Canada
Flamboro Downs	Canada
Fraser Downs	
Hastings Park	Canada
Hippodrome de Montreal	Canada
Hippodromo Presidente Ramon	Panama
Holiday Beach Hotel Casino	Curacao
Juarez	Mexico
Northlands Park	Canada
Ontario Jockey Club	Canada
Stampede Park	Canada

MIR Caliente Group:

Agua Caliente	Mexico
MIR	Brazil
MIR	Colombia
MIR	Ecuador
MIR	Peru
MIR	Uruguay

Attachment B (continued)

Stevenson & Associates:

Casino Rivera	Antigua
Crystal Casino	Aruba
Federal Bookmakers	Barbados
Hippodromo Los Comuneros	Colombia
Track Price Plus	Jamaica
RGS, Inc.	St. Kitts
Lightning	St. Marten
Fair Chance	Trinidad & Tobago
Arima	Trinidad & Tobago
Goodwood	Trinidad & Tobago
RPM Teletheater	Venezuela
Virco	Virgin Islands

Wagering systems in Northern California:

CARF
Golden Gate Fields

Other out-of-state wagering systems to be determined.

(F) Please note the attached 2001 November-December calendars which include single-feature events which were imported during the 2001 Fall Meeting. It is anticipated Hollywood Park may import many of these same events as well as others – to be determined during the 2002 Fall Meeting.

Also:

Full and/or partial cards from The New York Racing Association & Churchill Downs, with other events to be determined.

REVISED:	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
12/12/01	[23] 25	[23] 26	[23] 27	[23] 28	[23] 29	[23] 30	[23] 1
D E C E M B E R	10:24 AQUEDUCT(7)3-9 11:39 CALDER(6)8-11 11:51 FAIR GROUNDS(7)4-10 12:45 GOLDEN GATE 12:30 HOLLYWOOD 2:54 HAWTHORNE(1)4-9 3:56 HOOSIER(2)3,4 4:55/5:30 CAL-EXPO H 5:30/5:40 LOS ALAMITOS QH			10:21 CALDER(8)3-10 10:24 AQUEDUCT(7)3-9 12:45 GOLDEN GATE 12:30 HOLLYWOOD 11:38 HAWTHORNE(8)2-9 4:55/5:30 CAL-EXPO H	10:24 AQUEDUCT(7)3-9 11:45 CALDER(5)6-10 12:18 FAIR GROUNDS(6)5-10 12:45 GOLDEN GATE 12:30 HOLLYWOOD 1:58 HAWTHORNE(3)7-9 3:38 HOOSIER(2)2,3 4:55/5:30 CAL-EXPO H 5:30/7:15 LOS ALAMITOS QH	10:24 AQUEDUCT(7)3-9 11:17 CALDER(6)5-10 11:51 FAIR GROUNDS(7)4-10 12:30 HOLLYWOOD 12:45 GOLDEN GATE 3:00 HOOSIER(3)1-3 4:55/5:30 CAL-EXPO H 5:30/7:15 LOS ALAMITOS QH	10:24 AQUEDUCT(7)3-9 11:51 FAIR GROUNDS(7)4-10 12:30 HOLLYWOOD 12:45 GOLDEN GATE 1:19 CALDER(3)10-12 1:58 HAWTHORNE(4)7-10 4:00 HOOSIER(2)3,4 4:55/5:30 CAL-EXPO H 5:30/6:30 LOS ALAMITOS QH
	[23] 2	[23] 3	[23] 4	[23] 5	[23] 6	[23] 7	[23] 8
2 0 0 1	10:24 AQUEDUCT(7)3-9 11:51 FAIR GROUNDS(7)4-10 12:30 HOLLYWOOD 12:45 GOLDEN GATE 12:33 CALDER(8)8-11 1:58 HAWTHORNE(3)7-9 3:38 HOOSIER(2)2,3 4:50/5:30 CAL-EXPO 5:30/5:40 LOS ALAMITOS QH			10:21 CALDER(8)3-10 10:24 AQUEDUCT(7)3-9 12:45 GOLDEN GATE 12:30 HOLLYWOOD 11:38 HAWTHORNE(8)2-9 4:55/5:30 CAL-EXPO H	10:24 AQUEDUCT(7)3-9 11:17 CALDER(6)5-10 12:18 FAIR GROUNDS(6)5-10 12:45 GOLDEN GATE 12:30 HOLLYWOOD 1:38 HAWTHORNE(4)6-9 4:55/5:30 CAL-EXPO H 5:30/7:15 LOS ALAMITOS QH	10:24 AQUEDUCT(7)3-9 11:17 CALDER(6)5-10 11:51 FAIR GROUNDS(7)4-10 12:30 HOLLYWOOD 12:45 GOLDEN GATE 1:58 HAWTHORNE(3)7-9 4:55/5:30 CAL-EXPO H 5:30/7:15 LOS ALAMITOS QH	10:24 AQUEDUCT(7)3-9 11:51 FAIR GROUNDS(7)4-10 12:27 CALDER(5)8-12 12:30 HOLLYWOOD 12:45 GOLDEN GATE 1:58 HAWTHORNE(4)7-10 4:55/5:30 CAL-EXPO H 5:30/6:30 LOS ALAMITOS QH
C A L I F O R N I A	[23] 9	[23] 10	[23] 11	[23] 12	[23] 13	[23] 14	[23] 15
	10:24 AQUEDUCT(7)3-9 11:51 FAIR GROUNDS(7)4-10 12:30 HOLLYWOOD 12:53 CALDER(4)9-12 12:45 GOLDEN GATE 1:02 HAWTHORNE(5)5-9 4:50/5:30 CAL-EXPO H 5:30/5:40 LOS ALAMITOS QH			10:21 CALDER(8)3-10 10:24 AQUEDUCT(7)3-9 12:45 GOLDEN GATE 12:30 HOLLYWOOD 11:38 HAWTHORNE(8)2-9 4:55/5:30 CAL-EXPO H	10:24 AQUEDUCT(7)3-9 11:17 CALDER(6)5-10 12:18 FAIR GROUNDS(6)5-10 12:45 GOLDEN GATE 12:30 HOLLYWOOD 1:38 HAWTHORNE(4)6-9 4:55/5:30 CAL-EXPO H 5:30/7:15 LOS ALAMITOS QH	10:24 AQUEDUCT(7)3-9 11:17 CALDER(6)5-10 11:51 FAIR GROUNDS(7)4-10 12:30 HOLLYWOOD 12:45 GOLDEN GATE 1:58 HAWTHORNE(3)7-9 4:55/5:30 CAL-EXPO H 5:30/7:15 LOS ALAMITOS QH	10:24 AQUEDUCT(7)3-9 11:51 FAIR GROUNDS(7)4-10 12:27 CALDER(5)8-12 12:30 HOLLYWOOD 12:45 GOLDEN GATE 1:58 HAWTHORNE(4)7-10 4:55/5:30 CAL-EXPO H 5:30/6:30 LOS ALAMITOS QH
S I M U L C A S T	[23] 16	[23] 17	[23] 18	[23] 19	[23] 20	[23] 21	[23] 22
	10:24 AQUEDUCT(7)3-9 11:51 FAIR GROUNDS(7)4-10 >12:15 GOLDEN GATE 12:30 HOLLYWOOD 12:33 CALDER(8)8-11 1:02 HAWTHORNE(5)5-9 4:50/5:30 CAL-EXPO H 5:30/5:40 LOS ALAMITOS QH	10:49 CALDER(8)4-11 10:57 THISTLEDOWN(6)4-9 11:51 FAIR GROUNDS(7)4-10 12:30 HOLLYWOOD - Closes 12:45 GOLDEN GATE					4:50/5:30 CAL-EXPO H
S C H E D U L E	[23] 23	<u>CHRISTMAS EVE</u> 24	<u>CHRISTMAS</u> 25	[23] 26	[23] 27	[23] 28	[23] 29
	3:30 CAL-EXPO H			10:24 AQUEDUCT(7)3-9 12:00 SANTA ANITA - Opens 12:15 GOLDEN GATE TBD HAWTHORNE TBD CALDER 4:55/5:30 CAL-EXPO H			10:24 AQUEDUCT(7)3-9 11:51 FAIR GROUNDS(7)4-10 12:45 GOLDEN GATE 1:00 SANTA ANITA TBD THISTLEDOWN TBD HAWTHORNE TBD CALDER 4:55/5:30 CAL-EXPO H 5:30/7:15 LOS ALAMITOS QH
[23] 30	[23] <u>NEW YEAR'S EVE</u> 31	[23] <u>NEW YEAR'S DAY</u> 1	[23] 2	[23] 3	[23] 4	[23] 5	
10:24 AQUEDUCT(7)3-9 11:51 FAIR GROUNDS(7)4-10 12:30 SANTA ANITA 12:45 GOLDEN GATE TBD HAWTHORNE 4:50/5:30 CAL-EXPO H 5:30/5:40 LOS ALAMITOS QH	DARK AQUEDUCT 11:51 FAIR GROUNDS(7)4-10 12:30 SANTA ANITA 12:45 GOLDEN GATE TBD HAWTHORNE - Closes TBD THISTLEDOWN TBD TURF PARADISE	TBD 12:30 SANTA ANITA 12:45 GOLDEN GATE	TBD 12:45 GOLDEN GATE 1:00 SANTA ANITA 4:55/5:30 CAL-EXPO H	4:55/5:30 CAL-EXPO H Tentative	TBD 11:51 FAIR GROUNDS(7)4-10 12:45 GOLDEN GATE 1:00 SANTA ANITA TBD TURF PARADISE 4:55/5:30 CAL-EXPO H 5:30/7:15 LOS ALAMITOS QH	TBD 11:51 FAIR GROUNDS(7)4-10 12:30 SANTA ANITA 12:45 GOLDEN GATE TBD TURF PARADISE 4:55/5:30 CAL-EXPO H 5:30/6:30 LOS ALAMITOS QH	

- 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:

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be imported
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- 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(d), attach a copy showing the agreement by the appropriate racing association(s). **To be submitted under separate cover if the above eventuality occurs.**

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.)

9. 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 4924 Sunset Boulevard Los Angeles, CA 90027	Miss Angie Dickinson Treasurer P. O. Box 369 Inglewood, CA 90306
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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 President Hollywood Park Race Track 1050 South Prairie Avenue Inglewood, CA 90301	Alvin Segel, Esq. Irell & Manella 1800 Avenue of the Stars, #900 Los Angeles, CA 90067
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- 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).

10. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

A. Racing Officials nominated:

Associate Judges	
Association Veterinarian(s)	Ray Baran, D.V.M.
Clerk of Scales	Dino Perez
Clerk of the Course	Lisa Jones
Horse Identifier	Dianne Piper
Horseshoe Inspector	Harry Toston
Paddock Judge	Ken Goldberg
Patrol Judges	Charles McCaul Ruben Hernandez
Placing Judges	Kevin Colosi Zachary Soto
Starter	Gary Brinson
Timer	Russell Hudak

B. Management officials in the racing department:

Director of Racing	
Racing Secretary	Martin Panza
Assistant Racing Secretary	Richard Wheeler and Dan Eidson
Paymaster of Purses	James D. Miller
Others (Asst. Clerk of Scales)	Dennis Flowers

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 12/31/02**

- E. Photopatrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract: **Association provides its own service and equipment. Equipment utilized is described in Attachment C.**
- 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, 12/31/02**

11. SECURITY CONTROLS AND EMERGENCY SERVICES

- A. Name and title of the person responsible for security controls on the premises: **Don Barney**
- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis. Describe the electronic security system: **Approximately 49 guards, 10 Gatemen, 1 Fireguard/surveillance cameras throughout grandstand.**
- C. 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**
- D. 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-Event Medical, EMS Los Alamitos, CA 714/821-6166 San Luis Rey Downs-North County Fire Protection District Fallbrook, CA 760/723-2005**
- E. Attach a fire clearance from the fire authority having jurisdiction over the premises.
- F. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): **Travelers Indemnity Company of IL # 134D2157**
- G. 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 which secures the liability of the association for payment of workers' compensation. **See Attachment E**

12. 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 F**

13. SCHEDULE OF CHARGES

- A. Proposed charges for admissions, seating or boxes, parking and programs. Note any changes from the previous year:

1) General Admission	\$ 7.00
a. 17 yrs. old and under	Free
b. Wed & Thur Senior Citizens	\$ 4.00
(2) Clubhouse Admission	\$ 10.00

Attachment C

VIDEO EQUIPMENT

CAMERAS

Two DXC-35 Sony Cameras
Eight DXC-637 Sony Cameras
Five DXC-m7 Sony Cameras
Three DXC-M7 Sony Cameras
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/33X1 Canon Lens
1/4 Tower w/18X1 Canon Lens
3/8 Tower w/45X1 Canon Lens
Winner's Circle w/15X1 Canon Lens
Paddock view Camera w/18X1
Ground Level Finish w/15X1 Canon Lens
Gate Start Camera w/15X1 Canon Lens
Horse Tunnel Camera w/15X1 Canon Lens
Studio Camera w/15X1 Canon Lens
Paddock view Camera w/15X1

VIDEO TAPE RECORDING EQUIPMENT

Nine Betacom Format VTR's
1 - DVW - A500 Digital Beta (slo-mo) Master
2 - BVW - 75 Beta SP (slo-mo)
6 - PVW - 2800 Beta Sp
1- DPS Velocity video edit system

DISTRIBUTION/SWITCHING EQUIPMENT

Utah 132X132 A/V Router
Ross RVS 424 Production Switcher
Pinnacle "Prizm" Dual Channel Digital 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
1 - GVG (Dubner) 20K CG (Crawl information)
Clear-com "Matrix" Intercom System
Approximately 1,100 Color Televisions

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
2/21/02

PRODUCER
Acurdia of KY-Louisville
10400 Linn Station Road
P.O. Box 24008
Louisville KY 40224-0008
(502) 425-9444

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.

COMPANIES AFFORDING COVERAGE

- COMPANY
A Travelers Indemnity Co of IL
- COMPANY
B
- COMPANY
C
- COMPANY
D

INSURED
Churchill Downs California Co., Churchill Downs California Fall Operating Co., DBA Hollywood Park Race Track
Attn: Steve Arnold
1050 South Prairie Ave.
Inglewood, CA 90301

COVERAGE
THIS IS TO CERTIFY THAT 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. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				GENERAL AGGREGATE \$ PRODUCTS-COMP/OP AGG \$ PERSONAL & ADV INJURY \$ EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED EXP (Any one person) \$
	AUTOMOBILE LIABILITY <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 \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	DAMAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: \$ EACH ACCIDENT \$ AGGREGATE \$
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS COMPENSATION AND EMPLOYER'S LIABILITY THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input checked="" type="checkbox"/> INCL <input type="checkbox"/> EXCL	BINDER	3/01/02	3/01/02	WC STATUTORY LIMITS: <input type="checkbox"/> <input type="checkbox"/> E. EACH ACCIDENT \$ 500,000 E. DISEASE-POLICY LIMIT \$ 500,000 E. DISEASE-EA EMPLOYEE \$ 500,000
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER
California Horse Racing Board
Attn: Roy C. Wood
1010 Hurley Way, Suite 300
Sacramento, CA 95825

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
[Signature]

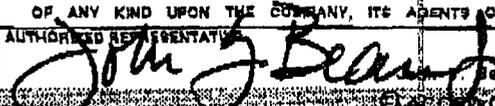
#134D2157

ACORD CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YY) 8/01/02
PRODUCER Acordia of KY-Louisville 10400 Linn Station Road P.O. Box 24008 Louisville KY 40224-0008 (502) 425-8444		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.
INSURED Churchill Downs, Inc. Attn: Donna Ottersbach 700 Central Avenue Louisville, KY 40208		
COMPANIES AFFORDING COVERAGE		
COMPANY A		Guil Insurance Company
COMPANY B		
COMPANY C		
COMPANY D		

COVERAGES
 THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOT WITHSTANDING 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. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUM <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT	CGL000733297	3/01/02	3/01/03	GENERAL AGGREGATE \$ 2,000,000 PRODUCTS-COMP/OP AGG \$ 1,000,000 PERSONAL & ADV INJURY \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 500,000 MED EXP (Any one person) \$
	AUTOMOBILE LIABILITY <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 \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY \$ EACH ACCIDENT \$ AGGREGATE \$
A	EXCESS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	CUD453583	3/01/02	3/01/03	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				WC STATUTORY LIMITS <input type="checkbox"/> OTHER <input type="checkbox"/> EL EACH ACCIDENT \$ EL DISEASE-POLICY LIMIT \$ EL DISEASE-EA EMPLOYEE \$
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
 Named Insured Includes Hollywood Park Operations located 1050 South Prairie Ave., Inglewood, CA 90301

CERTIFICATE HOLDER Proof of Insurance 00000	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE  John J. Beaman, Jr.
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Attachment F

Concessionaires and Service Contractors

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

Food, Beverage, Liquor

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

Tip Sheet

Harry Aqurarelli
Duke Racing Selections
6632 West 87th Street
Los Angeles, California 90045

Tip Sheet

Winners
Toby Turrell
14112 Enfield Circle
Westminster, California 92683

Tip Sheet

Bob's Card, Inc.
Tiffany Boland
420 South Rolling Hills Place
Anaheim, California 92807

Tip Sheet

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.
1050 South Prairie
Inglewood, California 90301

Janitorial

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

(3) Turf Club	\$ 20.00
(4) Reserved seating	\$ 2.00
(5) General Parking	Free
(6) Preferred (Premium) Parking	\$ 3.00
(7) Valet Parking	\$ 8.00
(8) Programs	\$ 2.00

(On/Off Track)

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

Box Seats		*Turf Club Membership	
4 seat Box	\$1,600	Single Turf Club	\$ 1,000
6 seat Box	\$2,000	Double Turf Club	\$ 1,500
8 seat Box	\$2,600	Corporate Membership	\$ 1,750
8 seat Super Box	\$3,000	Guest	\$ 12

*Includes Spring/Summer, Fall Meets and Simulcast

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

14. 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="73"/> |
| <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.**

15. BACKSTRETCH EMPLOYEE HOUSING

- A. Attach written certification that an inspection of the backstretch employee housing has been conducted by a lead agency designated by the CHRB and the applicant is not aware of any known violations of the local housing ordinances.
- 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**

16. TRACK SAFETY

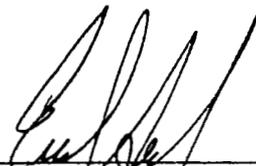
- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line: **Main Track – 1 mile & 1/8 Turf Course – 1 mile & 165 feet**
- B. Describe the type(s) of materials used for the inner and outer railings of the race course, the 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 – inner rail sheet metal panel covering over metal goosenecks supports – 40" in height, outer rail – metal uprights. 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.
- 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.

17. 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). **n/a**
- 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**

18. 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, Jr.
General Manager

August 7, 2002

Date

STAFF ANALYSIS
September 25, 2002

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF PACIFIC RACING ASSOCIATION AT GOLDEN GATE FIELDS FROM NOVEMBER 6, 2002 THROUGH MARCH 30, 2003.

Pacific Racing Association (PRA) filed its application for license to conduct a thoroughbred horse racing meeting at Golden Gate Fields:

- November 6 through March 30, 2003, or 105 days, four more than 2002. The association proposes to race a total of 903 races, or 8.6 per day.

November - 2002						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11 H	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28 H	29	30

December - 2002						
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 H	26	27	28
29	30	31				

January - 2003						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 H	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20 H	21	22	23	24	25
26	27	28	29	30	31	

February - 2003						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12 H	13	14	15
16	17 H	18	19	20	21	22
23	24	25	26	27	28	

March - 2003						
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, Wednesday through Sunday, with 8 races per day weekdays and 9 or 10 weekends, holidays and dates of special interest.
 - Option to request administrative approval to conduct more than an average of 8.6 races per day if the horse population permits additional racing.
 - Racing Monday, November 11, December 30, January 20, February 17 and Tuesday, December 31.
 - No racing Wednesday, November 13, December 25, January 22, February 19 or Thursday, January 2.
- First post 12:45 p.m. daily.
 - Request the option to change post times to coordinate north/south signals.
 - 11:00 a.m. Thanksgiving, Thursday, November 28, 2002.
 - Post to be determined for the 2003 Super Bowl Sunday.
- Specific changes from the 2002 license application:
 - 2002 had 9 races weekends/holidays, 2003 requesting 9 or 10 weekends, holidays and dates of special interest.
 - Ken Sjoldal replaces Robert McGrath as patrol judge and Richard Somers replaces Life Bassett as timer.

- Preferred parking increased from \$5 to \$7 and reserved seating clubhouse increased from \$2.50 to \$3.
- Offering a clubhouse season pass admission for \$400.
- Early wagering will be offered.

- Request Patrick Kealy be appointed horse identifier pursuant to CHRB Rule 1525.

- Track safety requirements have been fulfilled.

- Wagering program will use all CHRB rules.
 - Early wagering will be offered using the Kentucky Derby future wager pursuant to ARCI rules on dates to be announced.

- 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. Horsemen's agreement.
2. Stakes schedule.
3. Fire clearance for Albany and Berkeley.

RECOMMENDATION:

Staff recommends the Board approve the application conditioned upon receiving the additional information necessary to conduct the racing meeting.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING
CHRB-17 (Rev. 7/01)

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. Name, mailing address, telephone and fax numbers of association:

Pacific Racing Association
1100 Eastshore Highway
Albany, California 94706
Phone (510) 559-7300
Administration Fax (510) 559-7461

B. Breed of horse: TB QH H

C. Racetrack name: Golden Gate Fields

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.

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: November 6, 2002 through March 30, 2003

B. Actual dates racing will be held: November 6-11, 14-17, 20-24, 27-30; December 1, 4-8, 11-15, 18-22, 26-31; January 1, 3-5, 8-12, 15-20, 23-26, 29-31; February 1-2, 5-9, 12-17, 20-23, 26-28; March 1-2, 5-9, 12-16, 19-23, 26-30.

C. Total number of days or nights of racing: 105

D. Days or nights of the week races will be held:

Wed - Sun Tues - Sat Other (specify)

Racing on Monday November 11, dark on Wednesday November 13, racing on Monday December 30, Tuesday December 31, dark on Thursday, January 2, racing on Monday January 20, dark on Wednesday January 22, racing on Monday February 17, dark on Wednesday February 19.

E. Number of days or nights of racing per week: 5 except as set forth in Item D above.

CHRB CERTIFICATION

Application received: 8/9/02 MG
Deposit received: on file
Reviewed: PU

Hearing date: 9/25/02
Approved date:
License number:

3. RACING PROGRAM

- A. Total number of races: 903
- B. Number of races for each day or night: 8.6 will be the average throughout the meet; we propose to conduct 8 races on weekdays, 9 or 10 on weekends, holidays and dates of special interest. We will request administrative approval to conduct more than an average of 8.6 races per day if the horse population permits additional racing.
- C. Total number of stakes races: To Be Determined
- 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. Stakes to be determined. We will provide a copy to the Board upon completion.

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:

<u>Post Time</u>	<u>Race Number</u>
12:45 p.m.	1
1:15 p.m.	2
1:45 p.m.	3
2:15 p.m.	4
2:45 p.m.	5
3:15 p.m.	6
3:45 p.m.	7
4:15 p.m.	8
4:45 p.m.	9
5:15 p.m.	10

We request the option to change post time schedules due to Hollywood Park and Los Angeles Turf Club post times in order to coordinate North/South signals. * Post time on Thanksgiving Day, Thursday, November 28, 2002 will be 11:00 a.m.; Post time on Superbowl Sunday, 2003 to be determined.

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.

C. CORPORATION

1. Registered name of the corporation: Pacific Racing Association
2. State where incorporated: California
3. Registry or file number for the corporation:
Federal ID #94-1585367 California ID #173-1919-5
4. Names of all officers and directors, titles, and the number of shares of the corporation held by each: Pacific Racing Association has only one shareholder, Magna Entertainment Corporation, a Delaware Corporation.
5. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
None
6. Number of outstanding shares in the corporation: 69,347 shares of no par value common stock.
7. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: Not Applicable
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
Magna Entertainment Corporation
10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission. On File with the Board.

D. LLC

1. Registered name of the LLC: Not applicable.
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? Yes No
If yes, on what exchange and how is the stock listed:

7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.

E. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.

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:

Frank Stronach, Chairman and Director
 Jim McAlpine, Chief Executive Officer and Director
 Graham J. Orr, Chief Financial Officer & Director
 Gary Cohn, Secretary
 Jack Liebau, President
 Michael A. Scalzo, Vice President and General Manager
 Calvin Rainey, Vice-President
 Michael Ziegler, Vice-President
 Frank J. DeMarco, Jr., Assistant Secretary
 Tony Calo, Track Announcer
 Dyan Grealish, Director of Group Sales
 T.W. Johnson, Security Manager
 Paul Miller, Director of Food and Beverage
 Bernie Thurman, Vice President
 Barbara Helm, Controller
 Bryan Wayte, Manager of Mutuels
 Kay Webb, Simulcast Coordinator

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:

Michael A. Scalzo, Vice President and General Manager

5. PURSE PROGRAM

A. Estimated purse distribution:

1. All races other than stakes: \$14,242,041.00

- 2. Overnight stakes: \$1,080,000.00
- 3. Non-overnight stakes: \$1,185,000.00

B. Stakes Races:

- 1. Estimated purse distribution for all stakes races: \$2,265,000.00
- 2. Percentage of the estimated purse distribution for all stakes races that will be distributed for California-bred stakes races: 10%

C. Estimated funds to be generated for all California-bred incentive awards: \$1,445,000.00

D. Estimated amount of payment to each recognized horsemen’s organization contracting with the association and the name(s) of the organization(s):

Recognized Horsemen’s Organization	Estimated Payment
Thoroughbred Owners of California (NTRA Contribution)	\$301,695.00
Thoroughbred Owners of California	\$172,398.00
California Thoroughbred Trainers (Administration)	\$ 86,199.00
California Thoroughbred Trainers (Pension)	\$172,398.00
TOTAL	\$732,690.00

E. Total estimated amount from all sources to be distributed at the meeting in the form of purses or other benefits to horsemen: \$18,684,731.00

F. Estimated purse funds to be generated from on-track handle and intrastate off-track handle: \$13,839,730.00

G. Estimated purse funds to be generated from interstate handle: \$3,400,000.00

H. Bank or depository for the Paymaster of Purses’ purse account and the account number:
Wells Fargo Bank - Account #4496895475

I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meeting:
Bowen & McBeth, Inc.
10722 Arrow Route, Suite 110, Rancho Cucamonga, California 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 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: 1300
- B. Minimum number of stalls believed necessary for the meeting: 2000
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: 900
- D. Name or location of each off-site stabling area and the number of stalls to be maintained at each site:
Bay Meadows Race Track – 900
- E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses which cannot be provided stabling on-site.

Complete subsections F through I 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: 1405
- G. Estimated cost to provide off-site stalls for this meeting: Stabling \$959,000.00
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse: \$112,000.00 (\$97.50 per horse)
Estimated Starter Fees - \$218,000.00
- I. Estimated cost for off-site stabling and vanning for this meeting. Show cost per-day per-stall: \$1,071,000.00 (Stabling Costs per day = \$7.35 per stall)

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), LS for limited sweepstakes (pick 6), PK3 for pick three, PK4 for select four, PK6 for pick 6 one pool, PK7 for pick 7, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, SS1 for special sweepstakes (pick 6) alternate 1, SS2 for special sweepstakes (pick 6) alternate 2, SS3 for special sweepstakes (pick 6) alternate 3, SRUS for special reserved unlimited sweepstakes (pick 9), SUS for special unlimited sweepstakes (pick 9), TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Example Race:	\$1 E; \$2 Twin Trifecta	CHRB #1959; RCI #VP
Race #1	\$2 DD*; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 PPN%; \$1 SF#	CHRB#1957; 1959; 1958; 1977; 1979; 1976.8; 1979.1
Race #2	\$2 DD*; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 PPN%; \$1 SF#	CHRB#1957; 1959; 1958; 1977; 1979; 1976.8; 1979.1
Race #3	\$2 DD*; \$2 PNP @; 1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF# \$1 PPN%	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8
Race #4	\$2 DD*; \$2 PNP @; 1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF# \$1 PPN%	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8
Race #5	\$2 DD*; \$2 PNP @; 1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF# \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978
Race #6	\$2 DD*; \$2 PNP @; 1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF# \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978
Race #7	\$2 DD*; \$2 PNP @; 1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF# \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978
Race #8	\$2 DD*; \$2 PNP @; 1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF# \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978
Race #9	\$2 DD*; \$2 PNP @; 1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF# \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978
Race #10	\$2 DD*; \$2 PNP @; 1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF# \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978

- * - \$2 Daily Double on all races
- @ - \$2 Pick 6 on last six races
- + - \$1 Pick 3 on every race
- ++ - \$1 Trifecta on every eligible race
- # - \$1 Superfecta on all eligible races
- % - \$1 Place Pick All on all races carded
- ! - \$1 Pick 4 on last four races

Additional deduction provided by subdivision (a) of Section 19611.5 will be made.

- B. The maximum carryover pool to be allowed to accumulate before its distribution **OR** the date(s) designated for distribution of the carryover pool:
March 30, 2003 for the period November 6, 2002 through March 30, 2003.
- C. List any options requested with regard to exotic wagering: 2 Tier – 70%/30% split
- D. Will "advance" or "early bird" wagering be offered? Yes No
If yes, when will such wagering begin:
Yes, Kentucky Derby future wager per ARCI rules on dates to be announced.

- 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:
 Autotote Expires: September, 2003
 100 Bellevue Road
 Newark, New Jersey 19714

8. SIMULCASTING WAGERING PROGRAM

- A. Simulcast organization engaged by the association to conduct simulcast wagering:
 Northern California Off-Track Wagering, Inc.

- 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.
 Agreement is on file with the CHRB.

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

<u>Northern California</u> Alameda County Fair, Pleasanton Bay Meadows Race Track, San Mateo Big Fresno Fair, Fresno California State Fair & Exposition, Sacramento Club One, Fresno 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	<u>Southern California</u> Barona Casino, Lakeside Fantasy Springs Casino (Cabazon), Indio Del Mar Thoroughbred Club, Del Mar Hollywood Park, Inglewood Desert Expo Centre, Indio The Farmers Fair, Perris Antelope Valley Fair, Lancaster Santa Barbara County Fair, Santa Maria Los Alamitos Racecourse, Los Alamitos Mid-State Fair, Paso Robles. National Orange Show, San Bernardino Fairplex Park, Pomona Santa Anita, Arcadia Viejas Casino & Turf Club, Alpine Earl Warren Showgrounds, Santa Barbara Sycuan Gaming Center, El Cajon Ventura County Fair, Ventura San Bernardino County Fair, Victorville
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- D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:
 All systems listed under item E below.

- E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association:
 See Below

Commingled Pools

Acoma Pueblo, NM
 American Tab, OH
 Arapahoe Park, CO
 Arlington International Race Course, IL
 Atlantic City Casino Assn., NJ
 Atlantic City Race Course, NJ
 Atokad Downs, NE
 Balmoral Park, IL
 Batavia Downs, NY
 Bettor Racing OTB, SD
 Beulah Park, OH
 Birmingham Race Course, AL
 Blue Ribbon Downs, OK
 Bluff's Run, IA
 Boyd Gaming d/b/a Delta Downs-LA
 Buffalo Trotting Association, NY
 Calder Race Course, FL
 Canterbury Park, MN
 *Capital District OTB, NY
 *Catskill Off-Track Betting, NY
 Charles Town Races, WV
 Choctaw Racing Services, L.L.C., OK
 Churchill Downs, KY
 Churchill Downs Sports Spectrum, KY
 Coeur d' Alene Hotel & Casino, ID
 *Coeur d' Alene Hotel & Casino, ID
 Colonial Downs, VA
 Columbus Races, NE
 Comanche Nation Games, OK
 *Connecticut OTB, CT
 Corpus Christi Greyhound Track, TX
 Dairyland Greyhound Park, WI
 Delaware Park, DE
 Delta Downs, LA
 Dover Downs, DE
 Downs at Albuquerque, NM
 Ellis Park, KY
 Emerald Downs, WA
 Eureka Downs, KS
 Evangeline Downs, LA
 Excelsior Hotel, Aruba
 Fair Grounds, LA
 Fair Meadows, IL
 Fairmount Park, IL
 Finger Lakes Race Track, NY
 Fire Lakes d/b/a Citizen Band Potawatomi, OK
 Fonner Park, NE
 Foxwoods Casino, CT
 Freehold Raceway, NJ
 Garden State Park, NJ
 Geneva Lakes Kennel Club, WI
 Great Lakes Downs, MI
 Greentrack, AL
 Gulfstream Park, FL
 Harrington Raceway & Simulcast Facility, DE
 Hawthorne Race Course, IL
 Hazel Park, MI
 Hinsdale Greyhound Park, NH
 *Holiday Beach Hotel, NV
 Hoosier Park, IN
 *Horsemen's Atokad Park, NE
 *Horsemen's Park, NE
 International Racing Group, N.V., NV
 Jackson Harness Raceway, MI
 Juarez, TX
 Keeneland, KY
 Kentucky Downs, KY
 Kentucky OTB, KY
 Las Vegas Dissemination Services, NV
 Lebanon Trotting Club, OH

Les Bois Park, ID
 Lewiston OTB, ME
 Lincoln Park, RI
 Lincoln State Fair, NE
 Lone Star Race Park, TX
 Louisiana Downs, LA
 Manor Downs, TX
 Maryland Jockey Club, MD
 Maywood Park, IL
 Meskwaki Casino, IA
 Mobile Greyhound Park, AL
 Monmouth Park, NJ
 Montana Simulcast Partners (IMS), MT
 Monticello Raceway, NY
 Mountaineer Park, WV
 Mt. Pleasant Meadows, MI
 Multnomah Greyhound Park, OR
 *Nassau Downs Regional OTB, NY
 Nebraska State Fair Park, NE
 Nevada Pari-Mutuel Association, NV
 New Jersey Sports & Exposition, NJ
 New Mexico State Fair, NM
 *New York City Off-Track Betting, NY
 *New York Racing Association, NY
 Newport Jai Alai, RI
 Northfield Park, OH
 Northville Downs, MI
 Northville Racing Corp., MI
 Oaklawn Park, AR
 Ocean Downs, MD
 *Penn National Race Course, PA
 *Philadelphia Park, PA
 Plainridge Racecourse, MA
 Playfair Race Course, WA
 Pocono Downs, PA
 Pojoaque Pueblo Gaming, Inc., NM
 Portland Meadows, OR
 Potawatomi Indian Tribe of OK
 Prairie Meadows, IA
 Raceway Park, OH
 *Racing & Gaming Services, W.I
 Racing Services, Inc., ND
 Randall Doc James, St. Croix, USVI
 Remington Park, OK
 Retama Park, TX
 Rillito Park, AZ
 River Downs, OH
 Rockingham Park, NH
 Rosecroft Raceway, NY
 Ruidoso Downs, NM
 Saginaw Harness, MI
 Sam Houston Park, TX
 Saratoga Raceway, NY
 Scarborough Downs, ME
 Schenectady OTB, NY
 Scioto Downs, OH
 Southland Greyhound Park-AR
 Sports Creek Raceway, MI
 Sportsman's Park, IL
 St. Croix Greyhound Park, WI
 Suffolk Downs, MA
 Sunland Park Racetrack, NM
 SunRay Park and Casino, NM
 Tampa Bay Downs, FL
 *The Meadows, PA
 *The Racing Channel, OR
 The Stables, OK
 The Texas Hub, TX
 Thistledown Racing Club, OH
 *Thoroughbred Racing International, PA
 Tonkawa Bingo, OK

Tri-State Greyhound, WV
 *TRN International
 Tucson Greyhound Park, AZ
 Turfway Park, KY
 Turf Paradise, AZ
 Turning Stone Casino, NY
 *US Offtrack d/b/a Greyhound Channel-OR
 Valley Race Park, TX
 Vernon Downs, NY
 *Western Regional OTB, NY
 Wichita Greyhound Park, KS
 Will Rogers Downs, OK
 Wonderland Greyhound Park, MA
 Woodlands, KS
 Wyoming OTB, WY
 Yavapai Downs, AZ
 Yonkers Raceway, NY
 *Youbet.com, PA

Separate Pools

Assiniboia Downs, CAN
 Caliente (Hipodromo De Agua Caliente), MEX
 Caymanas Park, JA
 Edmonton Northlands, AL, CAN
 Elmira Raceway, ON, CAN
 Flamboro Downs, ON, CAN
 Fraser Downs, BC, CAN
 Hiawatha Downs, ON, CAN
 Hipodromo d'Aylmer, QU, CAN
 Hipodromo Presidente Remon, PA
 Juarez, MEX
 Las Vegas Dissemination Co., NV
 l' Hippodrome de Montreal, ML, CAN
 Marquis Downs, SA, CA
 Ontario Jockey Club, ON, CAN
 Pacific Racing Association, BC, CAN
 Queensbury Downs, SA, CAN
 Rideau Carlton, ON, CAN
 Stampede Park, AL, CAN
 Stevenson & Associates, MD
 Western Fair, ON, CAN
 Windsor Raceway, ON, CAN

- 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”:

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

<u>Name of Host Track</u>	<u>Race Dates</u>	<u>Full Card or Selected Feature and/or Stakes Races</u>
See Exhibit A	11/6/02 through 3/30/03	

Examples:

Calder Race Course	1/1 & 1/2/99	Full Card
Fair Grounds	3/14/99	Selected Feature and/or Stakes Races

- G. 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”:

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

<u>Name of Host Track</u>	<u>Race Dates</u>	<u>Full Card or Selected Feature and/or Stakes Races</u>
Los Alamitos	TBD	Full Card

Examples:

Retama Park	4/8 & 4/9/99	Full Card
Ruidoso Downs	9/6/99	Selected Feature and/or Stakes Races

- H. 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, 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”:

HARNESS SIMULCAST RACES TO BE IMPORTED

<u>Name of Host Track</u>	<u>Race Dates</u>	<u>Full Card or Selected Feature and/or Stakes Races</u>
Capital Harness @ Cal-Expo	TBD	Full Card

Examples:

Saratoga Raceway	5/8/99	Full Card
Meadowlands	8/7/99	Selected Feature and/or Stakes Races

EXHIBIT A

Pacific Racing Association/Golden Gate Fields
 November 6, 2002 - March 30, 2003
 Out-of-State Imports - Full or Partial Card

<u>TRACK</u>
Arlington Park
Calder/Tropical Park
Canterbury Downs
Churchill Downs
Delaware Park
Ellis Park
Emerald Downs
Fair Grounds
Hastings Park
Hawthorne
Hoosier Park
Keeneland
Kentucky Downs
Lone Star Park
Louisiana Downs
Meadowlands
Monmouth Park
NYRA
Oaklawn
Penn National
Philadelphia Park
Remington Park
Rockingham Park
Sportsman's Park
Sunland Park
Tampa Bay Downs
Thistledown
Turf Paradise
Turfway Park

- 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:

OTHER BREED SIMULCAST RACES TO BE IMPORTED

<u>Name of Host Track</u>	<u>Breed of Horse</u>	<u>Race Dates</u>	<u>Number of Races to be Imported</u>
None			

- 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(d), attach a copy showing the agreement by the appropriate racing association(s).

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.)

9. 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: Pacific Racing Association is agent for distribution.
- B. Names and addresses of the trustees or directors of the distributing agent:
Pursuant to the provisions of Section 19554 (e), Pacific Racing Association will act as its own distributing agent.
- 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).

10. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

- A. Racing Officials nominated:
Associate Judges n/a

Association Veterinarian(s)	Robert Connolly
	Diane Isbell
Clerk of Scales	Paul Nicolo
Clerk of the Course	Anne S. Daftary
Horse Identifier	Patrick Kealy
Horseshoe Inspector	Jack Hammonds
Paddock Judge	Larry Rees
Patrol Judges	Ken Sjordal & Larry Rees
Placing Judges	Grant Baker & Tina Walker
Starter	Chuck Burkes
Timer	Richard Somers

B. Management officials in the racing department:

Director of Racing Operations	Richard Lewis
Racing Secretary	C. Gregory Brent
Assistant Racing Secretary	Linda Anderson
Paymaster of Purses	Patricia Prospero
Others (identify by name and title)	
Assistant Clerk of Scales	John Nommsen
Main Track Superintendent	Juan Meza
Turf Track Superintendent	Jason Spetnagel
Price Maker	Richard Somers
Stable Area Superintendent	Brad Caylor

C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards:

Christine Niccoli, Niccoli Reporting Service
619 Pilgrim Drive, Foster City, CA 94404-1707. (650) 573-9339

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:

Mr. Bill O'Brien, O'Brien Systems, Inc., Plusmic Corp., USA
P.O. Box 6379, Napa, CA 94581 Expires: 3/03

E. Photopatrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract:

Jim Porep, Jr., Pegasus Communications, Inc.
16633 Ventura Blvd., #1010, Encino, CA 91436
Maintained in House Equipment contract expires: 12/31/03

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: Pacific Racing Association electronic timer Installed & maintained by Pacific Racing Association staff.

11. SECURITY CONTROLS AND EMERGENCY SERVICES

A. Name and title of the person responsible for security controls on the premises:

T.W. Johnson, Director of Security

- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis. Describe the electronic security system:
24 full-time personnel during live racing. Surveillance systems are in place at key locations throughout the facility and are monitored by Pacific Racing Association video staff.
- C. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races:
Brad Winding, Turf Rescue, LLC, 19615 Barclay Road, Castro Valley, CA 94546
Phone (510) 581-8470
- D. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites:
Bayshore Ambulance, P.O. Box 4622, Foster City, CA 94404 Phone (650) 525-9700
- E. Attach a fire clearance from the fire authority having jurisdiction over the premises.
Fire clearances from the cities of Albany and Berkeley will be provided as soon as inspectors are made available to us to perform a tour of the facility.
- F. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): Liberty International, #WC1-B71-072827-022
- G. 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 which secures the liability of the association for payment of workers' compensation.

12. 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:

Tip Sheets	Evan Wasserman, Jacks Blue Card 127 Sun Avenue, Hayward, CA 94544
Armored Car Services	Loomis Armored Car P.O. Box 44196, San Francisco, CA 94144
Track Physician	Conocen Corporation 1083 Shell Blvd., #10, Foster City, CA 94404
Official Program	Del Mar Graphics 1100 Eastshore Highway, Albany, CA 94706
Jockey's Laundry	F. Lorene Dutton, Bailey's Mobile Laundry 3263 Vineyard Ave., Pleasanton, CA 94566
Starting Gate	Mike Costello, United Puett Starting Gate Co. P.O. Box 18, S. Salem, NY 10590
Track Photographer	Bill Vassar, Vassar Photography 1167 Sapphire Drive, Livermore, CA 94550

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
01/04/2002

PRODUCER
AON/ALBERT G. RUBEN INSURANCE SERVICES
10880 WILSHIRE BLVD. SUITE 700
LOS ANGELES, CA 90024
CONTACT: KHAN NGUYEN
PHONE: (310) 234-6824

Serial# A1879

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.

COMPANIES AFFORDING COVERAGE

- COMPANY A ZURICH AMERICAN INSURANCE COMPANY
- COMPANY B WESTCHESTER FIRE INSURANCE COMPANY
- COMPANY C LIBERTY INTERNATIONAL
- COMPANY D ROYAL SURPLUS LINES INSURANCE COMPANY

INSURED
MAGNA ENTERTAINMENT CORPORATION
PACIFIC RACING ASSOCIATION
P.O. BOX 60014
285 WEST HUNTINGTON DRIVE
ARCADIA, CA 91066-6014

COVERAGES

THIS IS TO CERTIFY THAT 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, LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CD LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT	GL09302183-00	1/1/2002	1/1/2003	GENERAL AGGREGATE \$ 2,000,000. PRODUCTS - COMP/OP AGG \$ 2,000,000. PERSONAL & ADV INJURY \$ 1,000,000. EACH OCCURRENCE \$ 1,000,000. FIRE DAMAGE (Any one fire) \$ 1,000,000. MED EXP (Any one person) \$ 0.
	AUTOMOBILE LIABILITY <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 \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY \$ EACH ACCIDENT \$ AGGREGATE \$
B	EXCESS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	CUA1508670	12/31/2001	1/1/2003	EACH OCCURRENCE \$ 30,000,000. AGGREGATE \$ 30,000,000.
C	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> EMPLOYERS' LIABILITY <input checked="" type="checkbox"/> INCL <input type="checkbox"/> EXCL	WC1-B71-072827-022	1/1/2002	1/1/2003	WC STATUTORY LIMITS \$ EL EACH ACCIDENT \$ 1,000,000. EL DISEASE - POLICY LIMIT \$ 1,000,000. EL DISEASE - EA EMPLOYEE \$ 1,000,000.
D	OTHER EXCESS LIABILITY	KHA016921	12/31/2001	1/1/2003	\$20,000,000 EACH OCCURRENCE \$20,000,000 AGGREGATE

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
THE CERTIFICATE HOLDER IS INCLUDED AS ADDITIONAL INSURED AS THEIR INTERESTS MAY APPEAR ON ABOVE LIABILITY POLICIES.

CERTIFICATE HOLDER
CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CALIFORNIA 95825

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE OF INDEPENDENT INSURANCE AGENCY
Richard J. Simon

16. TRACK SAFETY

- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line:

5,280

 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.
Inner and outer railings are metal gooseneck. Coverings are Fontana Safety Rail. Approximate height of the top of the inner railing is 42 inches.
- C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: Juan Meza
- D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474.
- 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.

17. 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 provided
- 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). Not applicable
- 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.

18. 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.

Michael A. Scario
Print Name


Signature

VICE PRESIDENT GENERAL Mgr.
Print Title

8/8/02
Date

**STAFF ANALYSIS
INCREASING THE STABLING AND VANNING TAKEOUT**

**REGULAR BOARD MEETING
SEPTEMBER 25, 2002**

Background:

The California racing industry has been seeking a solution to the worker's compensation issue for several years now. During the recent legislative session, AB 2931 was sent to the Governor. Current law allows the Board to increase the Stabling and Vanning takeout to 1.25% but only for the purposes of offsetting the costs of stabling and vanning. This bill would allow the industry to utilize, subject to certain conditions, a portion of the Stabling and Vanning fund for worker's compensation insurance.

These additional monies from the handle would come in equal shares from the thoroughbred purses and track commissions. The pending legislation does not specify an exact method of using the additional funds for worker's compensation. However, it will take several months to accumulate the first significant funds from the handle for this purpose and it must be assumed that the industry will have decided upon a course of action by that time.

Recommendation:

Staff recommends that the Board hear from interested parties regarding this matter.



2600 S. Delaware Street • Post Office Box 5050
San Mateo, CA 94402
Telephone: 650.573.4505
FAX: 650.573.7825

VIA EMAIL

September 17, 2002

Mr. Roy Wood, Jr.
Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 94825

Dear Roy:

This will confirm that the industry desires the Board to consider increasing the percentage for the two stabling and vanning funds, North and South, up to as much as 1.25% in order to defray the costs of workers' compensation insurance. Any such increase would be subject to the Governor signing the applicable enabling legislation and the development of an insurance program acceptable to the industry.

Very truly yours,

F. Jack Liebau
President
MEC California Tracks

CC: Rick Baedeker
Sherwood Chillingworth
Charles Dougherty, Jr.
Craig Fravel
Jim Ghidella
Ed Halpern
Joe Harper
Chris Korby
John Van de Kamp
Eual Wyatt

Assembly Bill No. 2931

Passed the Assembly August 20, 2002

Chief Clerk of the Assembly

Passed the Senate August 14, 2002

Secretary of the Senate

This bill was received by the Governor this _____ day of
_____, 2002, at _____ o'clock __M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 19605.73 and 19613 of, and to add Section 19607.4 to, the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2931, Horton. Horse racing.

(1) Existing law permits racing associations, fairs, and the organization responsible for contracting with racing associations and fairs with respect to the conduct of racing meetings, to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing. Existing law requires the marketing organization to annually submit to the California Horse Racing Board a statewide marketing and promotion plan for thoroughbred and fair horse racing. Existing law also specifies distributions to be distributed to the marketing organization for the promotion of thoroughbred and fair horse racing.

This bill would specify that the marketing organization may also obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. This bill would require the marketing organization to annually submit a thoroughbred trainers' workers' compensation defrayal plan for thoroughbred and fair horse racing to the board. This bill would permit specified funds distributed to the marketing organization to be used to defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers.

(2) Existing law provides that when satellite wagering is conducted on thoroughbred races, an amount not to exceed 1.25 percent of the total amount handled by satellite wagering facilities shall be deducted, for specified purposes, from specified funds and distributed to an organization formed and operated by thoroughbred racing associations, fairs conducting thoroughbred racing, and the organization representing thoroughbred horsemen.

This bill would permit any amount up to an amount equal to the difference between the 1.25 percent of the total amount handled by satellite wagering facilities, and the amount actually deducted, not

to exceed \$4,000,000 statewide annually, to be utilized to obtain, provide, or defray the cost of workers' compensation coverage for licensed thoroughbred stable employees and jockeys, and an amount not to exceed \$1,000,000 statewide annually, to be paid to a welfare fund established for the benefit of horsemen and backstretch personnel if a written agreement between the owners' organization and certain racing associations and fairs regarding the use of those funds is entered into, and the agreement is filed with the board. This bill would make that agreement binding on the owners' organization and all of the racing associations and fairs that conduct thoroughbred races in California. This bill would give the board the authority to enforce the agreement.

(3) Existing law requires specified sums to be paid to or for the benefit of horsemen at a racing meeting.

This bill would specify that paying those sums to or for the benefit of the horsemen at the racing meeting may include obtaining, providing, or defraying the cost of workers' compensation coverage for stable employees and jockeys of licensed trainers.

This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 19605.73 of the Business and Professions Code is amended to read:

19605.73. (a) Racing associations, fairs, and the organization responsible for contracting with racing associations and fairs with respect to the conduct of racing meetings, may form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, and to obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. The organization shall consist of the following members: two members, one from the northern zone and one from the combined central and southern zones, appointed by the thoroughbred racetracks; two members, one from the northern zone and one from the combined central and southern zones, appointed by the owners' organization responsible for contracting with associations and fairs with respect to the conduct of racing meetings; and two members, one from the

northern zone and one from the combined central and southern zones, appointed by the organization representing racing and satellite fairs.

(b) The marketing organization formed pursuant to subdivision (a) shall annually submit to the board a statewide marketing and promotion plan and a thoroughbred trainers' workers' compensation defrayal plan for thoroughbred and fair horse racing that encompasses all geographical zones in the state, and which includes the manner in which funds were expended in the implementation of the plan for the previous calendar year. The plan shall be implemented as determined by the organization. The organization shall receive input from all interested industry participants and may utilize outside consultants in developing the annual marketing plan.

(c) In addition to the distributions specified in subdivisions (a) and (b) of Section 19605.7, and in Sections 19605.71 and 19605.72, for thoroughbred and fair meetings only, from the amount that would normally be available for commissions and purses, an amount equal to 0.4 percent of the total amount handled by each satellite wagering facility shall be distributed to the statewide marketing organization formed pursuant to subdivision (a) for the promotion of thoroughbred and fair horse racing and to defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. Not more than one-sixth of the total amount available annually pursuant to this subdivision shall be used to defray the cost of workers' compensation insurance. Any of the promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount.

(d) This section shall become inoperative on July 1, 2004, and, as of January 1, 2005, is repealed, unless a later enacted statute that is enacted before January 1, 2005, deletes or extends the dates on which it becomes inoperative and is repealed. Any moneys held by the organization shall, in the event this section is repealed, be distributed to the organization formed pursuant to Section 19608.2, for purposes of that section.

SEC. 2. Section 19607.4 is added to the Business and Professions Code, to read:

19607.4. (a) Notwithstanding any other provision of law, any amount up to an amount equal to the difference between the maximum deduction authorized pursuant to Sections 19607 and 19607.2 and the amount actually deducted, not to exceed four million dollars (\$4,000,000) statewide annually, may be utilized to obtain, provide, or defray the cost of workers' compensation coverage for licensed thoroughbred stable employees and jockeys, and an amount not to exceed one million dollars (\$1,000,000) statewide annually, may be paid to the thoroughbred welfare fund described in subdivision (b) of Section 19641 from the funds described in Sections 19607 and 19607.2, provided (1) there is a written agreement between the owners' organization described in subdivision (a) of Section 19613 and those racing associations and fairs that annually conduct in California at least 75 percent of the thoroughbred races regarding the utilization of those funds; and (2) the agreement is filed with the board.

(b) The agreement shall be binding upon the owners' organization and all of the racing associations and fairs that conduct thoroughbred races in California and the board shall have the authority to enforce the terms of the agreement. The board shall not, however, have the authority to impose an agreement upon the owners' organization or the group of racing associations or fairs described herein.

SEC. 3. Section 19613 of the Business and Professions Code, as amended by Section 11 of Chapter 198 of the Statutes of 2001, is amended to read:

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

(b) Any association other than a fair that conducts a thoroughbred racing meeting shall pay to the owners' organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to owners, an amount not to exceed two-thirds of 1¹/₂ percent of the portion, and to a trainers' organization for administrative expenses and services rendered to trainers and backstretch employees an amount equivalent to one-third of 1¹/₂ percent of the

portion. That association shall also pay an amount for a pension plan for backstretch personnel to be administered pursuant to Section 19613.8 equivalent to an additional 1 percent of the portion. The remainder of the portion shall be distributed as purses.

(c) Any other association may pay to the horsemen's organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to horsemen an amount out of the portion as may be determined by the association by agreement or otherwise, but, in all events, shall include, relative to a thoroughbred horsemen's organization racing, 1 percent of the portion for a pension plan for backstretch personnel pursuant to Section 19613.8. The remainder of the portion shall be distributed as purses.

(d) Notwithstanding subdivisions (b) and (c), any association conducting a fair racing meeting or conducting a mixed breed racing meeting shall pay to the horsemen's organizations contracting with the association with respect to the conduct of races for their respective breeds of horses at the meetings for administrative expenses and services rendered to their respective horsemen those amounts out of the portion as determined by the horsemen's organization for the respective breeds with the approval of the board.

Pursuant to this subdivision, amounts not to exceed 3 percent of the portion for the owners' and trainers' organizations shall be distributed to any thoroughbred owners' and trainers' organizations contracting with an association for a fair racing meeting or participating in mixed breed racing meetings as follows: two-thirds of 1 percent to the owners' organization and one-third of 1 percent to the trainers' organization for administrative expenses and services rendered to both owners and trainers, 1 percent for welfare funds, and 1 percent for a pension program for backstretch personnel, to be administered pursuant to Section 19613.8.

(e) Any association other than a fair that conducts a quarter horse racing meeting, except a mixed breed meeting, shall pay to the horsemen's organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to horsemen, an amount not to

exceed 3 percent of the portion. The remainder of the portion shall be distributed as purses.

(f) For racing meetings other than thoroughbred meetings, if no contract has been signed between the association conducting the racing meeting and the organization representing the horsemen by the time the racing meeting commences, the distribution of purses shall be governed by the following:

(1) If the association conducted a racing meeting within the past 15 months and a contract was in existence for that meeting with the horsemen's organization and the association is conducting a subsequent meeting for the same breed or mixed breeds, the amounts payable to the horsemen's organization under subdivision (c) shall be computed under the provisions of the last signed contract between the parties.

(2) This subdivision applies regardless of the cause of the failure to execute a contract, whether that failure is a result of inadvertence or otherwise.

(3) For racing meetings that do not come within paragraph (1), the board shall, within 15 days after the commencement of the racing meeting, determine the amounts payable to the horsemen's organization for administrative expenses and services, and provide for the direct payment of those amounts.

(g) Amounts distributed pursuant to this section are derived from owners' purses.

(h) For the purposes of this section, the following definitions shall apply:

(1) "Owner" means a person currently licensed by the board as an owner of a thoroughbred racehorse.

(2) "Trainer" means a person currently licensed by the board as an owner and trainer or as a trainer of a thoroughbred racehorse.

This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 4. Section 19613 of the Business and Professions Code, as added by Section 11.5 of Chapter 198 of the Statutes of 2001, is amended to read:

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



cost of workers' compensation coverage for stable employees and jockeys of licensed trainers.

(b) Any association other than a fair that conducts a thoroughbred racing meeting shall pay to the owners' organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to owners, an amount not to exceed two-thirds of $1\frac{1}{2}$ percent of the portion, and to a trainers' organization for administrative expenses and services rendered to trainers and backstretch employees an amount equivalent to one-third of $1\frac{1}{2}$ percent of the portion. That association shall also pay an amount for a pension plan for backstretch personnel to be administered by the trainers' organization equivalent to an additional 1 percent of the portion. The remainder of the portion shall be distributed as purses.

(c) Any other association may pay to the horsemen's organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to horsemen an amount out of the portion as may be determined by the association by agreement or otherwise, but, in all events, shall include, relative to a thoroughbred horsemen's organization racing, 1 percent of the portion for a pension plan the trainers' organization. The remainder of the portion shall be distributed as purses.

(d) Notwithstanding subdivisions (b) and (c), any association conducting a fair racing meeting shall pay to the horsemen's organizations contracting with the association with respect to the conduct of races for their respective breeds of horses at the meetings for administrative expenses and services rendered to their respective horsemen those amounts out of the portion as determined by the horsemen's organization for the respective breeds with the approval of the board. Pursuant to this subdivision, amounts not to exceed 3 percent of the portion for the owners' and trainers' organizations shall be distributed to any thoroughbred owners' and trainers' organizations contracting with an association for a fair racing meeting or participating in mixed breed racing meetings as follows: two-thirds of 1 percent to the owners' organization and one-third of 1 percent to the trainers' organization for administrative expenses and services rendered to both owners and trainers, 1 percent for welfare funds, and 1

percent for a pension program for backstretch personnel, to be administered by the thoroughbred trainers' organization.

(e) Any association other than a fair that conducts a quarter horse racing meeting shall pay to the horsemen's organization contracting with the association with respect to the conduct of racing meetings for administrative expenses and services rendered to horsemen, an amount not to exceed 3 percent of the portion. The remainder of the portion shall be distributed as purses.

(f) For racing meetings other than thoroughbred meetings, if no contract has been signed between the association conducting the racing meeting and the organization representing the horsemen by the time the racing meeting commences, the distribution of purses shall be governed by the following:

(1) If the association conducted a racing meeting within the past 15 months and a contract was in existence, for that meeting with the horsemen's organization and the association is conducting a subsequent meeting for the same breed or mixed breeds, the amounts payable to the horsemen's organization under subdivision (c) shall be computed under the provisions of the last signed contract between the parties.

(2) This subdivision applies regardless of the cause of the failure to execute a contract, whether that failure is a result of inadvertence or otherwise.

(3) For racing meetings that do not come within paragraph (1), the board shall, within 15 days after the commencement of the racing meeting, determine the amounts payable to the horsemen's organization for administrative expenses and services, and provide for the direct payment of those amounts.

(g) Amounts distributed pursuant to this section are derived from owners' purses.

(h) For the purposes of this section, the following definitions shall apply:

(1) "Owner" means a person currently licensed by the board as an owner of a thoroughbred racehorse.

(2) "Trainer" means a person currently licensed by the board as an owner and trainer or as a trainer of a thoroughbred racehorse.

(i) This section shall become operative on January 1, 2008.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety

within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

On July 1, 2002, the cost of workers' compensation coverage for horse trainers rose by 30 to 60 percent. In order to immediately authorize use of specified funds to assist in offsetting the increased cost of workers' compensation coverage, so that horse trainers do not let their coverage lapse or leave the state, resulting in the state lacking sufficient numbers of properly insured horse trainers, it is necessary that this act take effect immediately.

Approved _____, 2002

Governor



STAFF ANALYSIS
PROPOSED ADDITION OF
RULE 1668
SCRATCHED HORSE IN CLAIMING RACE

Regular Board Meeting
September 25, 2002

BACKGROUND

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

A horse entered to race may be scratched as late as the post parade or at the starting gate by the official veterinarian. Currently, horses that are scratched from a claiming race may be entered back in a non-claiming race, or a claiming race with a higher value as soon as it is deemed fit to run. This could be advantageous to those who may wish to prevent their horse from being claimed out of a claiming race. With no restrictions on the races in which a scratched horse is able to run back, allegations of collusion to avoid a claim occasionally surface when a horse that may be claimed is scratched for being unsound.

ANALYSIS

The proposed addition of Rule 1668, Scratched Horse in Claiming Race, is modeled after harness racing policy wherein a horse that is scratched from a claiming race may not be entered back in another claiming race for 30 days unless it is in a race of lesser or equal value. The proposed Rule 1668 would prohibit a horse that has been scratched from a claiming race from being entered in a subsequent claiming race for a period of 60 days from the date of the scratch unless it is entered in a claiming race of the same, or lower price. Under the proposed rule scratching a horse from a claiming race for other than legitimate reasons would be discouraged.

RECOMMENDATION

Staff recommends the Board instruct staff to initiate the 45-day public comment period.

CALIFORNIA HORSE RACING BOARD
TITLE 4, CALIFORNIA CODE OF REGULATIONS
ARTICLE 7. CLAIMING RACES

Proposed Addition of
Rule 1668.
Scratched Horse In Claiming Race

Regular Board Meeting
September 25, 2002

1668. Scratched Horse In Claiming Race.

A horse which has been scratched from a claiming race in which it was entered may not be entered in a subsequent claiming race for 60 days from the date of the scratch unless it is entered at the same or lower price, as the claiming race from which it was scratched.

Authority: Sections 19420 and 19440,
Business and Profession Code.

Reference: Section 19562,
Business and Profession Code.

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

**REGULAR BOARD MEETING
SEPTEMBER 25, 2002**

Background:

The Del Mar Thoroughbred Club, acting as its own charitable foundation, is requesting that the Board approve its proposed distribution of charity racing day proceeds of \$170,707. The list of 22 beneficiaries is attached for your review. With more than 70% of the total dollars distributed going to charities associated with the horse racing industry, staff finds this request to be in order.

Recommendation:

Staff recommends that the Board approve this request.



September 9, 2002

Michael R. Ernst
 Senior Vice President and
 Chief Financial Officer

VIA TELEFAX
 (916) 263-6042

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

Re: Recommended Distribution of Charity Monies

Dear Roy:

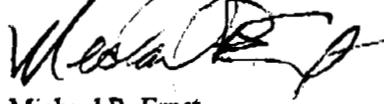
The Del Mar Thoroughbred Club Board of Directors has allocated charity day proceeds as set forth below. I have been directed to submit this list to the California Horse Racing Board for placement on the September 25, 2002 Board meeting agenda for its approval.

California Center for Equine Health and Performance*	20,000
California Thoroughbreds Horsemen's Association	15,707
Edwin J. Gregson Foundation*	15,000
Grayson-Jockey Club Research Foundation*	15,000
Winners Foundation*	10,000
C.E.R.F *	10,000
University of Arizona Racetrack Industry Program*	10,000
Don MacBeth Memorial Jockey Fund*	10,000
United Way of San Diego County	5,000
Del Mar Foundation	5,000
Magdalena Ecke YMCA	5,000
Las Patronas	5,000
Shoemaker Foundation*	5,000
NTRA Charities - RHARP*	5,000
Jr. League of San Diego	5,000
San Diego Hospice	5,000
The Country Friends	5,000
Children's Hospital of San Diego	5,000
Don Diego Scholarship Fund	5,000
California Thoroughbreds Breeders Association*	5,000
Helen Woodward Animal Center*	2,500
Kids to the Cup	2,500
TOTAL:	\$170,707
Equine Related Charities*	125,707
Non - Equine Related	45,000
Percentage of Equine Related Charities	73.6%

Mr. Roy C. Wood, Jr.
September 9, 2002
Page 2

Thank you for your attention to this matter and I look forward to hearing from you soon. If you need further information, please call me.

Very truly yours,



Michael R. Ernst

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**STAFF ANALYSIS
STAFF REPORT ON ADW HANDLE**

**REGULAR BOARD MEETING
SEPTEMBER 25, 2002**

Background:

The total Advance Deposit Wagering (ADW) handle from January 25 through September 8, 2002 is \$110.9 million. This represents approximately 6.25% of the \$1.76 Billion combined California ontrack, offtrack, and ADW handle accumulated since January 25. This is the first time that the month to month percentage of ADW wagers as compared to the total California handle has leveled off, and in fact, is equal to the 6.25% reported last month. A chart showing the handle for each of the three hubs from inception is included in this package.

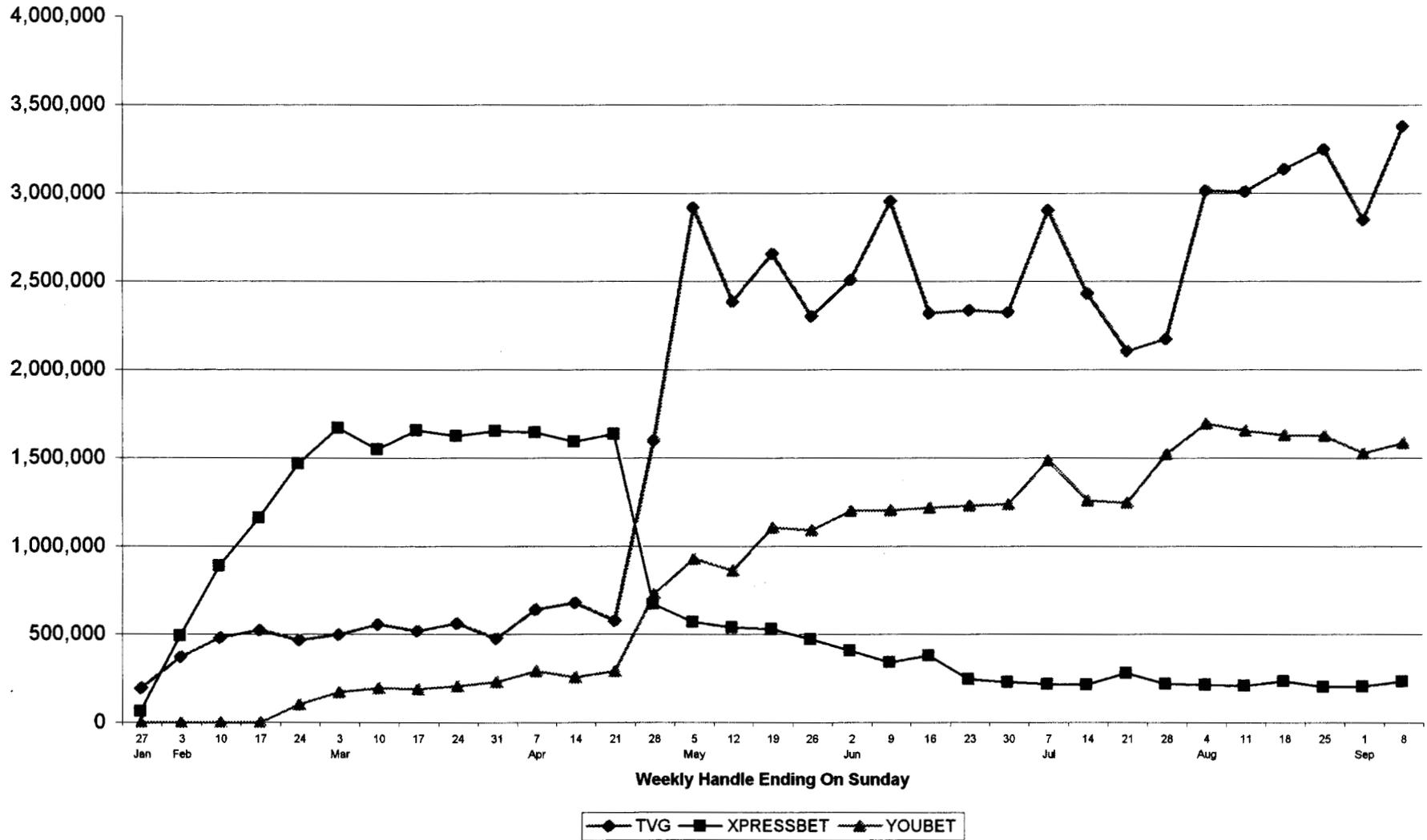
Staff is prepared to answer any questions about the data presented.

Recommendation:

This item is for information and discussion.

ADW WEEKLY HANDLE

January 25 Thru September 8, 2002



ITEM # 9

**THERE IS NO BOARD PACKAGE MATERIAL FOR
THIS ITEM**

**REPORT TO BE PRESENTED AT THE BOARD
MEETING**

**STAFF ANALYSIS
STAFF REPORT ON END-OF-MEET RESULTS**

**REGULAR BOARD MEETING
SEPTEMBER 25, 2002**

Background:

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

Recommendation:

This item is for information and discussion.

END-OF-MEET OUTLINE SUMMARY

For the California Horse Racing Board meeting, September 25, 2002. This report includes summaries for the following racing meetings: CAPITOL RACING at CAL EXPO, SAN MATEO COUNTY FAIR, HUMBOLDT COUNTY FAIR, and the CALIFORNIA EXPOSITION & STATE FAIR.

Capitol Racing at Cal Expo (spring)

December 26, 2001 – July 27, 2002

Race days: 134

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	-11.76%
Ave. On-track	-16.90%
Ave. Off-track	-10.36%
Ave. Interstate-exported	-13.83%
Ave. daily attendance-Calif.	0.54%
Ave. On-track	-15.39%
Ave. Off-track	2.90%

San Mateo County Fair

August 7, 2002-August 19, 2002

Race days: 12

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	-8.12%
Ave. On-track	-7.84%
Ave. Off-track	-4.08%
Ave. Interstate-exported	-14.58%
Ave. daily attendance-Calif.	-10.59%
Ave. On-track	-13.69%
Ave. Off-track	-8.27%

Humboldt County Fair

August 8-August 18, 2002

Race days: 10

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	1.80%
Ave. On-track	-0.85%
Ave. Off-track	-2.98%
Ave. Interstate-exported	75.14%
Ave. daily attendance-Calif.	1.16%
Ave. On-track	22.90%
Ave. Off-track	-8.98%

September 22, 2000

California Exposition and State Fair at Sacramento

August 21-September 2, 2002

Race days: 12

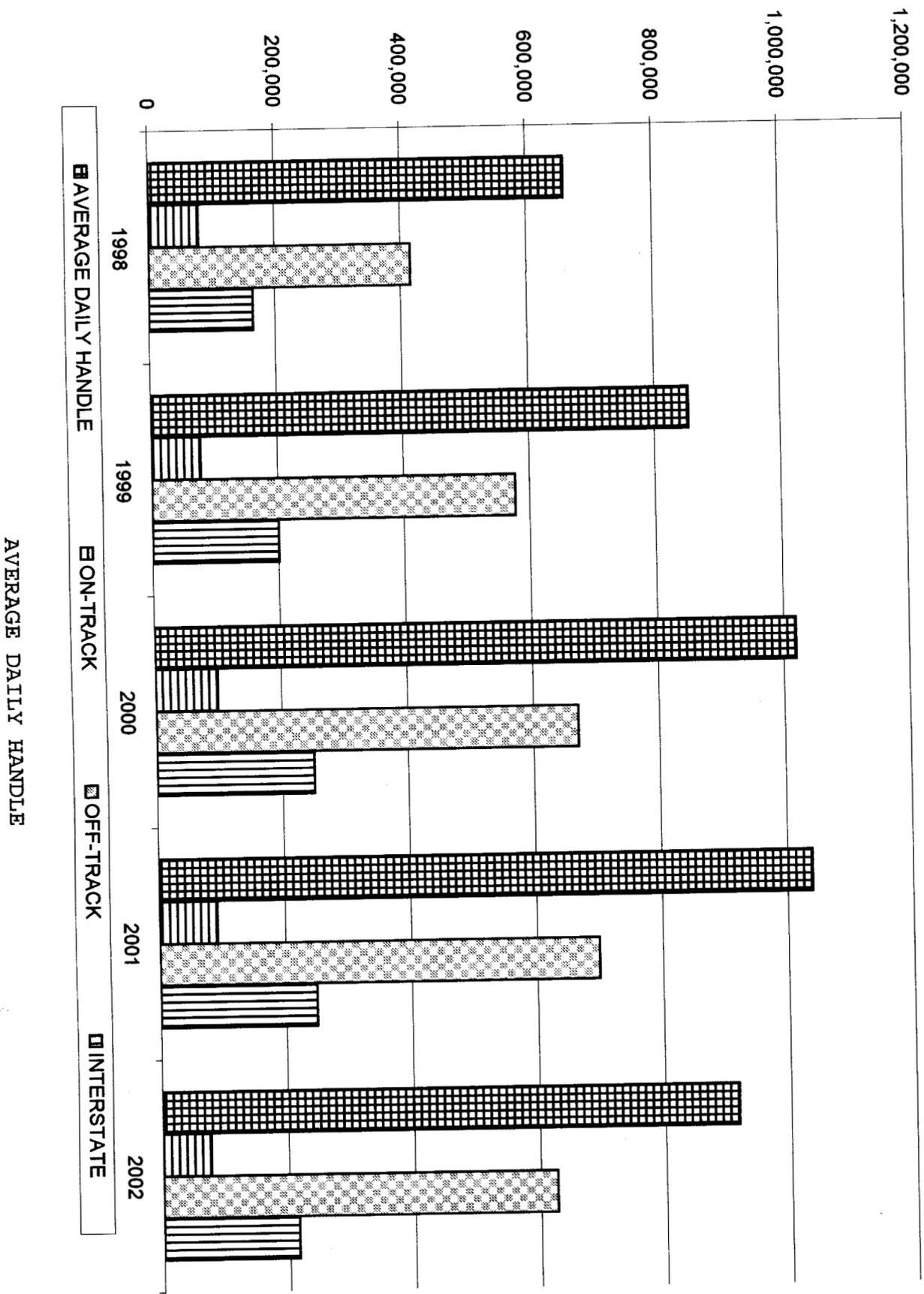
AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	-4.73%
Ave. On-track	-9.48%
Ave. Off-track	-1.62%
Ave. Interstate-exported	-9.27%
Ave. daily attendance-Calif.	-1.70%
Ave. On-track	0.55%
Ave. Off-track	-4.66%

CAPITOL RACING @ CAL EXPO (SPRING)

<u>YEAR</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
TOTAL RACE DAYS	61	64	56	115	134
TOTAL HANDLE	40,234,377	54,649,041	57,086,334	119,473,272	122,836,169
ON-TRACK	4,822,769	4,957,661	5,505,945	10,507,398	10,174,466
OFF-TRACK	25,348,250	36,901,815	37,576,895	80,362,294	83,942,946
INTERSTATE	10,063,357	12,789,564	14,003,494	28,603,580	28,718,757
LIVE	33,100,802	43,198,629	44,677,164	89,653,333	93,563,977
INTRASTATE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	7,133,575	11,450,412	12,409,170	29,819,939	29,272,192
INTERNATIONAL IMPORTED	0	0	0	0	602,920
AVERAGE DAILY HANDLE	659,580	853,891	1,019,399	1,038,898	916,688
ON-TRACK	79,062	77,463	98,320	91,369	75,929
OFF-TRACK	415,545	576,591	671,016	698,803	626,440
INTERSTATE	164,973	199,837	250,062	248,727	214,319
AVERAGE LIVE	542,636	674,979	797,806	779,594	698,239
INTRASTATE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	116,944	178,913	221,592	259,304	218,449
INTERNATIONAL IMPORTED	0	0	0	0	4,499
TOTAL TAKEOUT	8,931,366	12,027,257	12,538,047	26,477,799	27,482,306
EFFECTIVE TAKEOUT	22.20%	22.01%	21.96%	22.16%	22.37%
STATE LICENSE FEES	382,846	252,517	264,118	541,623	567,551
STATE %	0.95%	0.46%	0.46%	0.45%	0.46%
TRACK COMMISSIONS	2,065,792	2,856,392	2,974,157	6,165,497	6,404,289
TRACK %	5.13%	5.23%	5.21%	5.16%	5.21%
HORSEMEN'S PURSES	1,955,910	2,668,754	2,782,367	5,754,005	5,975,028
HORSEMEN'S %	4.86%	4.88%	4.87%	4.82%	4.86%
CALIFORNIA ATTENDANCE	301,325	279,523	293,614	481,440	564,009
ON-TRACK	47,082	40,017	39,336	62,195	61,315
OFF-TRACK	254,243	239,506	254,278	419,245	502,694
DAILY ATTENDANCE	4,940	4,368	5,243	4,186	4,209
AVERAGE DAILY ON - TRACK	772	625	702	541	458
AVERAGE DAILY OFF - TRACK	4,168	3,742	4,541	3,646	3,751
TOTAL RACE EVENTS	695	747	731	1,500	1,677
STARTS	4,837	5,392	5,367	11,223	12,992
AVERAGE STARTS PER EVENT	7.0	7.2	7.3	7.5	7.7
AVERAGE HANDLE PER START	6,843	8,012	8,324	7,988	7,202

CAPITOL RACING @ CAL EXPO



■ AVERAGE DAILY HANDLE ■ ON-TRACK ■ OFF-TRACK ■ INTERSTATE

AVERAGE DAILY HANDLE

Chart 2

CAPITOL RACING @ CAL EXPO

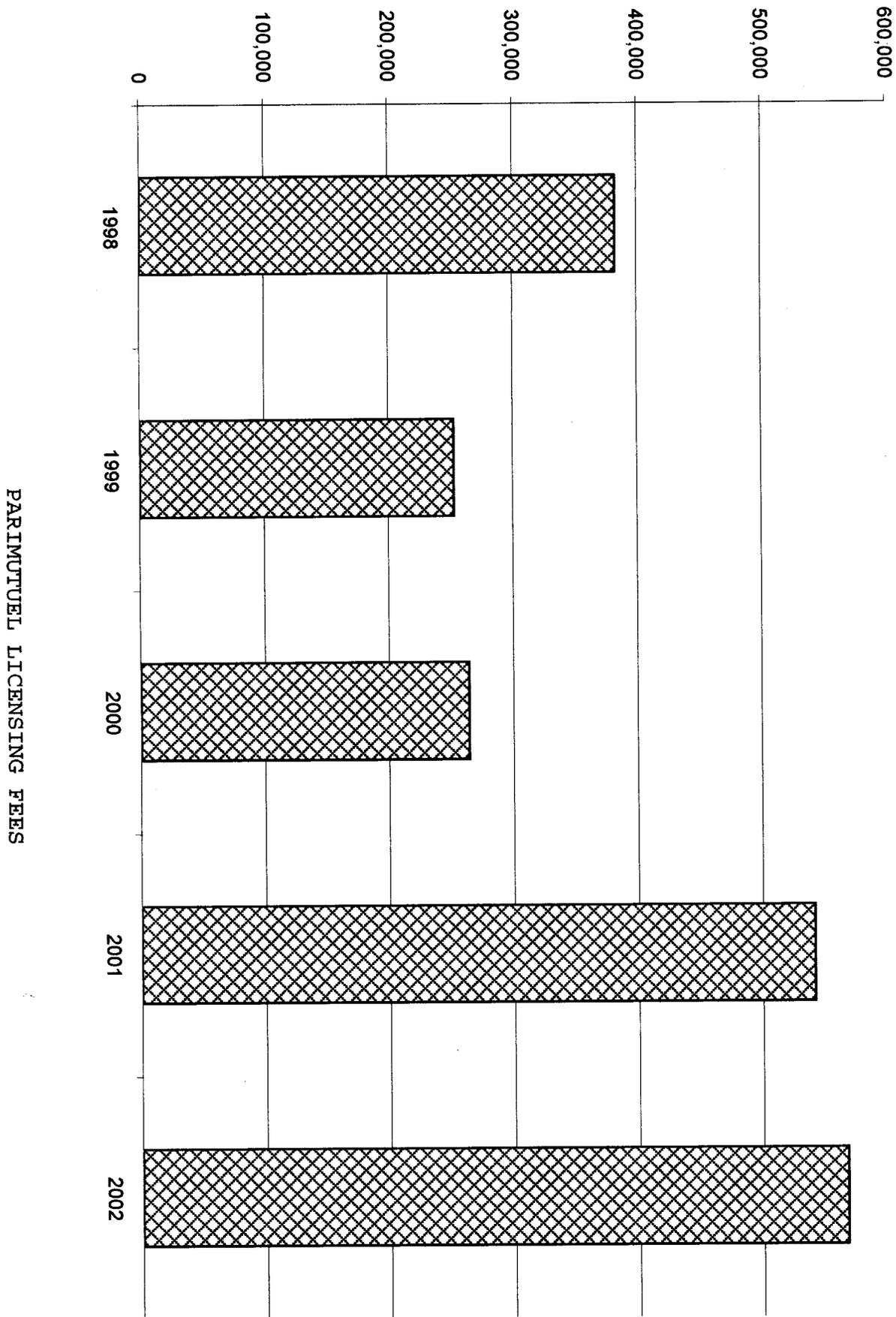
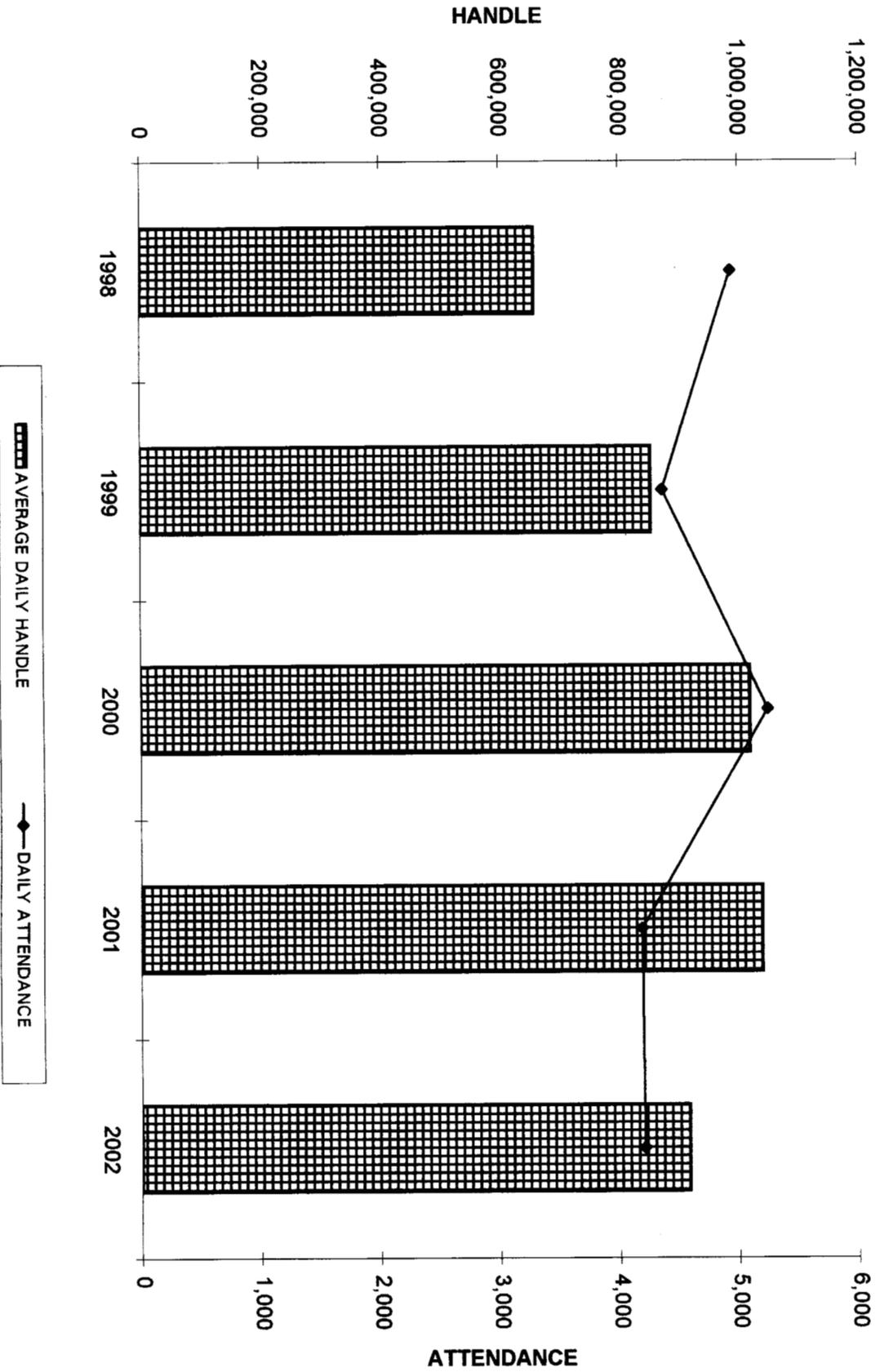


Chart3

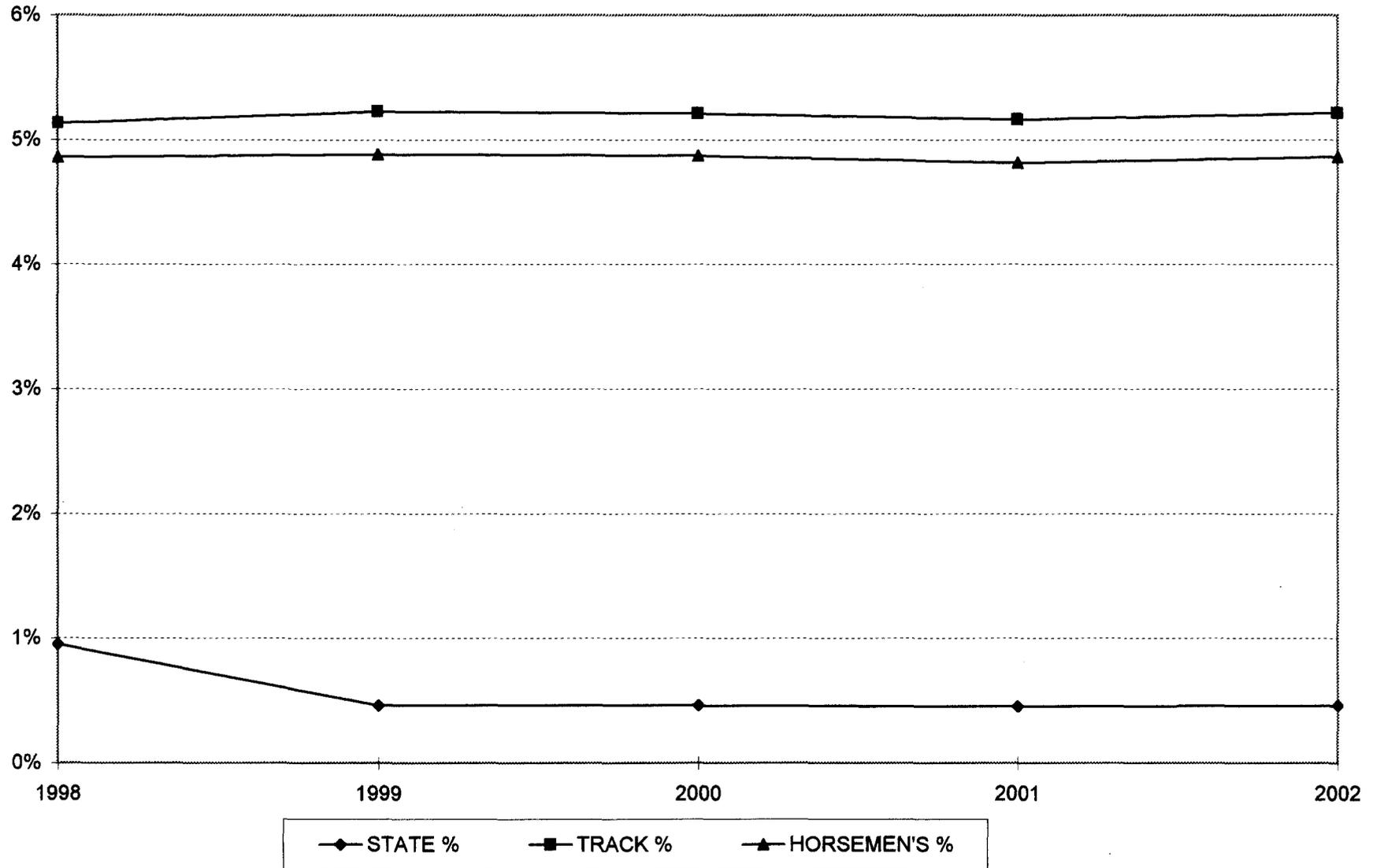
CAPITOL RACING @ CAL EXPO



HANDLE VS. ATTENDANCE

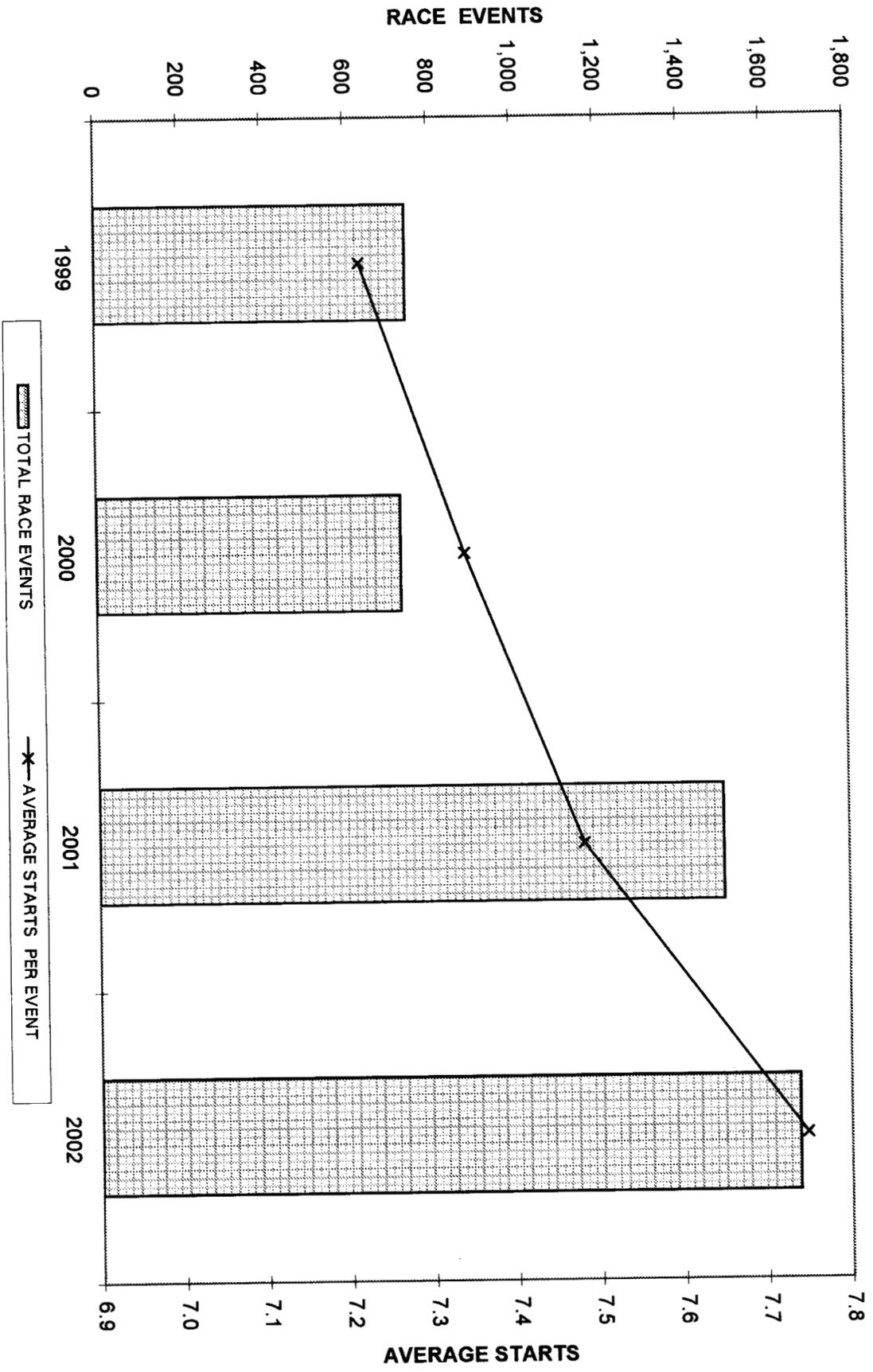
Chart4

CAPITOL RACING @ CAL EXPO



DISTRIBUTION OF HANDLE

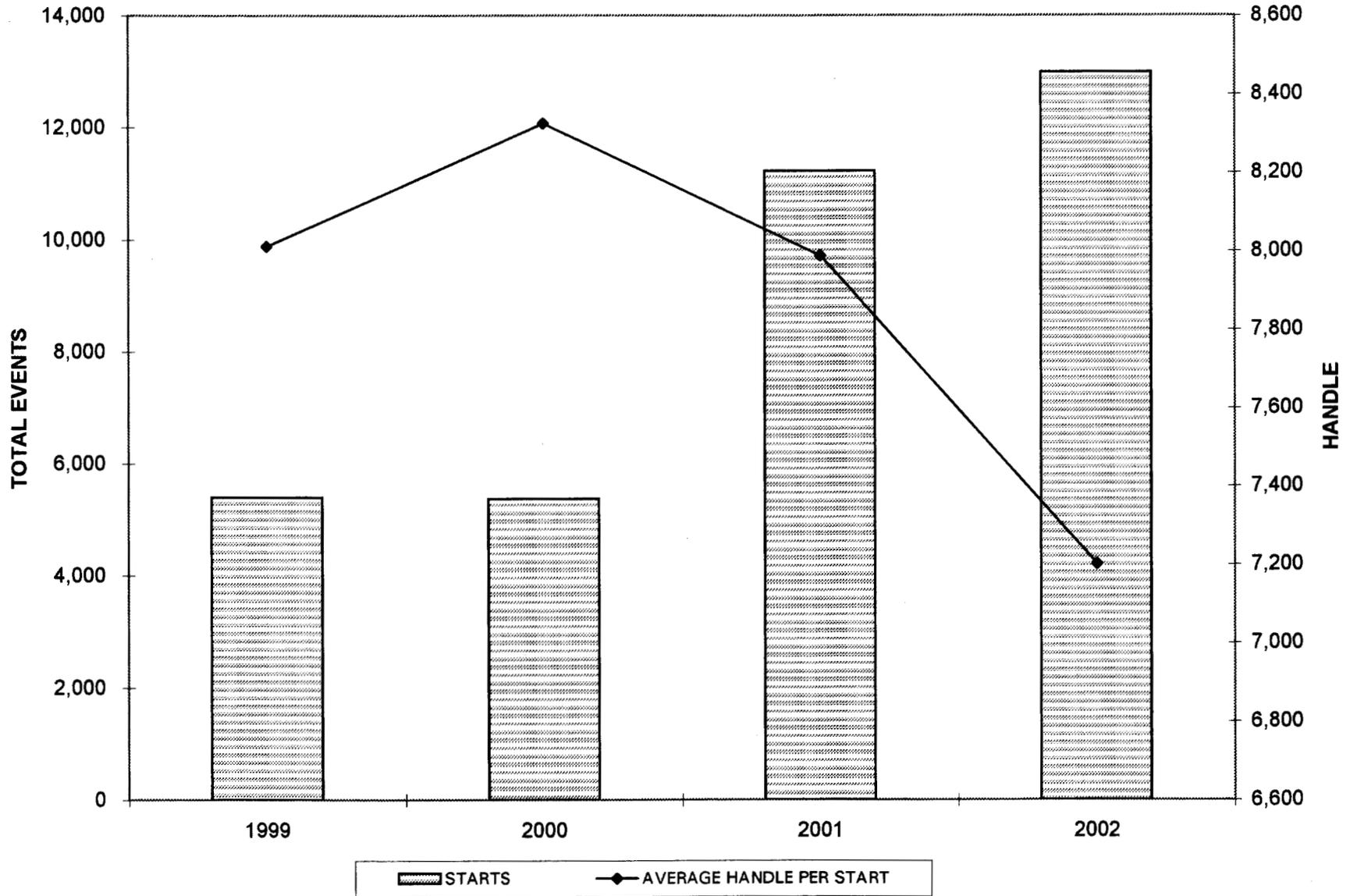
CAPITOL RACING @ CAL EXPO



TOTAL EVENTS VS. AVERAGE START PER EVENT

Chart 6

CAPITOL RACING @ CAL EXPO



STARTS TO HANDLE

SAN MATEO COUNTY FAIR

<u>YEAR</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
TOTAL RACE DAYS	12	12	12	12	12
TOTAL HANDLE	26,737,201	28,698,509	33,566,379	33,110,030	30,421,478
ON-TRACK	8,692,203	8,443,549	8,667,469	7,953,573	7,330,295
OFF-TRACK	13,318,128	13,916,839	14,420,420	15,256,454	14,634,282
INTERSTATE	4,726,871	6,338,121	10,478,490	9,900,002	8,456,901
LIVE	14,965,334	15,110,574	19,317,723	18,169,540	15,216,343
INTRASTATE IMPORTED	8,963,605	8,590,488	8,472,624	8,757,853	8,295,408
INTERSTATE IMPORTED	877,722	4,997,448	5,776,032	6,182,637	6,909,727
INTERNATIONAL IMPORTED	1,930,540	0	0	0	0
AVERAGE DAILY HANDLE	2,228,100	2,391,542	2,797,198	2,759,169	2,535,123
ON-TRACK	724,350	703,629	722,289	662,798	610,858
OFF-TRACK	1,109,844	1,159,737	1,201,702	1,271,371	1,219,524
INTERSTATE	393,906	528,177	873,207	825,000	704,742
AVERAGE LIVE	1,247,111	1,259,214	1,609,810	1,514,128	1,268,029
INTRASTATE IMPORTED	746,967	715,874	706,052	729,821	691,284
INTERSTATE IMPORTED	73,144	416,454	481,336	515,220	575,811
INTERNATIONAL IMPORTED	160,878	0	0	0	0
TOTAL TAKEOUT	5,357,176	5,756,225	6,790,048	6,665,848	6,140,693
EFFECTIVE TAKEOUT	20.04%	20.06%	20.23%	20.13%	20.19%
STATE LICENSE FEES	548,598	257,360	269,453	261,372	229,371
STATE %	2.05%	0.90%	0.80%	0.79%	0.75%
TRACK COMMISSIONS	1,099,369	1,213,242	1,318,410	1,276,624	1,182,474
TRACK %	4.11%	4.23%	3.93%	3.86%	3.89%
HORSEMEN'S PURSES	1,109,849	1,230,890	1,335,740	1,289,111	1,189,927
HORSEMEN'S %	4.15%	4.29%	3.98%	3.89%	3.91%
CAIIFORNIA ATTENDANCE	86,050	86,130	81,901	80,008	71,538
ON-TRACK	38,973	37,395	35,835	34,156	29,480
OFF-TRACK	47,077	48,735	46,066	45,852	42,058
DAILY ATTENDANCE	7,171	7,178	6,825	6,667	5,962
AVERAGE DAILY ON - TRACK	3,248	3,116	2,986	2,846	2,457
AVERAGE DAILY OFF - TRACK	3,923	4,061	3,839	3,821	3,505
TOTAL RACE EVENTS	129	116	119	115	113
STARTS	896	830	792	792	714
AVERAGE STARTS PER EVENT	6.9	7.2	6.7	6.9	6.3
AVERAGE HANDLE PER START	16,702	18,206	24,391	22,941	21,311

Chart 1

SAN MATEO COUNTY FAIR

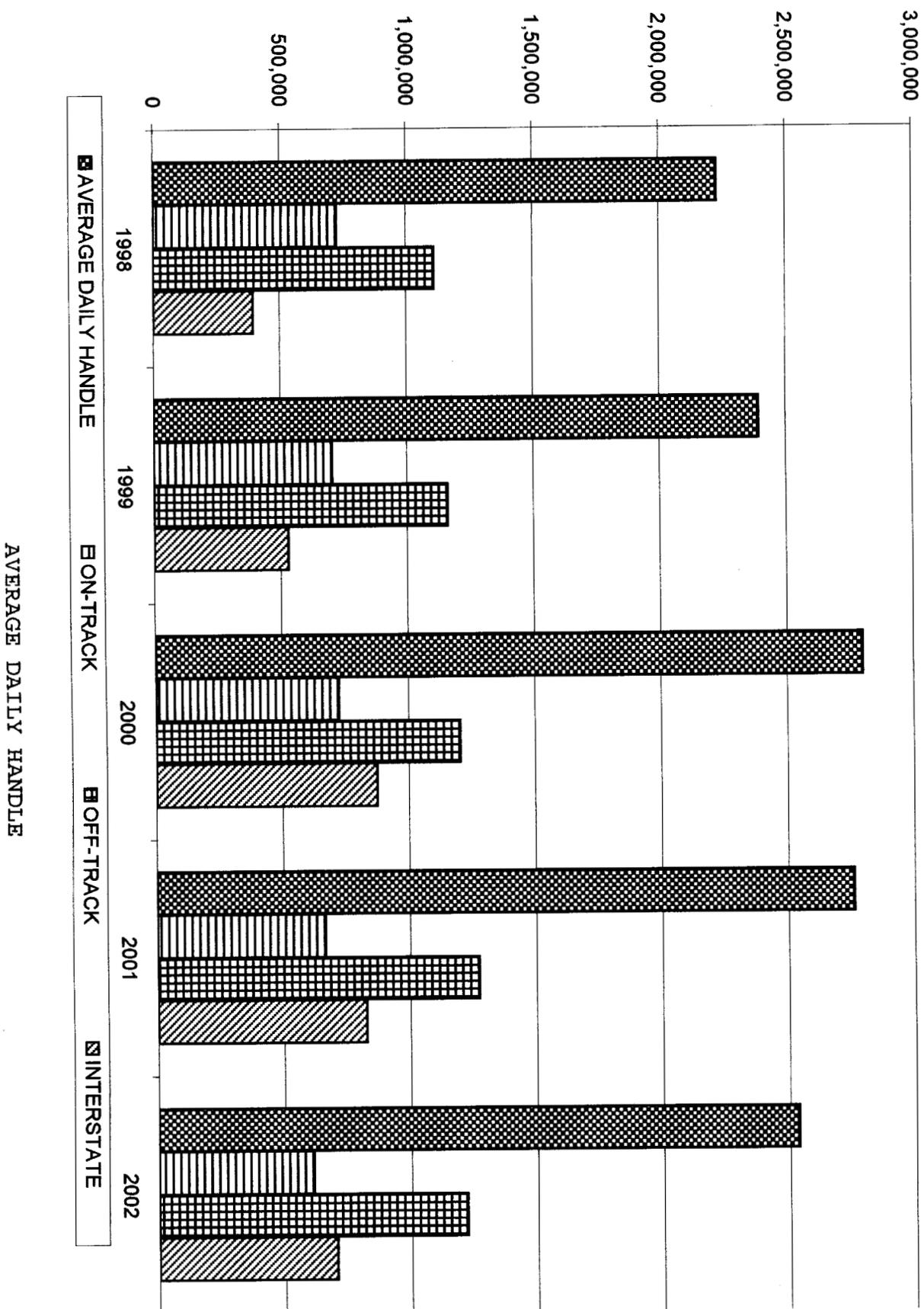
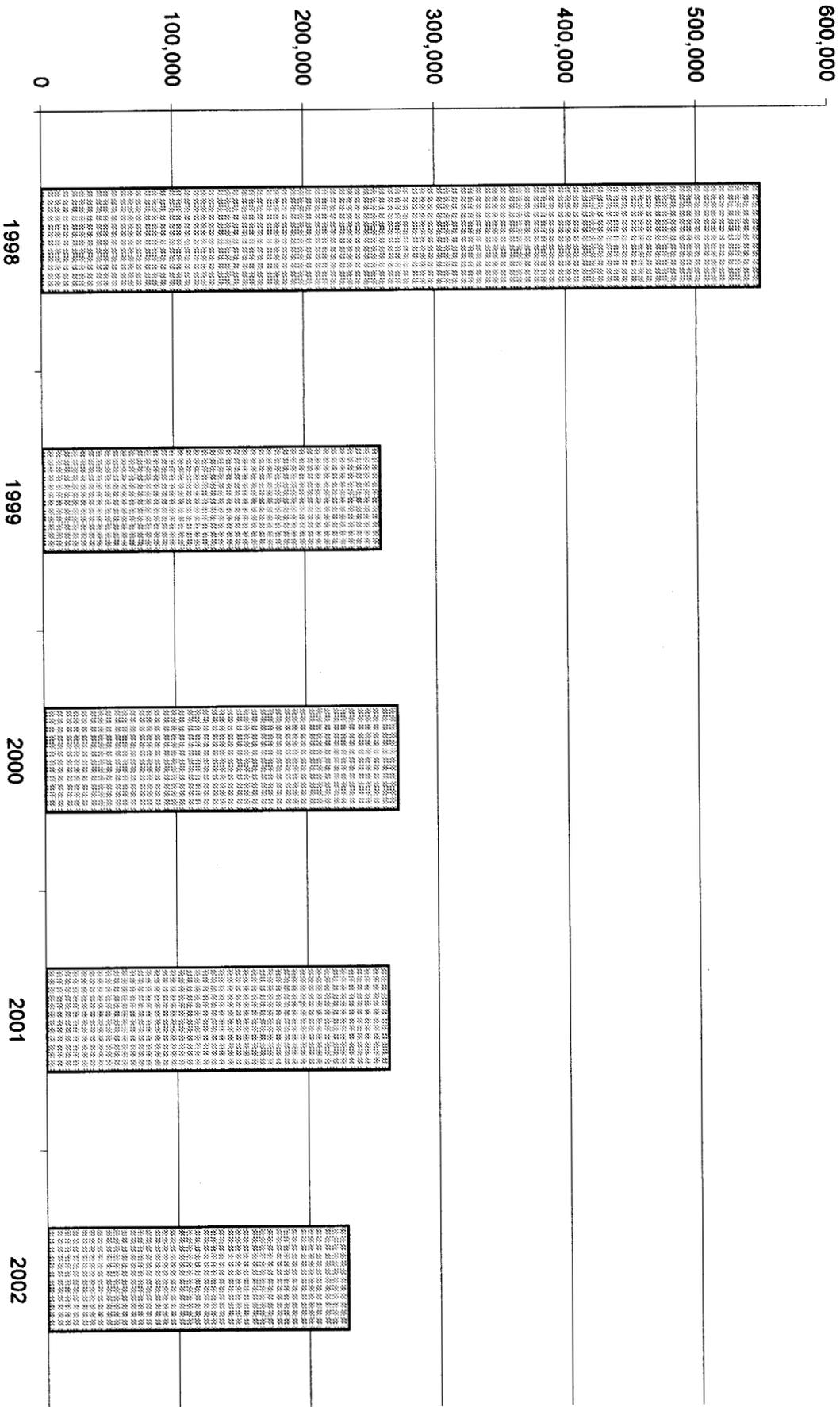


Chart 2

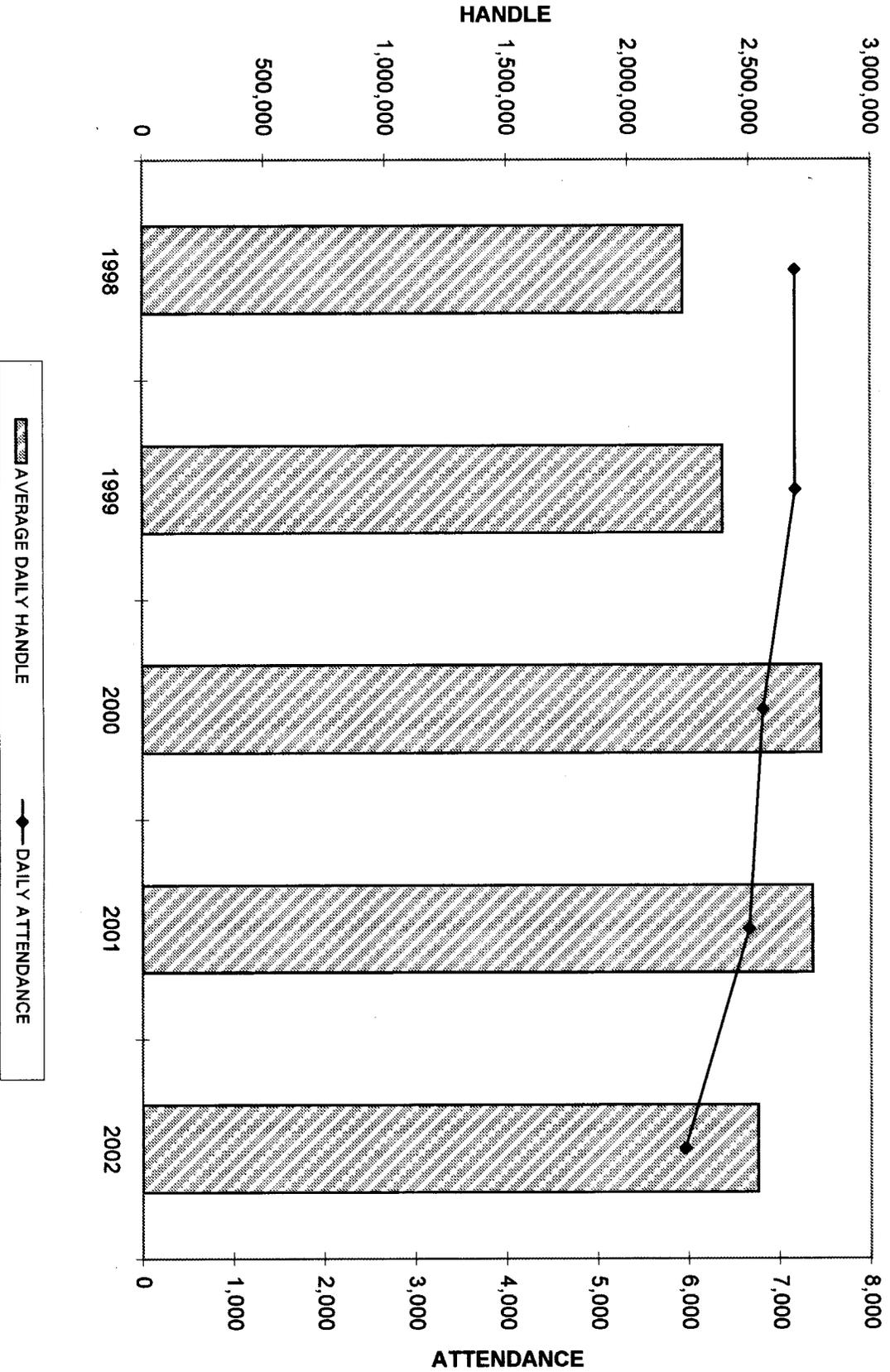
SAN MATEO COUNTY FAIR



PARIMUTUEL LICENSING FEES

Chart 3

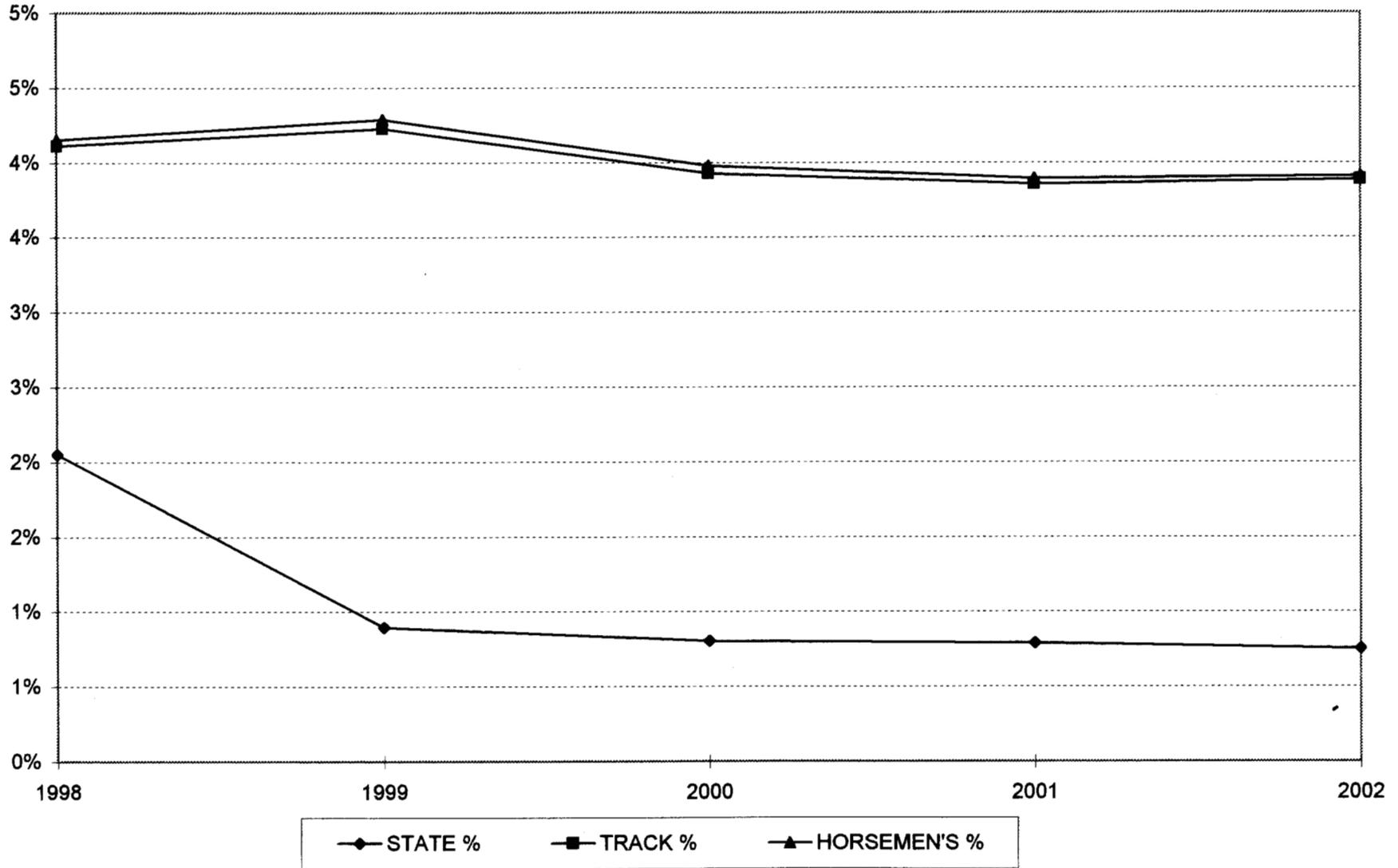
SAN MATEO COUNTY FAIR



HANDLE VS. ATTENDANCE

Chart 4

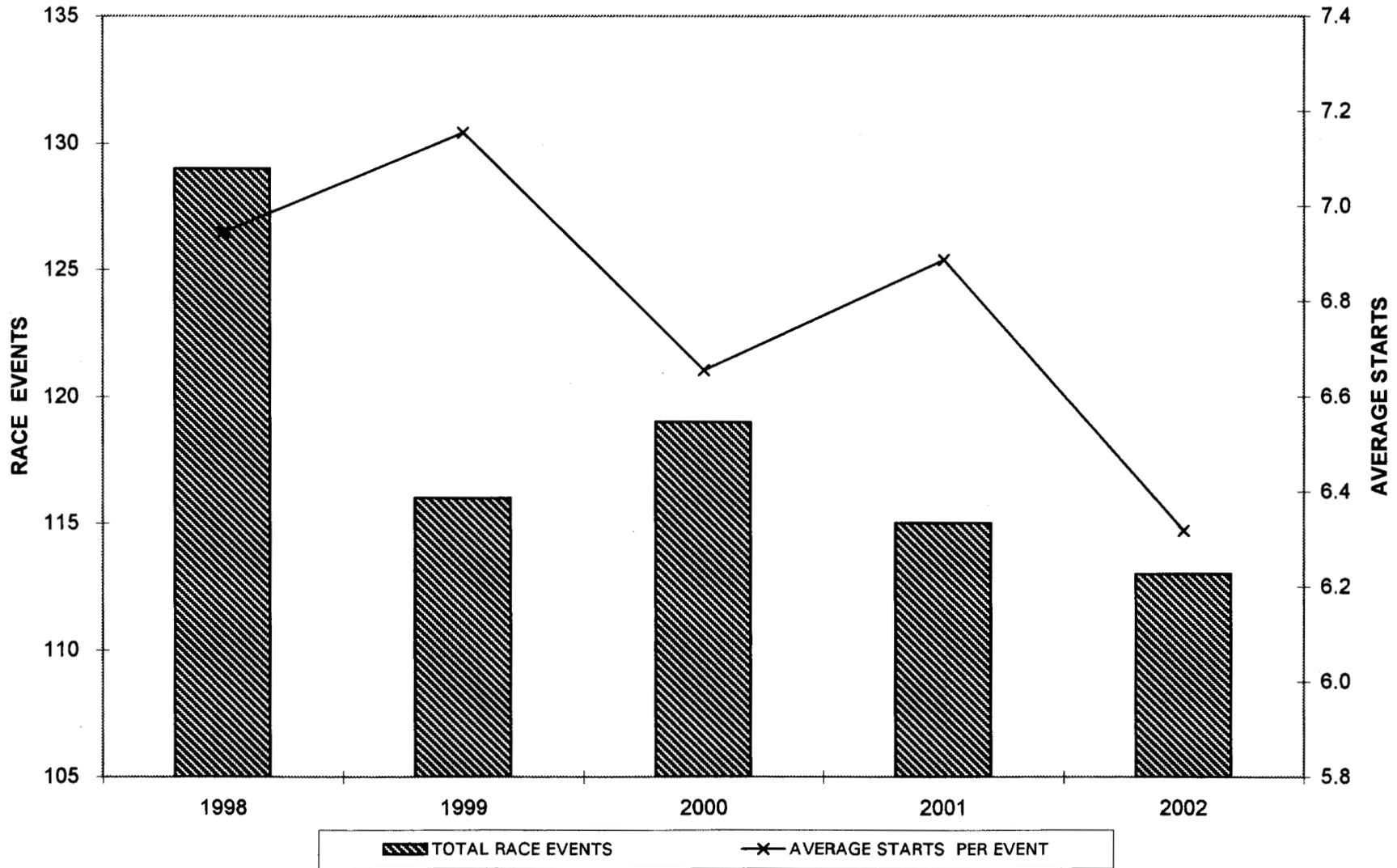
SAN MATEO COUNTY FAIR



DISTRIBUTION OF HANDLE

Chart5

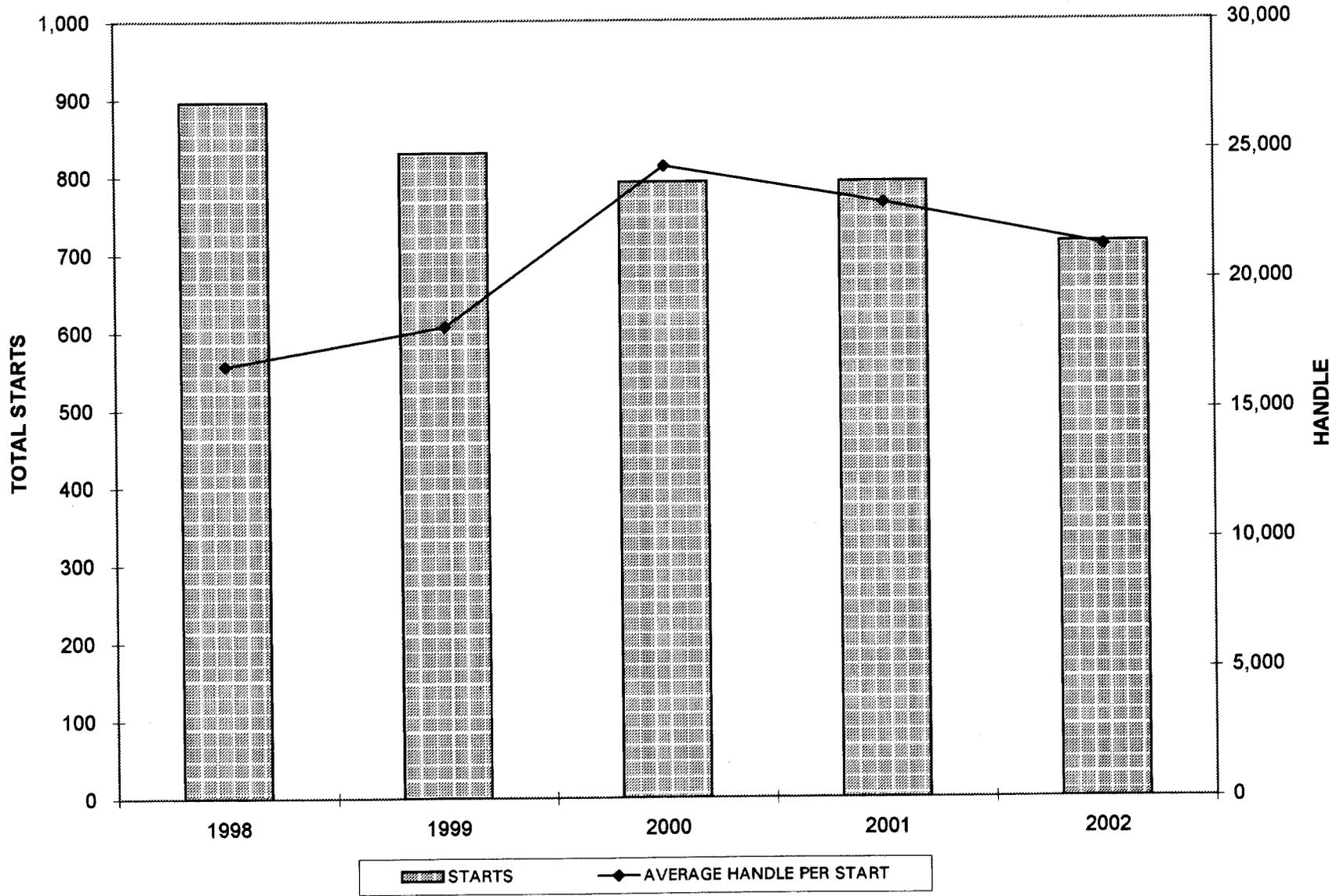
SAN MATEO COUNTY FAIR



TOTAL EVENTS VS. AVERAGE START PER EVENT

Chart 6

SAN MATEO COUNTY FAIR



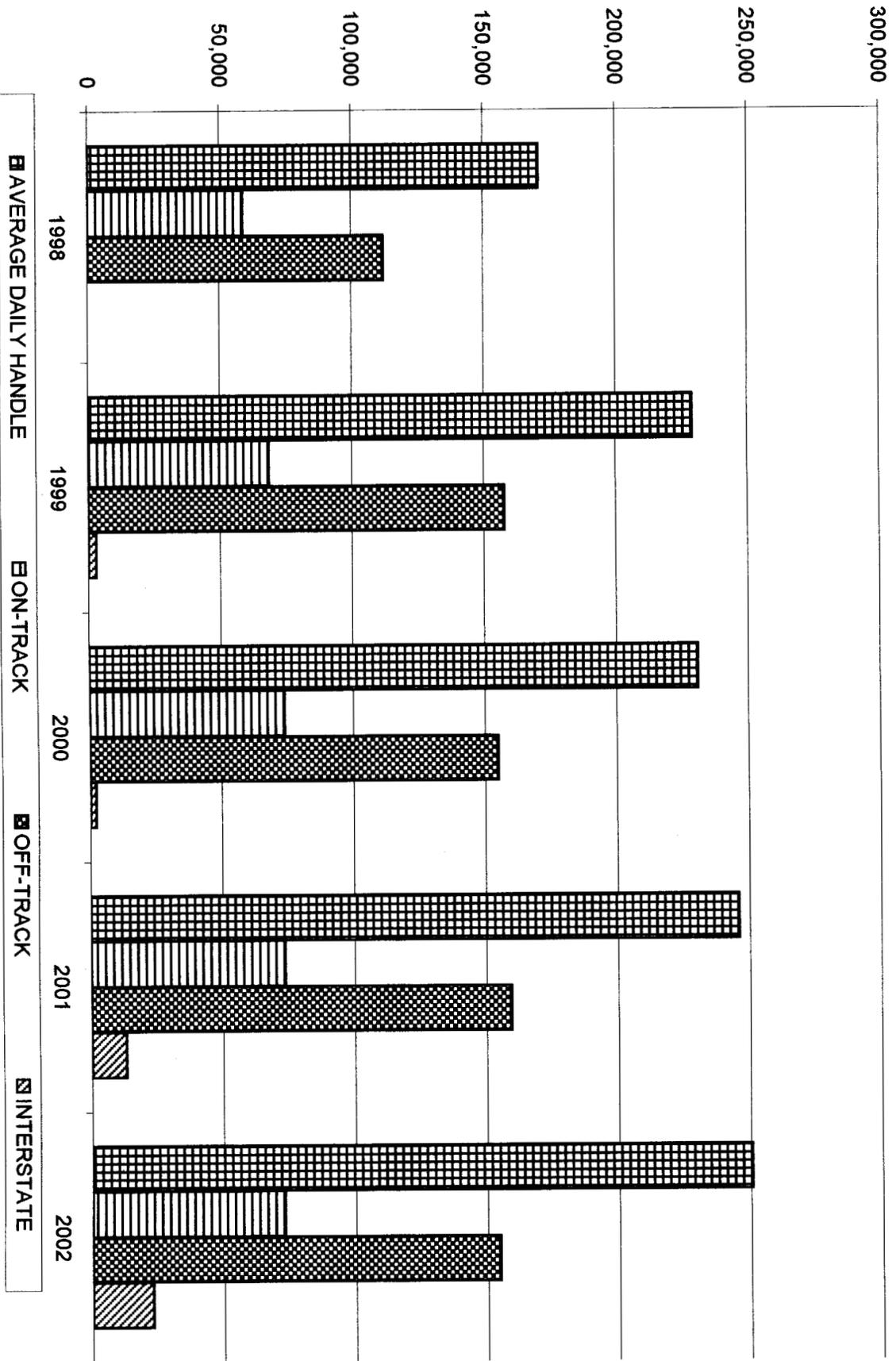
STARTS TO HANDLE

HUMBOLDT COUNTY FAIR

<u>YEAR</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
TOTAL RACE DAYS	10	10	10	10	10
TOTAL HANDLE	1,709,734	2,290,085	2,306,814	2,458,550	2,502,903
ON-TRACK	588,709	684,120	737,813	734,949	728,705
OFF-TRACK	1,121,026	1,577,267	1,548,148	1,593,085	1,545,617
INTERSTATE	0	28,698	20,853	130,516	228,581
LIVE	1,709,734	2,290,085	2,306,814	2,458,550	2,502,903
INTRASTATE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	0	0	0	0	0
INTERNATIONAL IMPORTED	0	0	0	0	0
AVERAGE DAILY HANDLE	170,973	229,009	230,681	245,855	250,290
ON-TRACK	58,871	68,412	73,781	73,495	72,871
OFF-TRACK	112,103	157,727	154,815	159,308	154,562
INTERSTATE	0	2,870	2,085	13,052	22,858
AVERAGE LIVE	170,973	229,009	230,681	245,855	250,290
INTRASTATE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	0	0	0	0	0
INTERNATIONAL IMPORTED	0	0	0	0	0
TOTAL TAKEOUT	350,054	469,581	471,640	500,203	514,038
EFFECTIVE TAKEOUT	20.47%	20.50%	20.45%	20.35%	20.54%
STATE LICENSE FEES	51,113	31,728	32,070	32,985	32,663
STATE %	2.99%	1.39%	1.39%	1.34%	1.30%
TRACK COMMISSIONS	89,217	131,884	134,528	136,599	138,186
TRACK %	5.22%	5.76%	5.83%	5.56%	5.52%
HORSEMEN'S PURSES	92,452	135,347	138,415	140,415	142,076
HORSEMEN'S %	5.41%	5.91%	6.00%	5.71%	5.68%
CAIIFORNIA ATTENDANCE	58,552	58,829	58,911	58,639	59,320
ON-TRACK	14,475	17,064	18,663	18,648	22,919
OFF-TRACK	44,077	41,765	40,248	39,991	36,401
DAILY ATTENDANCE	5,855	5,883	5,891	5,864	5,932
AVERAGE DAILY ON - TRACK	1,448	1,706	1,866	1,865	2,292
AVERAGE DAILY OFF - TRACK	4,408	4,177	4,025	3,999	3,640
TOTAL RACE EVENTS	62	73	77	76	74
STARTS	379	451	464	473	482
AVERAGE STARTS PER EVENT	6.1	6.2	6.0	6.2	6.5
AVERAGE HANDLE PER START	4,511	5,078	4,972	5,198	5,193

Chart 1

HUMBOLDT COUNTY FAIR



AVERAGE DAILY HANDLE

Chart 2

HUMBOLDT COUNTY FAIR

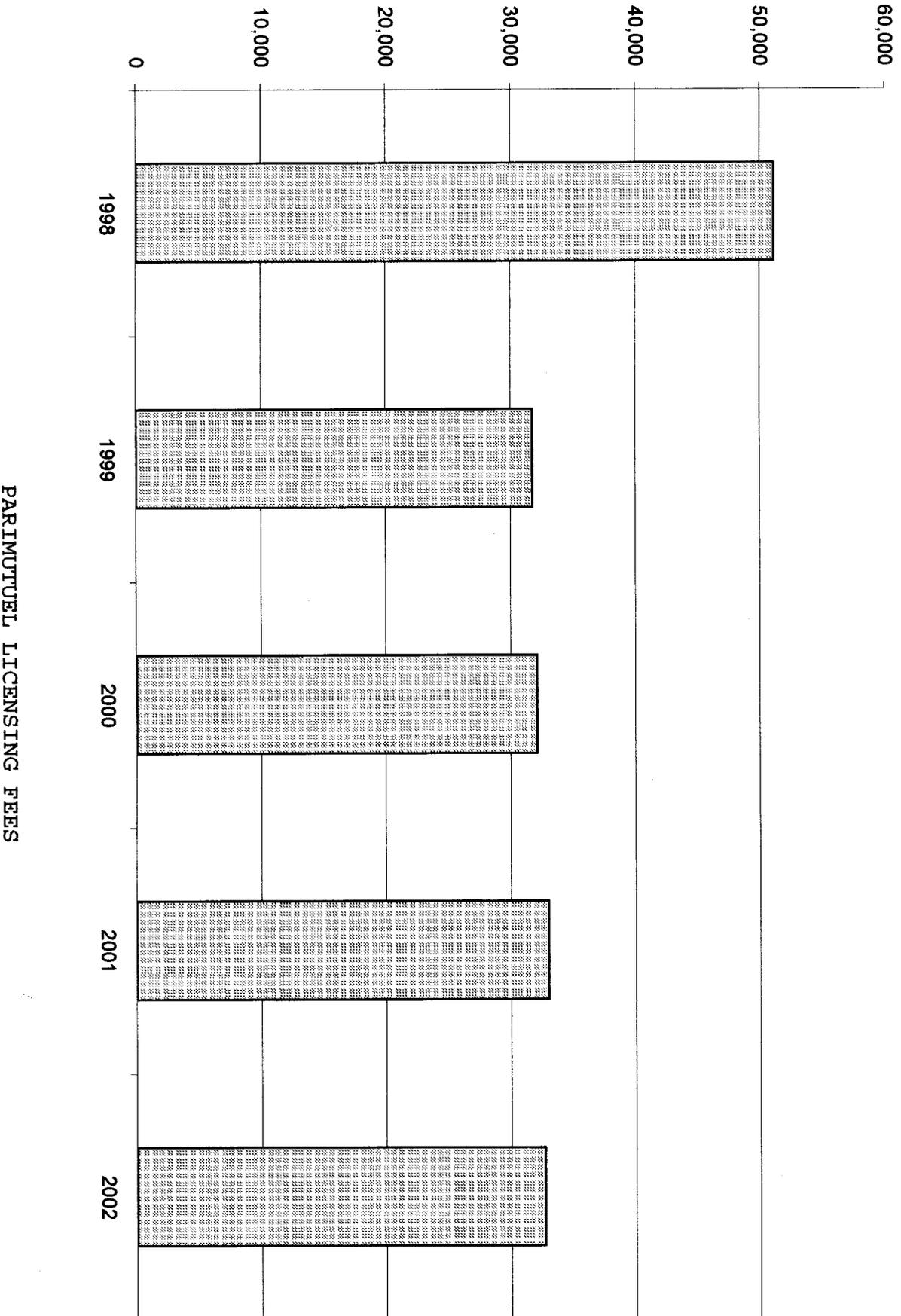
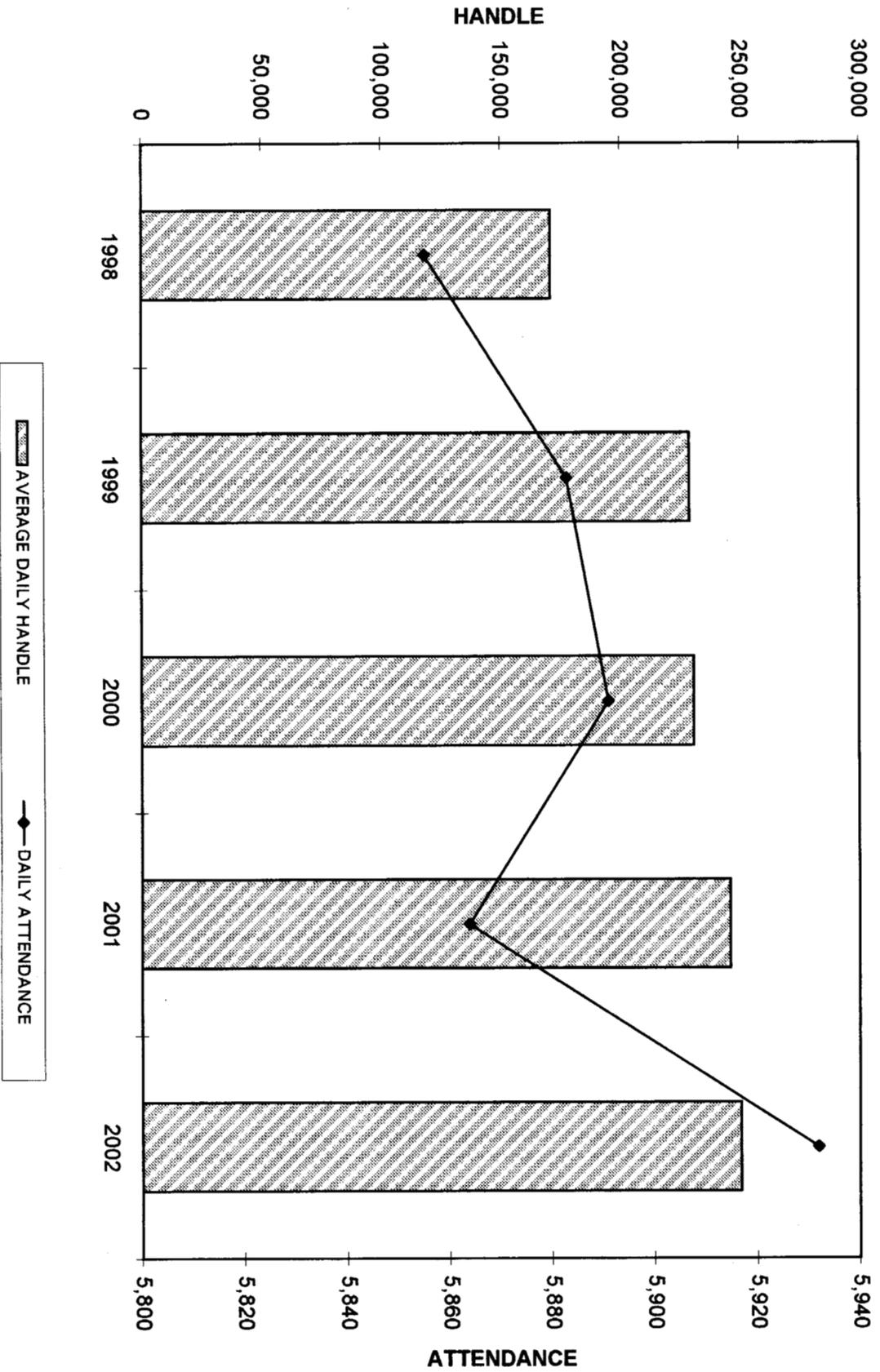


Chart 3

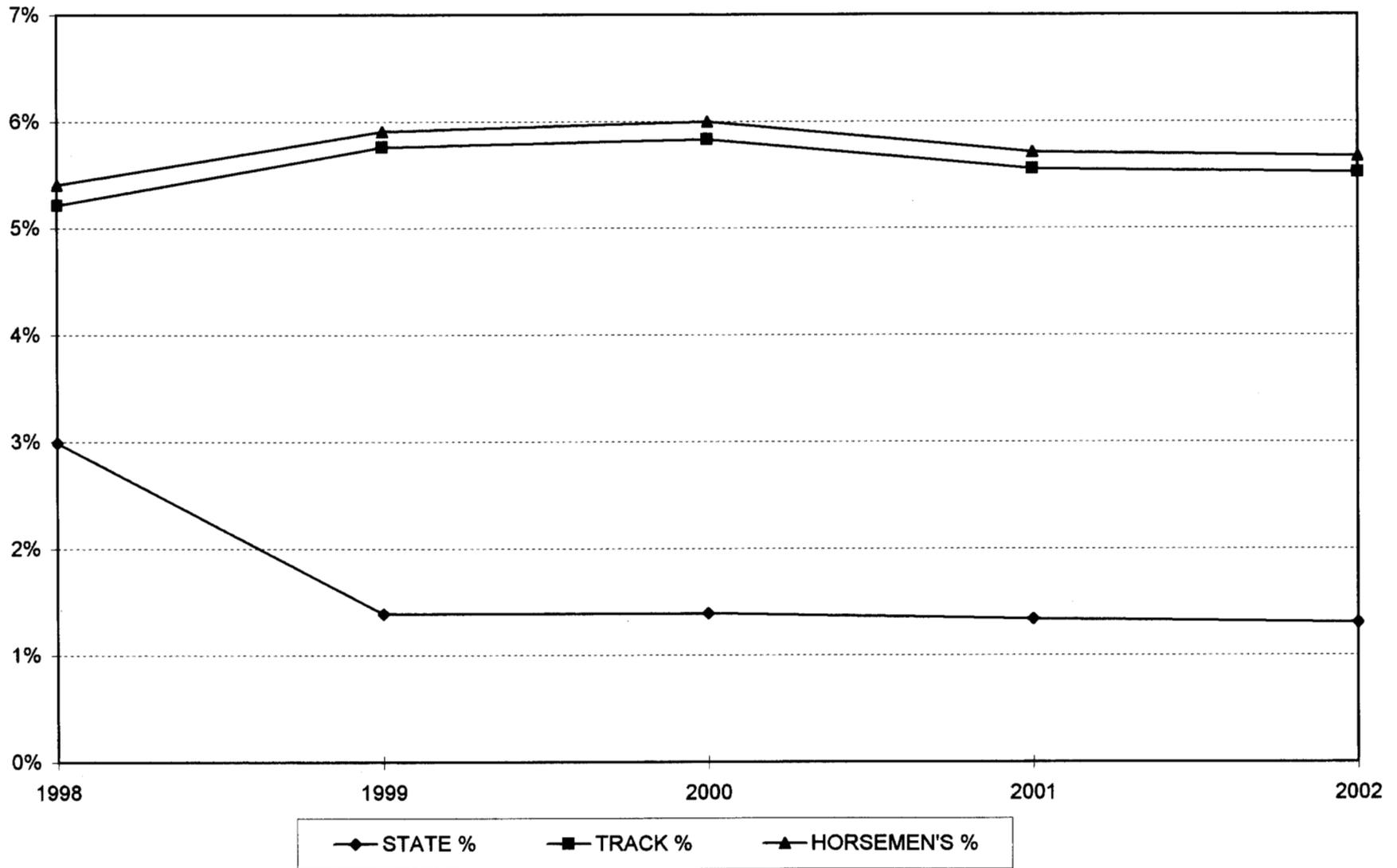
HUMBOLDT COUNTY FAIR



HANDLE VS. ATTENDANCE

Chart 4

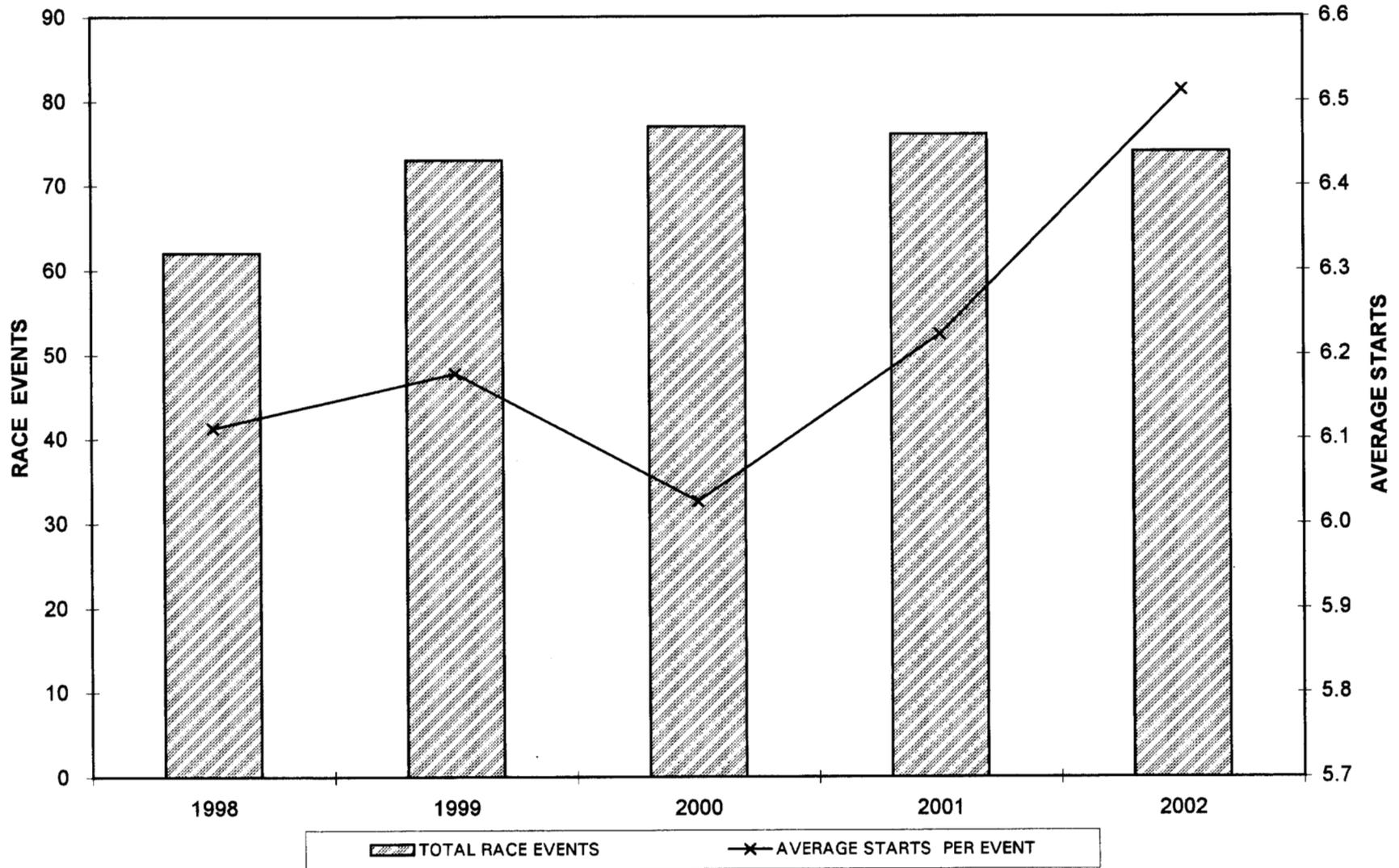
HUMBOLDT COUNTY FAIR



DISTRIBUTION OF HANDLE

Chart5

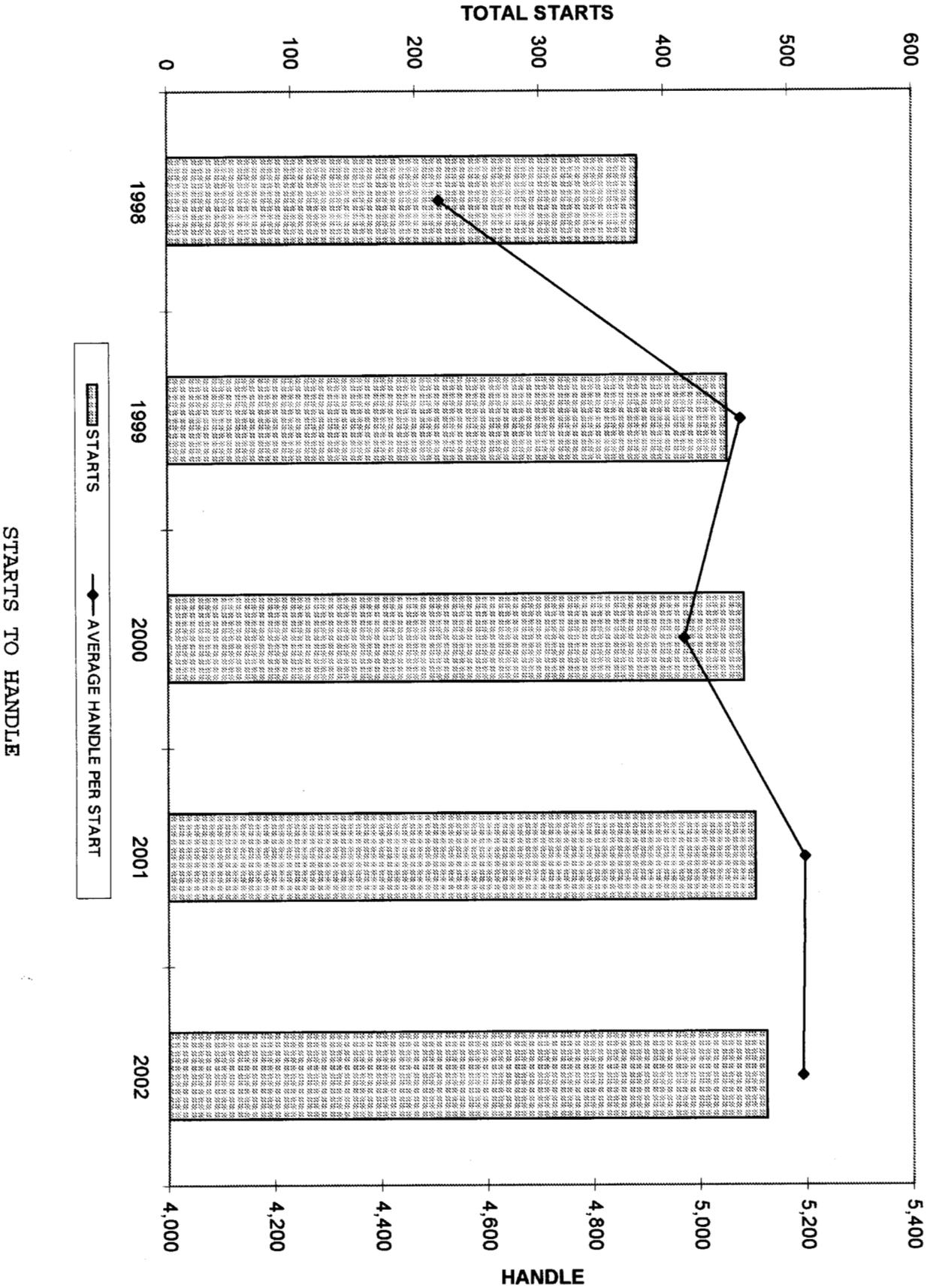
HUMBOLDT COUNTY FAIR



TOTAL EVENTS VS. AVERAGE START PER EVENT

Chart 6

HUMBOLDT COUNTY FAIR

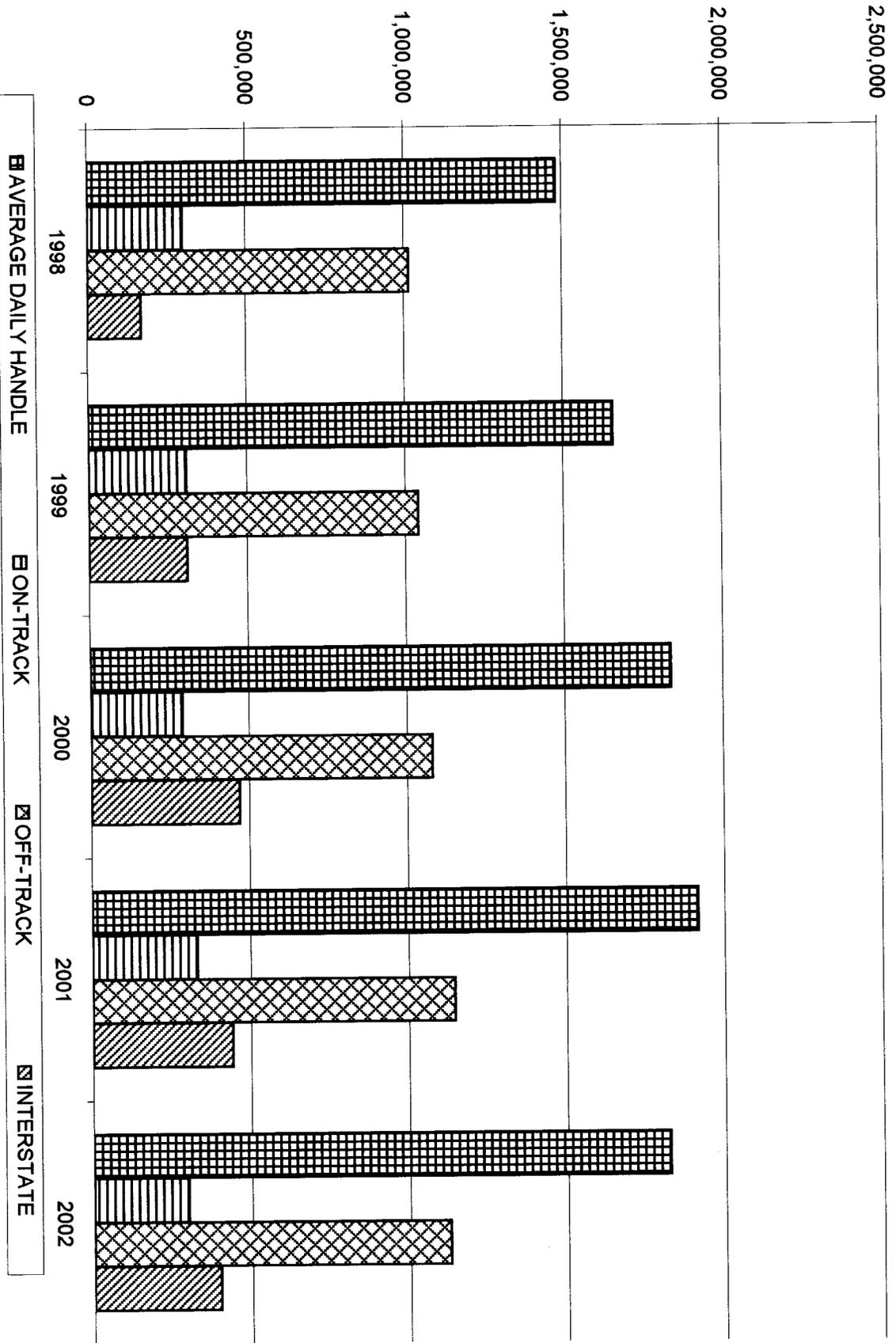


CALIFORNIA EXPOSITION & STATE FAIR

<u>YEAR</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
TOTAL RACE DAYS	12	12	12	12	12
TOTAL HANDLE	17,777,984	19,892,296	22,027,636	22,977,408	21,890,053
ON-TRACK	3,586,597	3,685,659	3,462,383	3,953,458	3,578,627
OFF-TRACK	12,180,412	12,487,825	12,944,674	13,737,470	13,515,160
INTERSTATE	2,010,976	3,718,813	5,620,579	5,286,480	4,796,266
LIVE	10,257,833	11,263,830	13,053,984	13,256,788	12,060,491
INTRASTATE IMPORTED	5,868,725	5,584,263	5,343,275	5,694,268	5,483,105
INTERSTATE IMPORTED	439,095	3,044,203	3,594,213	4,026,352	4,346,457
INTERNATIONAL IMPORTED	1,212,331	0	36,163	0	0
AVERAGE DAILY HANDLE	1,481,499	1,657,691	1,835,636	1,914,784	1,824,171
ON-TRACK	298,883	307,138	288,532	329,455	298,219
OFF-TRACK	1,015,034	1,040,652	1,078,723	1,144,789	1,126,263
INTERSTATE	167,581	309,901	468,382	440,540	399,689
AVERAGE LIVE	955,847	938,652	1,087,832	1,104,732	1,005,041
INTRASTATE IMPORTED	489,060	465,355	445,273	474,522	456,925
INTERSTATE IMPORTED	36,591	253,684	299,518	335,529	362,205
INTERNATIONAL IMPORTED	101,028	0	3,014	0	0
TOTAL TAKEOUT	3,555,862	3,992,443	4,448,810	4,627,217	4,409,780
EFFECTIVE TAKEOUT	20.00%	20.07%	20.20%	20.14%	20.15%
STATE LICENSE FEES	397,675	246,911	252,622	270,607	256,867
STATE %	2.24%	1.24%	1.15%	1.18%	1.17%
TRACK COMMISSIONS	734,256	822,259	852,165	903,094	865,032
TRACK %	4.13%	4.13%	3.87%	3.93%	3.95%
HORSEMEN'S PURSES	741,583	830,756	859,102	911,566	872,477
HORSEMEN'S %	4.17%	4.18%	3.90%	3.97%	3.99%
CALIFORNIA ATTENDANCE	109,769	110,529	108,294	122,005	119,930
ON-TRACK	50,282	53,445	54,991	69,322	69,701
OFF-TRACK	59,487	57,084	53,303	52,683	50,229
DAILY ATTENDANCE	9,147	9,211	9,025	10,167	9,994
AVERAGE DAILY ON - TRACK	4,190	4,454	4,583	5,777	5,808
AVERAGE DAILY OFF - TRACK	4,957	4,757	4,442	4,390	4,186
TOTAL RACE EVENTS	131	134	132	131	132
STARTS	998	1,023	965	1,042	999
AVERAGE STARTS PER EVENT	7.6	7.6	7.3	8.0	7.6
AVERAGE HANDLE PER START	10,278	11,011	13,527	12,722	12,073

Chart 1

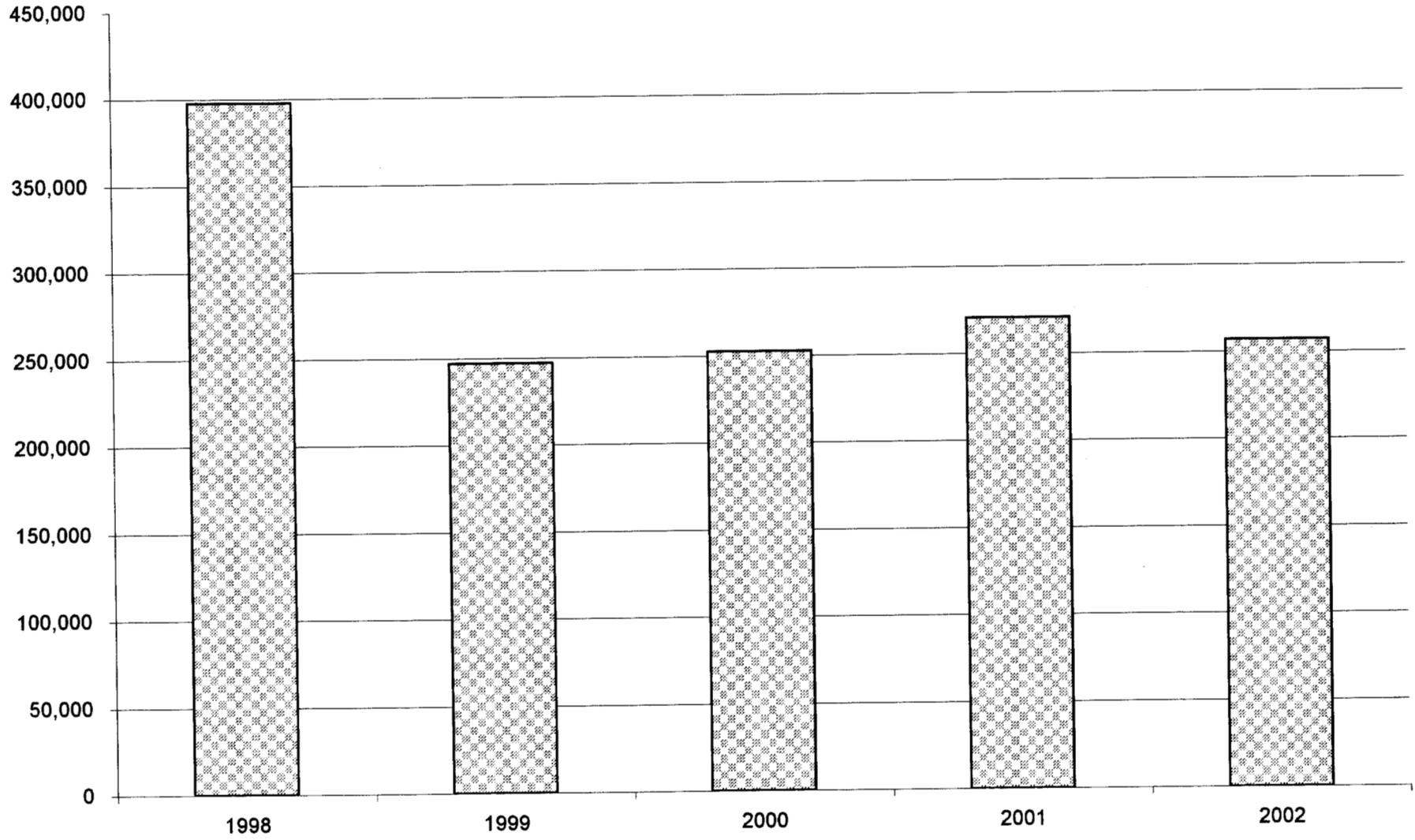
CALIFORNIA STATE FAIR & EXPOSITION



AVERAGE DAILY HANDLE

Chart2

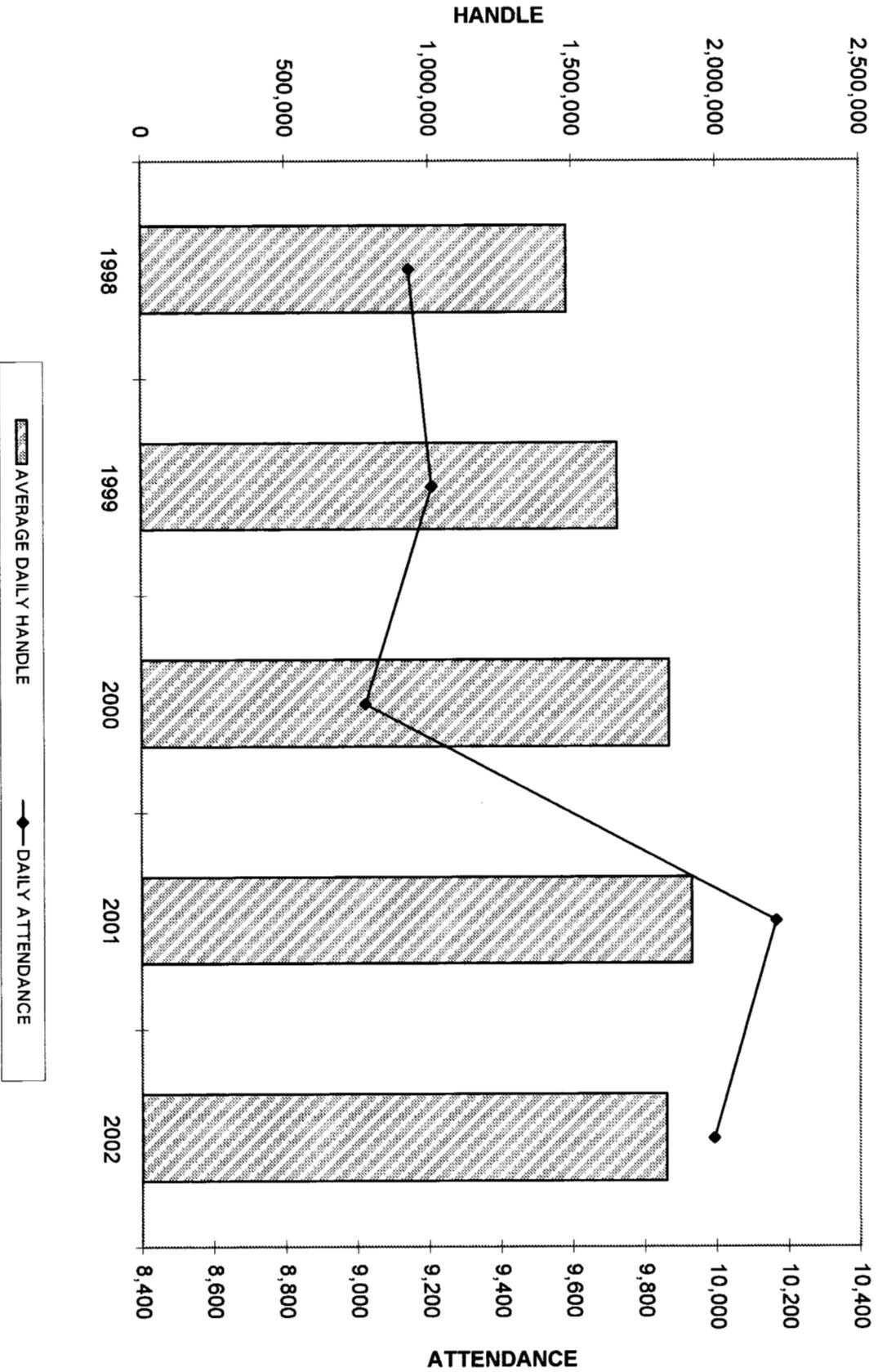
CALIFORNIA STATE FAIR & EXPOSITION



PARIMUTUEL LICENSING FEES

Chart 3

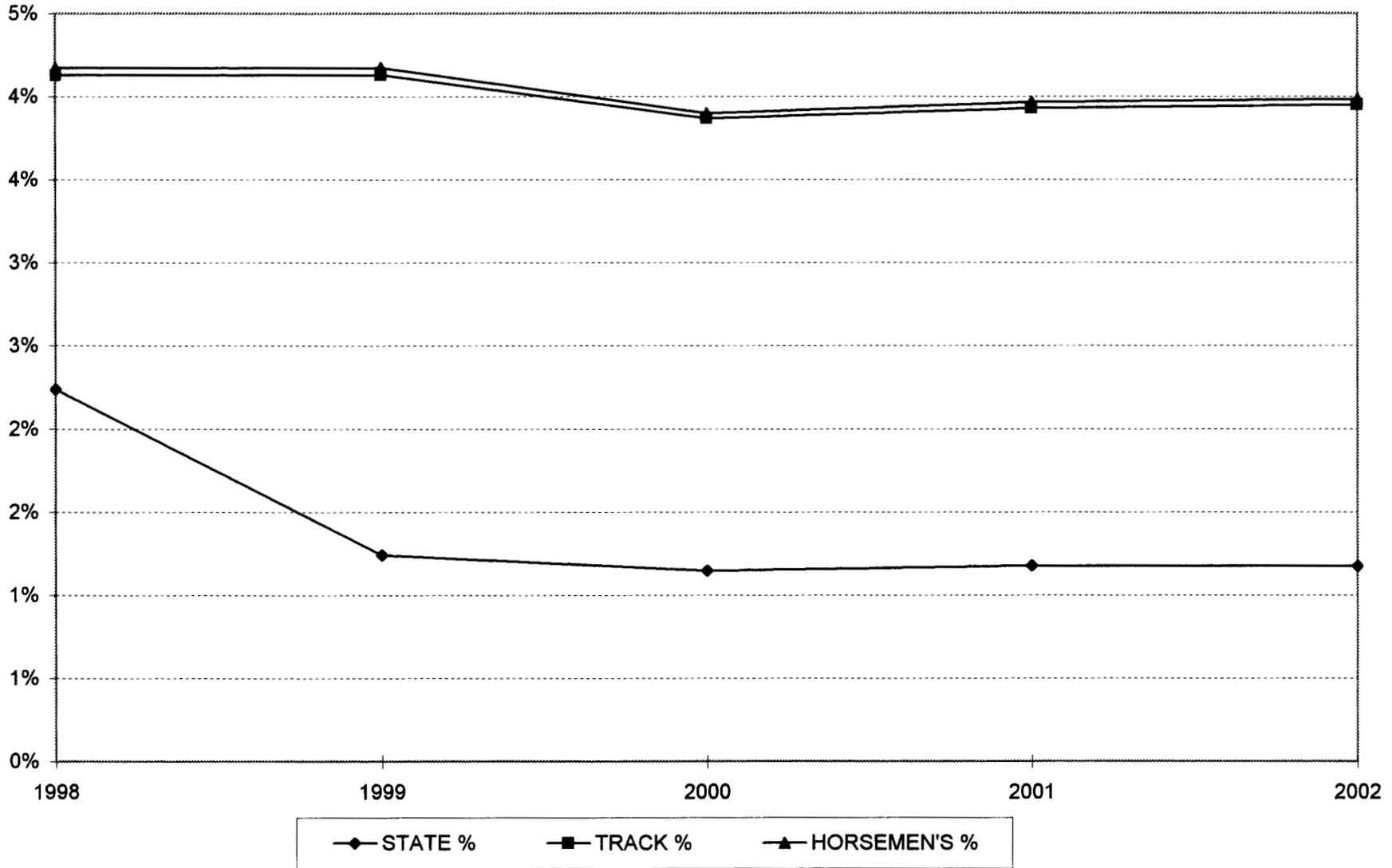
CALIFORNIA STATE FAIR & EXPOSITION



HANDLE VS. ATTENDANCE

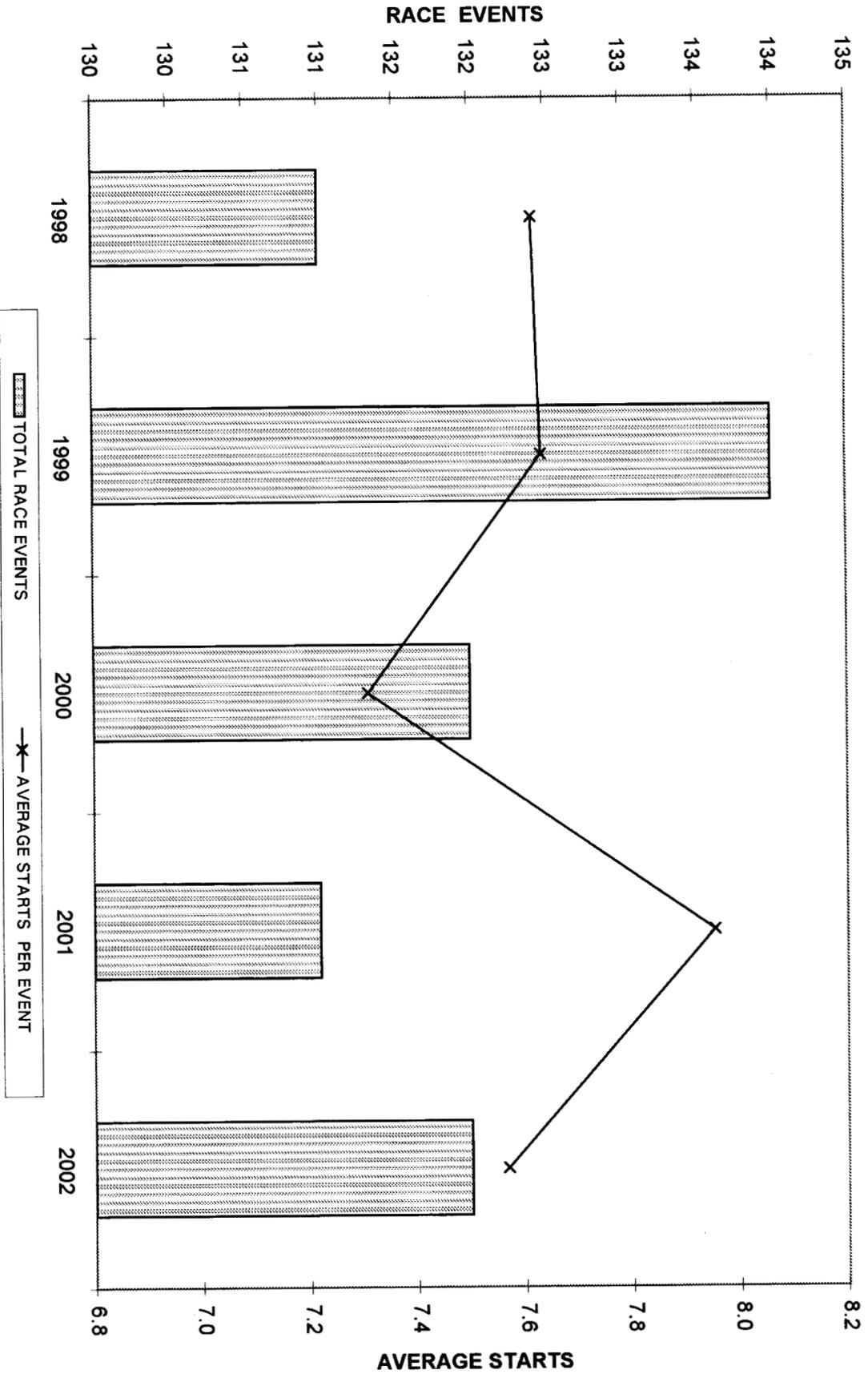
Chart 4

CALIFORNIA STATE FAIR & EXPOSITION



DISTRIBUTION OF HANDLE

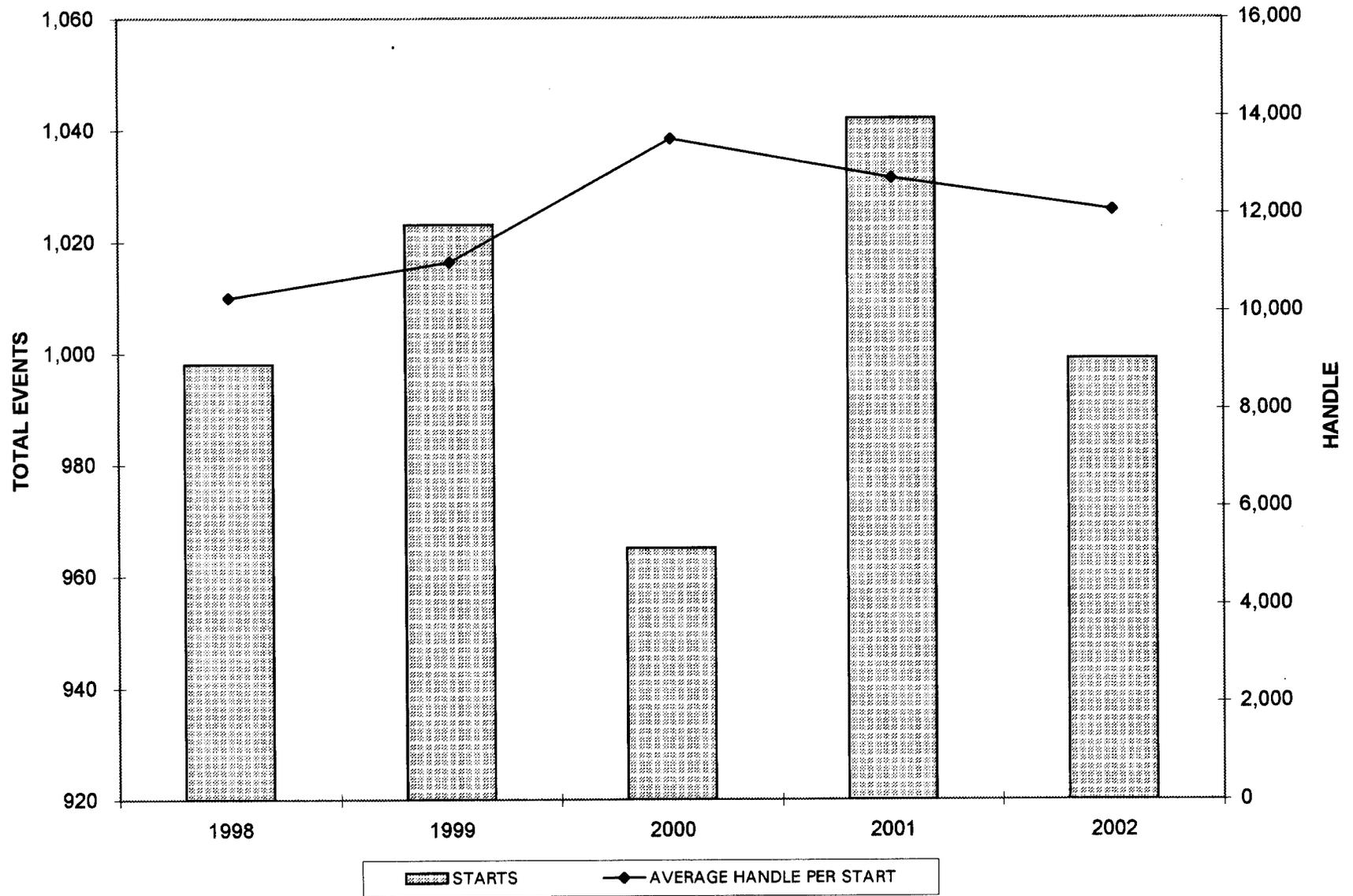
CALIFORNIA STATE FAIR & EXPOSITION



TOTAL EVENTS VS. AVERAGE START PER EVENT

Chart 6

CALIFORNIA STATE FAIR & EXPOSITION



STARTS TO HANDLE

