

Thirty-Ninth Annual Report of the California Horse Racing Board

A Summary of
Fiscal Year 2008–09 Revenue and
Calendar Year 2009 racing in California

California Horse Racing Board

John C. Harris, Chairman
David Israel, Vice Chairman
Keith Brackpool, Member
Jesse H. Choper, Member
Bo Derek, Member
Jerry Moss, Member
Richard Rosenberg, Member
John Andreini, Former Member
Kirk Breed, Executive Director
Richard Bon Smith, Asst, E.D,

This report covers the fiscal year (July 1, 2008, through June 30, 2009) for revenue purposes, including pari-mutuel handle, fines, taxes, license fees, and the distribution of funds, as well as the Postmortem Program report. The report covers the 2009 calendar year for reports on race meets and CHRB meetings.

*The CHRB general office is located at 1010 Hurley Way, Suite 300, Sacramento, CA 95825.
Field offices are located at all operating racetracks.*

*Annual reports can be viewed on the Internet by visiting our Website at www.chrb.ca.gov
and clicking on "Publications."*

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REPORT OF THE CHAIRMAN



Horse racing somewhat mirrors the economy.

The California economy is clearly struggling with high unemployment rates, a state budget that gets tougher to balance every year, and a growing lack of confidence in government in general. Our populace is burdened with high sales tax and income tax rates that still can't keep up with the aging infrastructure and population growth. Service to the citizens of California by the state is hampered by most state employees not working full time due to the budget crisis. But on the other hand, we have great beaches, a wonderful climate, majestic mountains, fertile farmlands, and ample water (if we can ever get the infrastructure right and more sensible environmental laws, but that's another story).

Similarly in horse racing, costs exceed revenues. There are no silver bullets on the horizon to quickly turn it around. While there is always chatter over getting other sources of revenues (slot machines, sports betting, etc.) to subsidize the struggling horse industry, those are more of a mirage than a realistic hope. I think our only salvation is to grow our basic sport – expand the ways it can be legally wagered on – in order to benefit the horse industry, which provides tens of thousands of jobs and generates billions of dollars into the economy.

Racing's long and prestigious history in California needs preserving. We have a sports-loving, enthusiastic, bright, culturally diverse populace here in the Golden State. And we have some of the best racetracks in the world located right here. We need to figure out how to get those people interested in horse racing again, and how to best utilize our racetracks, so that we can bring horse racing back to its previous glory.

Here are some observations I have developed over contentious issues:

Synthetic tracks have been the focus of much debate. The concept was to have a racing surface that was kinder to horses. This would not only be safer for the horses and their riders, we hoped that fewer injuries would enable more horses to stay competitive longer, leading to increased field sizes. We also believed the synthetic tracks would not be damaged by heavy rains, again leading to larger fields. Things don't always work out as well as planned. I still think synthetic tracks have great promise, but we clearly need to know more about their construction. Fine tuning the daily and long-term maintenance of synthetics is also a demanding art/science. Developing the best training/exercise regimen and shoeing techniques has been a much tougher task than I would have ever guessed. Fewer horses are sustaining fatal injuries than was the case on the former dirt tracks, but the statistics are not nearly as compelling as most of us had hoped. I am assuming the Board now would grant a waiver on the synthetic rule to any racing association requesting one, or possibly just drop the synthetic rule altogether. It's unfortunate that this rule, done with every good intention, has caused so much dissension in an industry that needs unity.

Racing dates are one of the Board's principal responsibilities. One of the Board's key roles is allocating racing dates to the various racing associations and fairs wanting to operate race meetings. For many years this was fairly routine – with historic allocations staying in place and most of the debate on rather minor details. But with the California real estate boom of the last decade, the property a track sat on was often worth more for urban development than as a horse-racing location. Plus, the tracks and fairs all have their share of deferred maintenance, and often times those aging infrastructures prompt their owners to question their real desire to be in the racing business and consider other ways to use the property. This is made worse as interests now holding some of the tracks in California view racing as an interim use, not the preferred use of their properties.

One controversial change over the last few years, in which I was involved, was giving the Big Fresno Fair and Humboldt County Fair the opportunity to be the Northern Host and also to not have overlapped Northern tracks.

The host track keeps the revenue from the various wagers in their area and the simulcast network. Ferndale and Fresno needed that revenue to keep improving their fairs. In addition, having some gaps in Bay Area racing rather than overlaps was a plus with the declining horse population. Fresno Fair was completely non-overlapped for the first time in 2009 and had one of its best meets ever.

Eighty percent of the people watching and wagering on a race are doing it at someplace off track, mostly at satellite facilities in California and out of state or at racetracks in other jurisdictions. An increasing number are watching races on cable and satellite networks and computer screens while wagering via their account wagering service (Advance Deposit Wagering, or ADW). Nice, well-maintained racetracks with ample amenities are needed to get fans back to the live races. It's tough to develop long-term fans that have never been to a live racetrack. Big days offering the Breeders' Cup, Cal Cup, Santa Anita Handicap, Pacific Classic, and even the Bulldog Stakes at the Big Fresno Fair pull in new and lapsed fans, and create an energy level that racing needs.

On the wagering front, we need to make wagering much easier through the use of more hand-held devices. Someone should be able to watch and wager on races on their iPhone, Blackberry, or whatever the latest gadget is. On the TV front, I personally like the idea of two horse-racing networks, but they both need better cable and satellite distribution. Plus, it may be that longer term, Website streaming replaces traditional TV distribution.

The CHRFB testing regimen for any improper medications is world class, and although it is expensive and consumes a large part of the budget, the assurance of integrity it provides is worth it. The position of the Equine Medical Director has been expanded significantly with Dr. Rick Arthur on board. The EMD provides the CHRFB with someone on the ground who is continually looking at how best to ensure a level playing field and maximize the health and safety of all the equines competing.

One area I think we need to push harder on is information technology, obviously in wagering, but also in all aspects of CHRFB operations and racing in general. While genuine progress has been made, racing and the CHRFB still lag behind other industries. There should be many more cameras in stable areas and other key security areas. Our licensing offices and the stewards should also make greater use of new technologies. Currently, CHRFB investigators make up a significant part of the total budget, and they could become more cost-effective and skilled with more state-of-the-art applications of security/investigative technologies. Racing offices need to be more transparent and in more contact with owners and trainers.

As I evolve out of the CHRFB, I want to thank all of the fellow members of the Board I have worked with. I liked all of them. The citizens of the state, as well as the horse segments, have been most fortunate to have these dedicated individuals in their service. I also want to thank the CHRFB staff for all of their diligent efforts and their dedication to doing the right thing.

A handwritten signature in black ink, appearing to read "John Harris". The signature is stylized and cursive, with a large initial "J" and "H".

John Harris

Names and Locations of Racing and Training Facilities Regulated by the California Horse Racing Board

All of these locations except San Luis Rey Downs, a private training facility, are open during their off seasons for simulcast wagering.



Privately Operated Race Tracks

- 1–Del Mar, Del Mar
- 2–Golden Gate Fields, Albany
- 3–Hollywood Park, Inglewood
- 4–Los Alamitos, Cypress
- 5–Santa Anita, Arcadia

Racing Fairs

- 6–Alameda County Fair, Pleasanton
- 7–California Exposition, Sacramento
- 8–Fresno District Fair, Fresno
- 9–Humboldt County Fair, Ferndale
- 10–Los Angeles County Fair, Pomona
- 11–San Joaquin County Fair, Stockton
- 12–Solano County Fair, Vallejo
- 13–Sonoma County Fair, Santa Rosa

Private Training Facility

- 14–San Luis Rey Downs, Bonsall

Names and Locations of Simulcast-Only Facilities Regulated by the California Horse Racing Board



California Highlights: The Breeders' Cup and More

November 6-7 – The 2009 Breeders' Cup was a spectacular two-day event that offered more than \$25 million in purses and culminated with Zenyatta rallying to beat an international cast of males, including eight Grade 1/Group 1 stakes winners, in the \$5 million Breeders' Cup Classic, allowing her to remain undefeated with 14 career victories.

The Classic was the fifth victory of the year for the remarkable mare as she trekked from Hollywood Park to Del Mar to Santa Anita and brought legions of plaque-carrying fans along with her to the chant of "Girl Power! Go Zenyatta!" She even brought her own "Team Zenyatta," led by owners Jerry Moss, a member of the California Horse Racing Board, and his wife, Ann.

While Zenyatta's performance was the most memorable part of the world championships, there were many other storylines. Overshadowed was the fact that Zenyatta's trainer, John Shirreffs, also trained another Breeders' Cup winner, Life is Sweet, winner of the Ladies' Classic, for California owners Mr. and Mrs. Martin Wygod.

Though some doubted whether the 2009 Breeders' Cup could be anywhere near as successful as the 2008 World Championships, given the worldwide economic downturn, attendance for the two days totaled 96,496 – up 11 percent from the 86,588 attending the 2008 Breeders' Cup, which also was hosted by Oak Tree at Santa Anita.

Facing an onslaught of well-bred invaders from Kentucky and Europe, two California-breds passed the class test with hard-won victories – California Flag in the Turf Sprint and Dancing in Silks in the Sprint.

The following pages contain fabulous photographs of all 14 of the 2009 Breeders' Cup winners provided by Benoit Photos, including the photo to the right capturing the spirit of jockey Mike Smith as he posed with Zenyatta in the winner's circle after their Classic victory. The CHRB thanks Benoit Photos, which for decades has chronicled events at Santa Anita, Hollywood Park, Del Mar, and Fairplex Park, and also thanks *Daily Racing Form* for providing this lifetime racing history of Zenyatta.

Zenyatta

Owner: Moss Mr. and Mrs. Jerome S

Dk. b or b. m. 5 (Apr)
Sire: Street Cry 'n' (Machiavellian) \$150,000
Dam: Vertigineux (Kris S.)
Bm: Maverick Production, Limited (Ky)
Tr: Shirreffs John A(0 0 0 0 .00) 2009:(92 20 .22)

Life	14	14	0	0	\$5,474,580	112	D.Fst	1	1	0	0	\$300,000	104
2009	5	5	0	0	\$3,330,000	112	Wet(447)	0	0	0	0	\$0	-
2008	7	7	0	0	\$2,090,580	108	Synth	13	13	0	0	\$5,174,580	112
							Turf(353)	0	0	0	0	\$0	-
							Dst(0)	0	0	0	0	\$0	-

7Nov09- 90SA fst	1 1/4	◇	:474	1:114	1:36	2:003	3	@BCClasic-G1	112	4	1113	119	963	6 1/2	11	Smith M E
10Oct09- 80SA fst	1 1/8	◇	:25	:492	1:124	1:424	3	@LdyScrt-G1	97	4	65 1/2	66	6 1/4	2nd	11 1/2	Smith M E
9Aug09- 80mr fst	1 1/8	◇	:234	:484	1:133	1:431	3	@CLHrsch-G1	99	7	713	77 1/2	76 1/2	4 1/2	1hd	Smith M E
27Jun09- 4Hol fst	1 1/8	◇	:48	1:111	1:352	1:48	3	@VanityH-G1	104	6	56	56 1/2	55 1/2	3 1/2	1 1/2	Smith M E
23May09- 8Hol fst	1 1/8	◇	:233	:47	1:111	1:421	3	@MiladyH-G2	103	6	610	612	67 1/2	2nd	11 1/2	Smith M E
24Oct08- 70SA fst	1 1/8	◇	:48	1:11	1:35	1:464	3	@BCLdsCls-G1	103	1	88 1/2	88 1/2	87 1/2	1 1/2	1 1/2	Smith M E
27Sep08- 50SA fst	1 1/8	◇	:241	:481	1:112	1:401	3	@LdyScrt-G1	108	3	42 1/2	42	42	2nd	13 1/2	Smith M E
2Aug08- 90mr fst	1 1/8	◇	:231	:462	1:103	1:412	3	@CLHrschH-G2	108	7	89 1/2	711	6 1/4	2 1/2	11	Smith M E
5Jly08- 5Hol fst	1 1/8	◇	:46	1:094	1:354	1:492	3	@VanityH-G1	97	3	712	512	48 1/2	1 1/2	1 1/2	Smith M E
31May08- 5Hol fst	1 1/8	◇	:243	:48	1:113	1:41	3	@MiladyH-G2	103	3	54 1/2	54 1/2	42 1/2	1hd	1 1/2	Smith M E
5Apr08- 80P fst	1 1/8	◇	:232	:471	1:113	1:423	4	@AplBismH-G1	104	6	58	59 1/2	58	1hd	14 1/2	Smith M E
13Jan08- 9SA fst	1 1/8	◇	:242	:473	1:102	1:403	3	@EJEncino-G2	94	2	64	64 1/2	54	4 1/2	11 1/2	Flores D R
15Dec07- 5Hol fst	1 1/8	◇	:232	:461	1:10	1:404	3	@Alw 4880W1x	88	7	76 1/2	74 1/2	42 1/2	1hd	13 1/2	Flores D R
22Nov07- 6Hol fst	6 1/2	f	:221	:444	1:091	1:151	3	@Md Sp Wt 44k	87	10	12	126 1/2	106 1/2	72	13	Flores D R

LB123	*2.80	93-13	Zenyatta1231	Gio Ponti1261 1/2	Twice Over126 1/2	Strong finish, up late	12
LB123	*.40	83-15	Zenyatta1231 1/2	Lethal Heat123 3/4	Cocoa Beach123 3/4	Bid 4wd, led, ridden out	7
LB123	*.20	91-13	Zenyatta123 3/4	AnabaasCreation119 3/4	LethalHet119 3/4	4wd into lane, up late	7
LB129	*.30	93-07	Zenyatta129 3/4	Briecat114 1/4	Dawn After Dawn116 3/4	3wd into lane, clear	6
LB126	*.20	90-16	Zenyatta126 1/4	LifeIsSweet122 3/4	AllicensyWow113 3/4	Tight 3-1/2, ridden out	6
LB123	*.50	100-02	Zenyatta123 1/4	Cocoa Beach123 1/2	Music Note119 1/4	Vigorous hand ride	8
LB123	*.70	100-04	Zenyatta123 3/4	Hystericalady123 1/4	Santa Teresita123 1/4	3wd bid, ridden out	4
LB124	*.60	119-	Zenyatta124 1/4	Model112 5/8	Tough Tiz's Sis119 1/2	3w into str, clear, held	8
LB124	*.30	89-13	Zenyatta124 1/4	Tough Tiz's Sis121 1/4	Silver Swallow115 1/4	3wd move, led, held	7
LB122	*.30	97-08	Zenyatta122 3/4	Santa Teresita116 5/8	Kris' Sis113 5/8	Squeezed start, rid out	5
L116	1.80	99-15	Zenytt116 1/2	BrowniePoints115 3/4	GingerPunch122 1/4	Unhurried, going away	6
LB116	*1.20	98-06	Zenyatta116 1/2	Tough Tiz's Sis122 3/4	RomanceIsDine122 3/4	Off slow, 3wd rally	6
LB119	*1.20	104-	Zenyatta119 3/4	Quite a Stormkat119 3/4	Down119 1/2	Off slow, 4wd bid, handy	7
LB122	5.50	97-07	Zenyatta122 3/4	Carmel Coffee122 1/2	Elusive Melody122 1/2	Rallied, ridden out	12



California



January 23 — Jockey Rafael Bejarano posed with Lakers Coach Phil Jackson at the L.A. Sports Council Awards Banquet following Bejarano's sweep of all the major 2008 race meets in Southern California. His feat was nominated as one of the top 10 greatest sports moments of all time.

January 2 – Santa Anita launched its “Free Fridays” promotion, which featured free general admission, free box seating, as available, and \$1 concessions, including beer, soda, hot dogs, popcorn, and coffee.

A resounding success, on-track attendance on Fridays increased by 55 percent and on-track handle on Fridays was up 15 percent for the meet.

February 8 – Frank Lucarelli earned his 1,000th training victory when he sent out Premier Diablo to win the first race at Golden Gate Fields.

February 14 – Chocolate Candy, racing on Valentine's Day, proved a sweet treat winning the Grade 3 \$200,000 El Camino Real Derby at Golden Gate Fields.

February 26 – John Harris was elected CHR B chairman and David Israel was elected vice chairman for 2009 by their fellow commissioners during the February 26 Board meeting.

March 5 – Magna Entertainment Corp. filed for Chapter 11 bankruptcy. MEC's assets include Santa Anita Park, Golden Gate Fields, San Luis Rey Downs Training Center, and XpressBet. The filing prompted the CHR B to conduct a special meeting March 6 in the first of many steps to protect the public, bettors, and racing industry.

March 7 – Helen Pitts became the first female trainer to win the Santa Anita Handicap when Einstein took the 73rd running of the Big 'Cap in front of 31,496 fans.

Highlights

April 4 – For the fourth consecutive year, an on-track crowd of more than 50,000 turned out on Santa Anita Derby Day, as 50,915 watched Pioneer of the Nile win under Garrett Gomez. The Bob Baffert trainee would go on to finish second in the Kentucky Derby.

April 24 – The CHRB authorized the Commerce Casino to accept wagers on horse races – the first of as many as 45 new mini-satellites that could open in California under a 2007 law.

April 24 – California racing commissioners indicated their willingness to consider requests, on a case-by-case basis, for a

waiver from the CHRB mandate for synthetic surfaces.

April 25 – Compari led all the way to an impressive victory over nine other Cal-breds in the \$250,000 Snow Chief Stakes at Hollywood Park.

June 5 – The CHRB authorized Hollywood Park to eliminate Wednesday programs and race four days a week through the end of its meet (July 19) and also approved the license application for Del Mar to race just five days a week – eliminating the traditional Monday program.

June 27 – Zenyatta cruised to a 2 ½-length victory over Briecat to stretch her unbeaten streak to 11 in the Grade I Vanity Handicap, completing a double at the Hollywood Park spring/summer meet for the second straight year. Earlier she won the Milady in her 2009 debut.

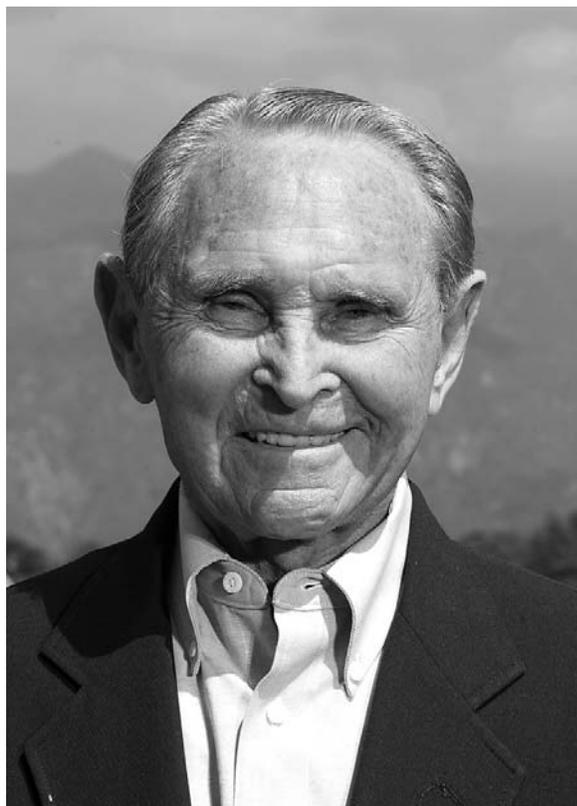
July 22 — Del Mar set a single-day attendance record on the opening day of its 70th race meeting when 44,907 came through the gates for the start of the seven-week summer season.

July 23 – The Sycuan Casino received approval from the CHRB to again offer simulcast wagering at the El Cajon facil-



March 25 — The Finish Line Sports Grill opened at Fairplex Park, and as this photo suggests, the upscale simulcast facility is very popular with racing fans. The Finish Line averages about \$200,000 daily in handle, and though admission is free, estimated attendance is about 600 daily.

California



July 5 — Retired jockey and former California steward Merlin Volzke received the Laffit Pincay Jr. Award honoring individuals who have served the sport with “integrity, extraordinary dedication, determination, and distinction.”

ity, which was had been closed since 2005 for extensive renovations.

July 25 — Del Mar had an official presentation of its new 30-foot-long, six-foot-high mural, painted by racing artist Pierre (PEB) Bellocq, depicting the history of the track in caricatures starting with founder Bing Crosby in 1937 and coming forward

to present day. Bellocq and nearly two dozen of his mural racing subjects were on hand to celebrate the unveiling.

August 27 – The CHRB waived its whip rule as it pertains to construction of whips



November 6 — Life Is Sweet and Garrett Gomez won the Breeders’ Cup Ladies Classic.

Highlights

specifically to allow for the use of a new style of whips described as being “kinder” and “safer” for horses. The Board later began the regulatory process to require the use of the new whips along with other regulatory amendments requiring the wearing of improved safety helmets and vests, all designed to protect racing participants.

September 6 — Upsetter Richard’s Kid came running late to capture the \$1 million Pacific Classic.

September 9 — Joel Rosario rode four winners on closing day at Del Mar, one of 18 times the jockey had multiple-win days

at the stand en route to a total of 55 victories and his first seaside riding title.

September 24 – Keith Brackpool and Richard Rosenberg were appointed by Governor Arnold Schwarzenegger to the CHRB – Commissioner Brackpool to a term that expires July 26, 2013, replacing former commissioner John Andreini, and Commissioner Rosenberg to a term that expires July 26, 2012, replacing former commissioner Richard Shapiro.

September 27 – Snowbound Superstar set an all-time record for consecutive victories by a quarter horse when he won the Red



BENOIT PHOTO

September 4 — Dominic “Bud” Alessio accepted a resolution from CHRB Commissioner Bo Derek, who chairs the CHRB Safety Committee, and Executive Director Kirk Breed (right). Alessio accepted the resolution for the contributions made by his father, John Alessio, in developing the first “Caliente” safety helmet, credited with preventing serious injuries to riders over the decades.

California

Cell California Distance Challenge at Los Alamitos.

October 3 – California Cal Cup Day showcased 69 California-breds competing for nearly \$1 million in purses during the Oak Tree meet at Santa Anita before a crowd of 17,576.

October 16 – Golden Gate Fields was given the 2009 StopWaste Partnership Business Efficiency Award for excellence in environmental performance during a ceremony sponsored by Bay Area environmental agencies. Among Golden Gate's accomplishments were its imposition of new water and energy conservation measures and its creation of a recycling program.

October 28 – Trainer Steve Specht scored the 1,000th victory of his career when Veillit won the fifth race at Golden Gate.

October 30 – Santa Anita Park was given full accreditation by the Safety and Integrity Alliance of the National Thoroughbred Racing Association in recognition of Santa Anita's commitment to safety and welfare issues.

October 31 – A Los Alamitos record pool for the late Pick Four of \$92,125 was set during the Bank of America Racing Challenge Night.



November 7 — Jockey Lanfranco Dettori performed his famous flying dismount after victory with Posed in the Breeders' Cup Juvenile Turf.

November 5 – John Harris received the Race Track Chaplaincy of America Award during the White Horse Heroes luncheon at Santa Anita Park (Oak Tree) – honoring the hundreds of heroes who spend innu-

Highlights

merable hours serving the people and horses in the horse-racing industry.

November 27-28 – Humberto Ascanio, the 35-year assistant to the late trainer Bobby Frankel, saddled Grade I winners on back-to-back days, connecting with Fluke in the \$300,000 Citation and with Ventura in the \$300,000 Matriarch at Hollywood Park’s 18th Turf Festival. Days before his death from lymphoma, Frankel convinced Juddmonte Farms to delay Ventura’s retirement, confident she could go out a winner in the Matriarch.

November 29 – Governor Arnold Schwarzenegger appeared at Hollywood Park in honor of the undefeated champion mare Zenyatta and her “team.” The governor participated in a winner’s circle ceremony with owners Ann and Jerry Moss and jockey Mike Smith.

December 11 — Joel Rosario equaled the Hollywood Park record originally set by Bill Shoemaker in 1953 with six wins.

December 12 – Freaky, the nation’s top ranked quarter horse, won the Champion of Champions at Los Alamitos.

December 26 – A crowd of 35,292 opened the 2009-2010 Santa Anita meet. Among



December 8 — “Team Zenyatta,” represented here by owners Jerry and Ann Moss, received the 2009 Big Sport of Turfdom Award from the Turf Publicists of America. Other members of the team include jockey Mike Smith, trainer John Shirreffs, and John’s wife, Dottie, the racing manager. The award is presented annually to a person or group of people who enhance coverage of thoroughbred racing through cooperation with the media and racing publicists.

the highlights were the appearance of Zenyatta, who paraded in front of the grandstand, and the unveiling of a life-sized bronze of the legendary Hall of Fame gelding John Henry, sculpted by Nina Kaiser and placed in the Paddock Gardens.



November 6 — Informed Decision carried Julien Leparoux to victory in the Breeders' Cup Filly and Mare Sprint.



November 6 — Tapitsfly and Robby Albarado headed for the winner's circle after victory in the Breeders' Cup Juvenile Fillies Turf.



November 7 — Goldikova and Olivier Peslier won the Breeders' Cup Mile for a second straight year.



November 7 — Vale of York's trainer, Saeed Bin Suroor, and jockey, Ahmed Ajtebi, congratulated each other after winning the Breeders' Cup Juvenile.



November 6 — She Be Wild's trainer, Wayne Catalano, and jockey, Julien Leparoux, celebrated after winning the Breeders' Cup Juvenile Fillies.



November 6 — Man of Iron and John Murtagh held off rivals to win the Breeders' Cup Marathon.



November 7 — Conduit and Ryan Moore won the Breeders' Cup Turf.



November 6 — Midday and Thomas Queally won the Breeders' Cup Filly & Mare Turf.

November 7 — Dancing in Silks and Joel Rosario, (left) battled with leaders at the top of the stretch and then went on to a slim victory in the Breeders' Cup Sprint.



November 7 — California Flag and Joseph Talamo won the Breeders' Cup Turf Sprint.

November 7 — Furthest Land and Julien Leparoux captured the Breeders' Cup Dirt Mile.



The California Horse Racing Board

History and Mission Statement

Horse racing has been taking place in California since the 1800s, but horse racing as we now know it — under the pari-mutuel wagering system — was not made possible until the electorate passed a Constitutional Amendment in 1933. Horse racing law has since been regularly modified, amended, and enhanced to provide for the regulation of live racing, off-track wagering, interstate and international wagering, and online wagering.

The expressed intent of the Horse Racing Law is to allow pari-mutuel wagering on horse races and:

- ◆ Assure protection of the public.
- ◆ Encourage agriculture and the breeding of horses in this state.
- ◆ Provide uniformity of regulation for each type of horse racing.
- ◆ Provide for maximum expansion of horse-racing opportunities in the public interest.

To accomplish this, the Constitutional Amendment authorized pari-mutuel wagering on the results of horse races at licensed race meetings and created the California Horse Racing Board to oversee the industry's activities in this state. In addition, as a member of the Association of Racing Commissioners International (RCI), the Board exchanges information on licensees and disciplinary proceedings with other commissions of the RCI through the National State Racing Information System.

Mission Statement: The California Horse Racing Board regulates

pari-mutuel wagering for the protection of the betting public and carries out the requirements of the Horse Racing Law to ensure safe and fair racing and wagering opportunities.

The Board is a seven-member commission appointed by the Governor. It directs a statewide staff in the licensure and oversight of all race meetings in the state where pari-mutuel wagering is conducted, as well as off-site simulcast wagering locations and Internet-based Advance Deposit Wagering companies. Principal activities of the Board include:

- ◆ Adopting rules and regulations to protect the betting public and ensure the safety of the human and equine participants.
- ◆ Licensing racing associations and racing-industry participants and officials.
- ◆ Allocating racing days and charity days conducted by racing associations and fairs.
- ◆ Encouraging innovative expansion of wagering opportunities, such as mini-satellites.

- ◆ Monitoring and auditing pari-mutuel handle and takeout, and the appropriate use of takeout distributions.
- ◆ Assessing racing surfaces to determine safety standards for the benefit of the participants.
- ◆ Enforcing laws, rules, and regulations pertaining to horse racing in California.
- ◆ Acting as a quasi-judicial body in matters pertaining to horse-racing meets.
- ◆ Collecting the State's lawful share of revenue derived from horse-racing meets.

The following pages explore some of these programs and functions in more depth.

Members of the California Horse Racing Board

The California Horse Racing Board consists of seven members appointed by the Governor, generally to four-year terms, who are subject to Senate confirmation. Members are eligible for reappointment at the discretion of the Governor. The terms are specific; no more than two of the terms expire in any calendar year.

At least four members of the Board must concur in the taking of any official action or in the exercise of any of the Board's duties, powers, or functions. The member commissioners elect their chairman, who presides over meetings of the Board. The members also elect a vice chairman to preside in the absence of the chairman.

Commissioners receive a per diem of \$100 for each day spent in attendance

at meetings and are reimbursed for traveling and other expenses necessarily incurred in the performance of their official duties.

Committees Of The Board

In accordance with the Bagley-Keene Open Meeting Act, the executive director is directed to provide public notice of a meeting of a standing committee, other than a meeting of the Stewards'

Committee. Whenever a Board quorum is expected at any meeting of a committee, the executive director shall give notice that the meeting is a Special Meeting of the California Horse Racing Board limited to the agenda, the items to be discussed at the meeting, and the expected commissioners in attendance so that legal notice may be published.



John C. Harris,
Chairman

Chairman and CEO of Harris Farms, Inc., in Coalinga. Appointed to the CHR B by Governor Gray Davis on November 9, 2000, through July 26, 2003. Reappointed by Gov. Davis through July 26, 2007. Reappointed by Gov. Arnold Schwarzenegger through July 26, 2011. CHR B Chairman in 2004 and 2005. Re-elected chairman in 2009.



David Israel,
Vice Chairman

Former syndicated newspaper columnist, now a television and movie writer and producer, president of Contentious Content Creation & Pictures, Ltd.. Appointed to the CHR B by Governor Arnold Schwarzenegger on July 15, 2008, through January 1, 2010. Vice Chairman in 2009.

Members of the California Horse Racing Board



**Keith Brackpool,
Member**

Co-founder of Cadiz, Inc., a publicly held land and water resource management company
Appointed to the CHRFB by Governor Arnold Schwarzenegger on September 24, 2009 through July 26, 2013.



**Jesse H. Choper,
Member**

Earl Warren Professor of Law at the University of California, Berkeley.
Appointed to the CHRFB by Governor Arnold Schwarzenegger on March 30, 2007, through January 1, 2011.



**Bo Derek,
Member**

Actress, active in humanitarian efforts for people and animals.
Appointed to the CHRFB by Governor Arnold Schwarzenegger on July 15, 2008, through January 1, 2010.



**Jerry Moss,
Member**

Co-founder of A&M Records and Rondor Music. Appointed to the CHRFB by Governor Arnold Schwarzenegger on February 24, 2004, through January 1, 2008.
Reappointed by Governor Schwarzenegger through January 1, 2012.



**Richard Rosenberg,
Member**

Former worldwide head of the Music Department of the William Morris Agency, later became a member of the executive committee.
Appointed to the CHRFB by Governor Arnold Schwarzenegger on September 24, 2009 through July 26, 2012.



**John Andreini,
Former Member**

Founder of Andreini and Company.
Appointed to the CHRFB by Governor Arnold Schwarzenegger on October 14, 2005, through July 26, 2009.

Board and Committee Meetings

The California Horse Racing Board met nine times throughout the state during 2009. Board meetings are open to the public and include a published agenda. The following nine meetings were held:

January 15, 2009
Santa Anita Park
February 26, 2009
Santa Anita Park
March 19, 2009
Golden Gate Fields

April 24, 2009
Hollywood Park
June 5, 2009
Santa Anita Park
July 23, 2009
Del Mar Simulcast Facility

August 27, 2009
Del Mar Simulcast Facility
October 15, 2009
Harris Ranch Inn
November 17, 2009
Golden Gate Fields

Standing Committee Meetings Held in 2009

MEDICATION COMMITTEE

Commissioner John Harris,
Chairman
Commissioner Bo Derek

The Committee met July 24, 2009, to discuss the regulation of anabolic steroids and cortisone, procedures for equines listed as injured and unsound, possession of contraband during recognized race meetings, and TCO2 testing.

SAFETY COMMITTEE

Commissioner Bo Derek,
Chair

The Committee met September 4, 2009, to address issues relating to safety helmets, safety vests, and whips, which led to recommendations for regulatory amendments for improved safety.

RACE DATES COMMITTEE

Commissioner John Harris,
Chairman
Commissioner Keith Brackpool
Commissioner Jesse Choper

The committee met October 14, 2009, to discuss the allocation of race dates for 2010 and beyond.

SPECIAL AD HOC COMMITTEE

The Board convened a special meeting on March 6, 2009, in light of the bankruptcy filing of a racing operator, Magna Entertainment Corp., to discuss the protection of the public and racing patrons, as well as the Advance Deposit Wagering (ADW) operator's status and other related matters.

RCI COMMITTEES

Members of the Board and CHRB staff members participated in committee functions of the Association of Racing Commissioners International. Executive Director Kirk Breed served on the Drug Testing Standards and Practices, Wagering Security Systems, and Standardbred Racing Committees. Equine Medical Director Dr. Rick Arthur served on the Regulatory Veterinary Committee. Senior Management Auditor Francisco Gonzalez served on the Pari-Mutuel Auditors Committee.

CHRB Operating Budget

July 1, 2008 – June 30, 2009

Appropriations	Item	Total
Personal Services	\$4,373,000	
Operating Expenses	6,694,000	
Total Appropriation		\$11,067,000
Expenditures — Personal Services		
Salaries and Wages	\$3,081,000	
Staff Benefits	1,174,000	
Total Personal Services		\$4,255,000
Operating Expenses and Equipment		
General Expense	235,000	
Printing	38,000	
Communications	37,000	
Postage	10,000	
Travel-in-State	190,000	
Travel-out-of-State	6,000	
Training	4,000	
Facilities Operation	181,000	
Contractual & Professional Services-Interdepartmental	900,000	
Contractual & Professional Services-External	4,300,000	
Consolidated data center: Stephen P. Teale Data Center	238,000	
Central Administration Services: Pro Rata	341,000	
Equipment	83,000	
Total Operating Expenses and Equipment		\$6,563,000
Total Expenditures		* \$10,818,000
Unexpended Balance FY 2008-09 to be reverted to General Fund		249,000
Total Expenditures & Unexpended Balance		\$11,067,000

* Includes year-end accruals

During 2009 the CHRB entered into a new era of funding for its safety, regulatory, and oversight practices. Senate Bill 16-2X created a mechanism by which the CHRB would develop a funding formula based on the last completed year's license fee revenue. Each racing association and fair would pay license fees based on a reduced percentage of what would have been required without this bill. Board staff developed a model that was shared in consultation with industry representatives who agreed and implemented the methodology. As a result, the CHRB receives its full budgeted funding, and the industry receives approximately \$20 million in license fee relief, split between purses for the horsemen, and commissions for the associations and racing fairs.

State Operations

Horse Racing's specialized and complex regulatory requirements drive the Board's organizational structure and determine the responsibilities for its operational divisions.

The Board appoints an executive director to carry out its objectives. The executive director, Kirk Breed, is responsible for the department's operations and regulation of the horse-racing industry. Breed is supported in this regard by the assistant executive director, Richard Bon Smith, and general coun-

sel, Robert Miller, as well as by supervisory personnel and staff at CHRB offices and at all of the state's racetracks.

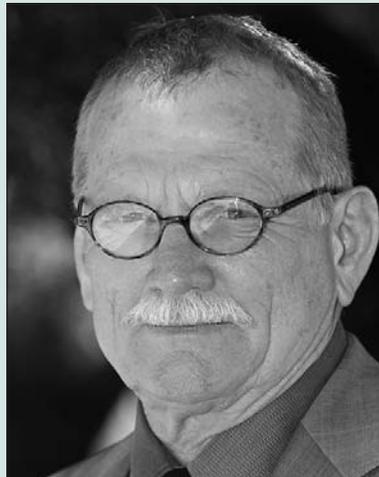
The executives and management team plan and oversee the Board's budget and direct the department's operational divisions: Administrative Services, Legislation and Regulations, Audits, Licensing, Information Technology, and Enforcement.

Horse racing's dynamics, complexity, and broad geographical base place a tremendous responsibility on the

Board's staff. To assist in this day-to-day oversight, the Board contracts with stewards and veterinarians for on-track activities, and with the University of California, Davis, for drug testing and safety-related services.

The horse-racing industry operates seven days a week — 365 days a year. Even when there is no live racing, the stable areas and training facilities remain active. To meet the demands associated with this schedule, the executives and key managers remain available at any hour of the day.

**Kirk Breed,
Executive Director**
Appointed February 25,
2008. Previously a lobbyist in
Sacramento specializing in
horse-racing matters.



ENACTED LEGISLATION

The following 10 horse-racing bills were chaptered in 2009:

**SB 16–2X – Senator Roy
Ashburn; Chapter 12**

Provides that in lieu of any license fee payable to the state prescribed for or referred to in specified provisions of the Horse Racing Law, any association or fair that conducts a racing meeting shall pay a license fee to fund the California Horse Racing Board and the equine drug testing program in accordance with a formula devised by the Board in consultation with the industry. This bill also requires, effective July 1, 2009, and each July 1 thereafter, the transfer of \$32,000,000 from the General Fund to be paid into the State Treasury to the credit of the separate account of the Fair and Exposition Fund created for satellite wagering revenues, and provides for a continuous appropriation of those moneys for allocation for the financial support of the network of California fairs.

**SB 254 – Senator Patricia
Wiggins; Chapter 42**

Requires any sale, purchase, or transfer of an equine, as defined, to be accompanied by a written bill of sale setting forth the purchase price and signed by both the purchaser and seller or their duly authorized agents, and makes it unlawful for a person acting as an agent to receive in excess of \$500 in compensation or in other items of value, related to that transaction, other than from the agent's principal, unless certain conditions are met. The bill allows any person injured by a violation of SB 254's provisions to recover treble damages and provides that the Board may suspend or revoke the license of any person who violates these provisions.

**SB 517 – Senator Dean
Florez; Chapter 636**

Allows a thoroughbred racing association or racing fair, upon the filing of a written notice with the CHRB, and with the approval of the CHRB and the consent of the thoroughbred horsemen's organization, to 1) alter the amount deducted from the total amount handled on any type of wager, provided the amount deducted is not less than 10 percent or more than 25 percent; 2) modify or redirect the statutory distributions from the amount deducted, with the exception of amounts payable for support of the CHRB and the equine drug-testing program, upon approval of the CHRB and the entities affected by the modification or redirection; and 3) establishes specific reporting requirements in the event changes in the amount deducted or modifications to statutory distributions are approved by the CHRB.

**SB 693 – Senator Tom
Harman; Chapter 63**

Requires satellite wagering commissions to be reduced in proportion to the times that satellite wagering is conducted if a satellite wagering facility is unwilling or unable to accept all of the signals that are available to that facility, and requires the satellite wagering commissions to be eliminated entirely if a satellite wagering facility is permanently closed. The bill provides that the satellite wagering commissions not paid shall be proportionately redistributed to the other eligible satellite facilities.

**SB 766 – Senator Gloria
Negrete Mcleod;
Chapter 616**

Allows the CHRB, upon the filing of a written notice by the organization governing the Marketing Promotion Fund and workers' compensation, to approve a request for reallocation of uncommitted surplus funds in said funds to any other horse racing fund created pursuant to the Horse Racing Law.

AB 136 – Assembly
Member Jim Silva; Chapter
221

Deletes the limitation on the total number of harness races or quarter-horse races that may be imported into California in a calendar year by a harness or quarter-horse racing association.

AB 246 – Assembly
Member Curren Price;
Chapter 226

Requires 1) a person licensed to conduct a horse-racing meeting to hold in trust funds for distributions made pursuant to the Horse Racing Law until the funds are paid to the various distributees; 2) declares the funds held in trust are not the property of the racing association and are not to be used by the racing association for any purpose other than for payment to the distributees as directed by the Horse Racing Law and that the funds are to be held in a separate depository account until they are actually distributed as provided by statute; 3) authorizes harness and quarter horse racing associations, with approval of the CHRB, to deduct up to 2 percent more from the total amount handled in the pari-mutuel pool for any type of wager than was authorized on May 1, 2009. Of the increase, up to one percent of the first \$50,000 handled would be distributed to eligible satellite wagering facilities, as specified, and the remainder of the funds shall be distributed with 50 percent to horsemen and 50 percent to the racing association.

AB 763 – Assembly
Member Wesley Chesbro;
Chapter 122

Permits, during calendar periods when a thoroughbred association or fair in the northern zone and the Humboldt County Fair simultaneously conduct live race meetings, the Humboldt County Fair and a thoroughbred association in the southern zone when conducting a live race meeting to accept wagers on the result of not more than eight out-of-state thoroughbred horse races in addition to those already authorized in law, under specified conditions.

AB 1499 – Assembly
Member Noreen Evans;
Chapter 151

Reinstates a program that allows an additional 0.5 percent deduction, pursuant to approval from the CHRB and the horsemen's organization contracting with the fair, from the total amount handled in exotic pari-mutuel pools of races for any breed, other than races solely for thoroughbreds, at a fair to be placed in a fund to defray workers' compensation insurance costs for trainers and owners who are racing breeds other than thoroughbreds at a fair.

AB 1575 – Assembly
Committee on
Governmental
Organization;
Chapter 650

Allows thoroughbred racing associations, contingent upon the consent of the racing association, horsemen's organization and approval of the CHRB, to increase the amount deducted from the total amount handled at satellite wagering facilities on conventional and exotic wagers, to be distributed to simulcast wagering organizations for operating expenses, from a minimum of 2 ½ percent to a maximum of 4 percent; 2) revises the manner in which supplemental purses are distributed and received by the Los Angeles County Fair from wagering on thoroughbred horse racing conducted at the 22nd District Agricultural Association (Del Mar); 3) allows the Secretary of Food and Agriculture to allocate an amount up to \$1,100,000 from the Fairs and Exposition Fund to supplement purses at fairs that conduct a live horse-racing meeting; 4) provides that oral examinations for stewards be conducted by a panel of not less than three members of the Board; 6) provides that oral examinations of official veterinarians be conducted by a panel of not less than one member of the Board, the Equine Medical Director, and the Executive Director of the Board, and 5) adds outriders to the list of racing officials.

Licensing

The CHRB licensing unit, managed by the chief investigator, is comprised of two racing license supervisors and eight racing license technicians assigned to the thoroughbred, quarter horse, and harness venues. During a licensed racing meet at any of 13 racetracks in the state, a licensing field office of the Board is established at the operating facility.

The licensing unit issued 10,313 original, renewal, or duplicate licenses in FY 2008-09. Licenses issued included 3,723 new or renewal owner licenses, 429 new or renewal trainer or assistant trainer licenses, 136 new or renewal jockey or apprentice jockey licenses, 2,425 new or renewal groom or stable employee licenses, and 979 new or renewal pari-mutuel clerk licenses as well as many other classes of occupational licenses. The issuance of these licenses generated \$1,034,130 in licensing fee revenue.

The live-scan fingerprint technology and digital photograph identification card system continued to streamline the licensing process. The applicant's fingerprints were digitally captured and the fingerprint image transmitted

to the California Department of Justice and the Federal Bureau of Investigation National Crime Information Center (NCIC) databases. The NCIC database contains criminal history information from federal, state, local, U.S. territory, and foreign criminal justice agencies as well as authorized courts. License applicants were screened for disqualifying criminal histories by querying these automated criminal history records. Additionally, all CHRB licensees were subjected to the same criminal history checks upon scheduled license renewal intervals.

The licensing staff verified that all licensed trainers had the required workers' compensation insurance. The racing program was checked daily to ensure that participants were properly

licensed. Racing license technicians are trained on the complex circumstances of multiple partnerships, racing syndications, stable names, and various types of corporations, so they were able to explain the requirements to applicants and assist them in selecting the type of license that best met their needs. As part of the verification process, the racing license technicians utilized computer databases, consulted with other racing jurisdictions, and they also worked closely with CHRB enforcement personnel.

Enforcement

The ENFORCEMENT DIVISION is comprised of one chief investigator, five supervising special investigators, and 14 senior special investigator positions, all sworn peace officers. Their primary duty is enforcement of the Horse Racing Law, CHRB rules, and other provisions of California law.

Additionally, the Enforcement Division staff includes one management service technician who manages the evidentiary split-sample program. During a licensed racing meet at any of 13 racetracks in the state, an enforcement field office is established at the operating facility. This field office is staffed with investigative personnel who investigate all observed or reported offenses.

The Enforcement Division screened all new license applicants for disqualifying criminal histories by querying automated criminal history records maintained by the California Department of Justice (DOJ) and Federal Bureau of Investigation National Crime Information Center (NCIC), which contains criminal history information from federal, state, local, U.S. territory, and foreign criminal justice agencies as well as authorized courts. All licensees were subjected to the same criminal history checks upon scheduled license renewal intervals.

The CHRB received automated arrest notification from the DOJ on current licensees. In the case of a first-time applicant, this information may have resulted in the denial or termination of a license if the applicant failed to accurately report the arrest and/or conviction record when the application was submitted. Occupational licenses were not issued to applicants who failed to meet established criteria or because grounds existed to refuse or deny the license. Such refusals were without prejudice to the applicants, and the applicant was permitted to reapply if the licensing criteria were met. In the case of a subsequent arrest or conviction, the criminal activity may have resulted in adjudication before the Board of Stewards. This process is an effective means of preventing or removing those involved in criminal activities from California horse racing. The CHRB is committed to ensuring the integrity of horse racing and the safety of CHRB licensees and the public.

The CHRB also obtains horse-racing background information on license applicants through the computerized national index of the Association of Racing Commissioners International.

The Enforcement Division conducted 1,249 investigations of observed or reported offenses, which resulted in the service of 601 administrative action complaints against licensees for a multitude of alleged violation and 913 rulings by the stewards for violations of racing infractions, misconduct concerning entry or procedure, conduct of financial affairs, improper medication practice, fitness for continued licensing, medication and substance violations, failure to appear, possession of contraband, intoxication/alcohol or controlled substances, and other rule or law violations. These rulings resulted in fines totaling \$270,385 and the issuance of license suspensions totaling 3,178 days or 8.7 years.

Board investigators maintained a close liaison with municipal, state, and federal law enforcement agencies, as well as local enforcement officers assigned to anti-gambling operations and narcotics task forces. Local policing authorities often work in conjunction with Board Investigators concerning matters of mutual interest.

During this reporting period, Board investigators in conjunction with the Los Angeles County District Attorney's Office sought and obtained felony arrest warrants for two licensees alleging a violation of California Penal Code section 597(b), Cruelty to Ani-

mals. One of the pending felony cases is pending adjudication because the licensee has fled. The second felony case resulted in a guilty verdict by jury.

Board investigators, in conjunction with a city or county housing authority, conducted backstretch worker housing inspections of racetracks, which provide backstretch worker housing facilities. Investigators conducted weekly sanitation facility inspections and pre-meet backstretch inspections to make certain that required standards for safety, access, maintenance, cleanliness, and officiating equipment were being met. Investigators also conducted numerous searches of vehicles and barns, including stalls and tack rooms, in conjunction with the investigation of medication violations. Investigators managed a human urine collection and presumptive testing for controlled substances pursuant to licensee drug screening agreements. Investigators assisted out-of-state racing commissions as part of cooperative agreements.

Investigators conducted random compliance inspections of simulcast wagering facilities. These inspections focused on the overall facility operation in addition to compliance with the CHRB rules. Satellite uplink and downlink equipment also was examined. Including the major racetracks, racing fairs, and Indian casinos, there are currently 33 simulcast wagering facilities located throughout the State of California.

Appointed CHRB Officials — FY 2008–09

STEWARDS

Grant Baker
Scott Chaney
Albert Christiansen
James Dreyer
Martin Hamilton
John Herbuveaux
Steffan Imhoff

Luis Jauregui
Darrel McHargue
William Meyers
Rueben Moreno
Dennis Nevin
Paul Nicolo
Wayne Oke

Brent McLaren
Marie Peluso
Kim Sawyer
George Slender
Thomas Ward
Randy Winick

OFFICIAL VETERINARIANS

Dr. Jill Bailey
Dr. Gary Beck
Dr. B. William Bell
Dr. Donald Dooley

Dr. Jennifer Durenberger
Dr. Robert Goodbary
Dr. Robert Guillen
Dr. Joan Hurley

Dr. Diane Isbell
Dr. Heather Kerr
Dr. Timothy Connor

VETERINARIAN'S ASSISTANT

Kristin Grimsrud

Racing Supervision

The responsibility for onsite supervision of race meetings is placed with racing officials appointed or approved by the Board. The racing officials are the stewards, associate judges, paddock judges, patrol judges, starters, clerks of scales, official veterinarians, racing veterinarians, horse identifiers, horseshoe inspectors, and timers. The stewards have overall responsibility for the conduct of the race meetings.

The Board selects and contracts with stewards based on their experience and expertise. Each panel of three stewards at a race meeting has been delegated the powers and duties necessary to ensure the integrity of racing and to oversee compliance with the Horse Racing Law and all CHRB rules and regulations. In addition, associate stewards liaise between the stewards in the stand and CHRB investigators on the backstretch.

The Board directly appoints the stewards and official veterinarians, while the other racing officials are nominated by the racing associations subject to the Board's approval.

The Legislature provides an annual appropriation to meet the costs of direct racing supervision. The allocation for FY 2008-09 was \$2.2 million for stewards and official veterinarians. Other racing officials were paid by the associations in the manner prescribed and agreed to by the Board.

Acting for the Board in all matters relating to the race meetings assigned to them, the stewards used their delegated authority for the following:

- ◆ Oversaw entries, declarations, and the placing of horses for the official order of finish.
- ◆ Conducted administrative hearings on matters involving racing infractions and other racing offenses.
- ◆ Issued rulings based on those hearings to impose suspensions of license, impose fines, and/or bar individuals from the enclosure for racing offenses.
- ◆ Presided over examinations required for certain classes of licenses.

- ◆ Made recommendations to the Board regarding the qualifications and fitness for licensure of applicants referred to them by the Board's licensing staff.

- ◆ Maintained minutes of all such proceedings for review by the Board and the public.

As requested by the Board and horse-racing industry stakeholders, the stewards contributed to the "transparency" of the Board's oversight in the inquiry process by having their race reviews shown over the closed-circuit monitors on track and at simulcast facilities while they conducted those inquiries. To help enhance the public perception of horse racing, the stewards appeared on television and attended public gatherings at which they described their roles, answered questions, and in general educated the public as to the role and effectiveness of CHRB regulation of the horse-racing industry.

During the year, the stewards attended Stewards' Committee meetings. These meetings allowed them to discuss issues, rule changes, and interpretations of policy and to receive information. The gatherings also enabled them to share their own views and experiences relating to race reviews, veterinary practices, proper administrative hearing procedures, public relations, and other important matters relating to their work. The meetings and training sessions helped them remain current on all laws, regulations, and Board policies, contributing to the goal of ensuring that all stewards' decisions are made in a fair and consistent manner throughout the state.

The official veterinarians overseen by the equine medical director (Dr. Rick Arthur), enforced those CHRB regulations relating to veterinary practices, medication, and the health and welfare of the horse. They supervised operations of the receiving barn, the collection of urine and blood samples for testing, and the preparation and documentation of the samples to be transported to the laboratory.

The official veterinarians consulted with the CHRB's equine medical director and with the track veterinarians, examined horses for fitness, maintained a health and racing soundness record for each racehorse eligible to compete at a meeting, reviewed confidential reports of all veterinary treatments of horses under their general supervision, maintained a listing of infirm horses, maintained records of accidents and injuries, approved all prescribed therapeutic treatment regimens, and otherwise acted as the Board's veterinary advisors for each race meeting.

The horse identifiers accurately identified approximately 10,000 of all breeds of racehorses who, in order to compete at licensed race meetings in California, had to be identified before starting in any race. The horse identifiers supervised the tattooing of horses and maintained that information in the identification records of each horse, along with photographs and other information relating to unique markings, color, pedigree, and a narrative description.

California Horse Racing Information Management System (CHRIMS)

California is the only state with a statewide pari-mutuel database providing services to racetracks, horsemen, and government. Services provided by CHRIMS include data collection, takeout calculation, database management, software development, pari-mutuel accounting, money room balancing, customer resource management, and statistical analysis.

CHRIMS is a not-for profit, mutual benefits corporation whose members include Northern California Off-Track Wagering Inc. and Southern California Off-Track Wagering Inc. A seven-member board of directors, which includes representatives from day and night racing associations, horsemen, and racing fairs, oversees the CHRIMS operation.

The CHRIMS databases contain California wagering and attendance data dating back to 1985. The database applications fulfill the various needs and demands related to elements such as pari-mutuel settlements and accounting, account wagering, net pool pricing, customer rewards, runner statistics, and trend analysis.

CHRIMS has been instrumental in helping the California racing industry cope with the demands associated with the huge challenges that have resulted from the changing landscape of

pari-mutuel wagering during the past 20 years. Specialized applications enable data technicians to electronically collect wagering data and calculate the distribution of takeout based upon California pari-mutuel horse racing law and contractual business rules.

CHRIMS daily downloads from various totalizator systems pari-mutuel data including wagers, takeout commissions, breakage, minus pool, runner pay, refund, uncashed ticket, and voucher information. The raw data is translated into the CHRIMS database parameters. CHRIMS data can be sorted by a myriad of criteria, including by race, pool, host track, location of bet, breed, zone, zip code, state, wagering device, and stop betting time. CHRIMS connects to and downloads data from AmTote, United Tote and Scientific Games Racing, and the four licensed California Advance Deposit Wagering (ADW) companies, which are TwinSpire, TVG, YouBet, and XpressBet.

CHRIMS has expanded its original scope of services. It now partners with the California Marketing Committee on its technology projects, manages the intrastate tote wagering telecommunications network, and provides data relating to the specifics of races (distance, surface, class, etc.) via downloads from Equibase.

CHRIMS also expanded its services to racetracks outside California, including Gulfstream Park, Keeneland, The Red Mile, Aqueduct, Belmont, and Saratoga.

CHRIMS processes host fees and settlements for European Wagering Services. CHRIMS Inc. receives a substantial portion of its funding from the unredeemed vouchers account. During 2008 this portion amounted to \$635,836.

Laboratory Services

To protect animal health and uphold the integrity of the racing industry, the California Horse Racing Board requires analysis of post-race blood and urine samples from horses in competition. The Kenneth L. Maddy Equine Analytical Chemistry Laboratory is the authorized equine drug-testing laboratory for California horse racing. The laboratory offers full-service, routine drug testing of over 85,000 samples each year. Program funding comes from a portion of California wagering revenues. Faculty and staff also develop highly specialized methods to document the effects of certain drugs and other substances on equine performance.

The CHRB analyzed 44,834 post-race urine and blood samples, including in-depth testing of 15,156 for anabolic steroids, 40,166 TCO2 blood samples, 1,013 out-of-competition blood samples, and 116 evidence submissions in FY 2008-09. The cost to the CHRB was \$1,987,250.

Urine and blood samples are obtained post-race from the winner of every race, the horses finishing second and third in certain stakes races, and from any other horses selected at random from each program, as well as other horses designated by the stewards.

The testing of post-race samples is the backbone of the CHRB's drug regulation program. Post-race testing includes in-depth testing for over 45 androgenic anabolic steroids.

Out-of-competition samples are drawn from horses within CHRB enclosures, not entered to race, and specifically tested for blood doping agents or other drugs of special interest. Evidence submissions are samples from random confiscation of race-day bleeder-medication syringes and random and non-random barn and vehicle inspections.

Thoroughbreds are subject to pre-race TCO2 testing to regulate bicarbonate loading, a prohibited practice known as "milkshaking." Harness horse TCO2 testing is done 90 minutes

post-race on winners, while other horses are selected for testing both pre-race and post-race. The CHRB thoroughbred program is in compliance with the Racing Medication and Testing Consortium (RMTC) Best Practices recommendations and the Association of Racing Commissioners International (RCI) proposed model rule for TCO2 testing.

Out-of-competition testing was conducted throughout the fiscal year. Out-of-competition testing is critical for compliance in human sports testing and is absolutely necessary to detect certain prohibited drugs. Out-of-competition testing targeted blood doping agents such as erythropoietin and darb-erythropoietin. The program allows more in-depth analysis of routine samples. In addition, the Maddy Laboratory maintains a portion of every urine sample for retrospective testing should a new test become available. Preparation is underway for retrospective testing for growth hormone in FY 2009-10. Combined with out-of-competition testing, the CHRB is positioned to be well prepared for the next generation of performance-enhancing drugs.

The Maddy Laboratory was re-accredited by the American Association for Laboratory Accreditation to the international ISO 17025:2005 standards, one of three racing laboratories in the United States so accredited. The

Maddy Laboratory utilizes state-of-the-art scientific instrumentation, including LC-MS screening processes. The combined testing panel covers over 850 drugs utilizing spectral library for forensic identification. The Maddy Laboratory routinely adds new drugs and updates its metabolite profiles as new information becomes available.

The CHRB uses scientific research data to make regulatory decisions. Researchers have evaluated the effects of prescribed medications, unauthorized drugs, and other substances on the performance of horses. Examples include determining the length of time required for clearance of androgenic anabolic steroids from a horse's system, potential performance effects of TCO2 levels on performance, and residue levels of therapeutic medications like methocarbamol and detomidine. Recent research projects in pharmacology focus on controlled studies to establish more effective drug treatments, dosages, and clearance times that currently do not exist for many of the hundreds of therapeutic drugs in use. UC-Davis School of Veterinary Medicine faculty also provides consultations with veterinary professionals seeking to better treat their horses and comply with horse-racing rules.

Track Safety Program

Enforcement of track safety standards and backstretch housing standards programs continued in 2009. All segments of the horse-racing industry provided full cooperation in these important efforts.

The California horse-racing industry, in partnership with the CHRB, is dedicated to ensuring that racetracks are safe for horsemen, equine athletes, and the public.

The track safety program established standards that govern the state's entire racing and sanctioned training facilities. The rules that govern the program set standards for rails on the racetrack, outline the renovation requirements for dirt tracks, address maintenance of dirt racetracks, and provide the criteria that must be met by facilities operating golf courses on the infield.

Racing associations and racing fairs that submitted applications for a race meeting were inspected and monitored to determine compliance with established safety standards regulations. Racing associations promptly

corrected deficiencies noted in the inspections, bringing California's racing facilities into compliance with safety standards and conditions.

The backstretch housing inspection program, which complements the track safety inspections, was continued in 2009. The program established standards that provide the basic conditions for habitable rooms on the backside. Each racing association and fair submitting an application for license to conduct a race meeting was inspected and monitored for compliance with backside housing standards. If a deficiency was noted during an inspection, it was corrected by the industry. To ensure ongoing compliance with the Board's requirements for backside sanitation facilities, an inspection program was initiated in 2008. Board investigators regularly checked those facilities.

In 2006, in its commitment to ensuring the safest racetracks for its equine athletes, the Board adopted an amendment to its rules requiring the installation of synthetic racing surfaces at all racetracks offering four or more continuous weeks of thoroughbred racing. All four major thoroughbred facilities now have synthetic surfaces. In 2009, while those racetracks continued to improve, renovate, and maintain the synthetic surfaces to meet ongoing challenges, the CHRB began its own initiative to better understand synthetic surfaces. The CHRB appointed safety stewards at major CHRB race meets specifically to monitor track and other safety issues. This program is expanding in FY 2009-10 with the Board more closely monitoring track surfaces, track maintenance procedures, meteorological parameters, and injury data.

Equine Postmortem Program

The State of California monitors fatal injuries at California racetracks. This is accomplished primarily through the Postmortem Program, which began in 1990 as a partnership between the CHRB and the California Animal Health and Food Safety (CAHFS) within the School of Veterinary Medicine at the University of California at Davis. The CHRB and UC Davis-CAHFS distribute information about the nature of these fatalities through national and international racing or veterinary meetings, published articles in both the lay and scientific journals, CHRB public meetings and on the CHRB website (www.chrb.gov > Publications).

The Postmortem Program was established to study the nature of injuries occurring in racehorses, to determine the reasons for these injuries, and to develop prevention strategies. A necropsy is required for any horse dying within a CHRB facility under CHRB Rule 1846.5; the California Postmortem Program has become a model for the racing industry.

Pathologists at CAHFS laboratories at the Davis campus and San Bernardino conduct the postmortems. Detailed information on each horse is compiled and reported to the CHRB. Specimens of interest are sent to veterinary scientists in the School of Veterinary Medicine at the University of California at Davis for more in-depth analysis. Funding for the entire program also is a cooperative effort. The CHRB funds the postmortem examinations, while the racing associations

provide transportation of the deceased horses to the nearest CAHFS laboratory facility. Additional studies are funded by the Center for Equine Health and from research grants from private and public sources. Research is provided in veterinary medical journals and at veterinary medical and other professional meetings available to the public.

Musculoskeletal injuries during racing or training are the most common cause of fatalities at CHRB facilities. Many of those injuries are studied at the J.D. Wheat Equine Orthopedic Research Laboratory at the School of Veterinary Medicine at UC Davis under the direction of Dr. Sue Stover. The laboratory has demonstrated the role of pre-existing undiagnosed stress fractures contributing to catastrophic fractures of the pelvis, femur, humerus, and other bones as well as the role of toe-grab height as a fatal injury risk factor. The laboratory is now focusing on proximal sesamoid bone fractures and racing surfaces. Proximal sesamoid bone fractures and associated fetlock (ankle) injuries are the single major cause of fatal racehorse injuries accounting for approximately 50 percent of all musculoskeletal fatalities. Additional research has been done elsewhere within the School of Veterinary Medicine at UC Davis on stomach ulcers, unrecognized heart conditions leading to sudden unexplained deaths, laminitis, equine protozoal myeloencephalitis (EPM), equine herpes virus (EHV-1), laryngeal abnormalities, and other important equine health and safety issues.

Fiscal Year 08-09 Fatalities at CHRB Facilities July 1, 2008 — June 30, 2009

Track	Racing*			Training**			Other***	Total
	Dirt	Synthetic	Turf	Dirt	Synthetic	Turf		
Bay Meadows	0		2	1		0	1	4
Cal Expo (Sacramento)	0			1			6	7
Del Mar		6	0	0	5	0	1	12
Fairplex (Pomona)	4			3			6	13
Ferndale	1			0			0	1
Fresno	0			0			0	0
Golden Gate Fields		18	1	0	26	0	16	61
Hollywood Park		11	2	1	24	0	13	51
Los Alamitos	67			6			31	104
Pleasanton	2			8			5	15
San Luis Rey Downs				0			1	1
Santa Anita		9	2	4	18	0	8	41
Santa Rosa	2		0	0			1	3
Stockton	1			2			0	3
Vallejo (Solana)	1			1			2	4

*Racing includes any fatality associated with racing.

**Training includes any fatality associated with training.

***Other includes any non-exercise related fatality. The most common cause of death in the Other group is gastro-intestinal diseases, such as colic, colitis, and enteritis, followed by respiratory disease primarily pneumonia and pleuropneumonia and neurological diseases including West Nile Virus and equine protozoal myeloencephalitis (EPM).

A more in-depth analysis from the CHRB/UCD-CAHFS Postmortem Program is available on the CHRB website (www.chrb.gov > Publications > Post Mortem Examination Program Report).

Correction: The incorrect chart for fiscal year 2007-08 was included in the last CHRB Annual Report. The correct chart for fiscal year 2007-08 can be found in Appendix "A"

Horse Racing in California

Safety is foremost among the responsibilities of the California Horse Racing Board and the commitments of the racing industry. The Jockeys' Guild, individual jockeys, and the CHRB worked together in 2009 to analyze, test, and develop laboratory standards for improved safety helmets and safety vests, which led to the introduction of regulatory amendments to mandate the new safety equipment. At one meeting of the CHRB Safety Committee, chaired by Commissioner Bo Derek, the legendary retired jockey Laffit Pincay Jr. (to her left) endorsed the changes, along with (from left) Guild regional manager Darrell Haire and current or former jockeys Joe Talamo, Eddie Garcia, Kyle Kaenel, Joe Steiner, Paul Nicolo (now a California steward), Ron Warren Jr., and Paul Atkinson.



BENOIT PHOTOS

California Horse-Racing Meetings During 2009

Thoroughbred Race Meetings — Central & Southern Zones	
Santa Anita Park	12/26/08 – 4/19/09
Hollywood Park	4/22/09 – 7/19/09
Del Mar	7/22/09 – 9/9/09
Santa Anita Park (Oak Tree)	9/30/09 – 11/8/09
Hollywood Park	11/11/09 – 12/21/09
Thoroughbred Race Meetings — Northern Zone	
Golden Gate Fields	12/26/08 – 6/14/09
Golden Gate Fields	10/21/09 – 12/13/09
Quarter Horse Race Meetings — Statewide	
Los Alamitos	1/1/09 – 12/20/09
Harness Race Meetings — Statewide	
Cal Expo	12/26/08 – 8/1/09
Cal Expo	9/25/09 – 12/19/09

Fair Meetings — Statewide		
Stockton	San Joaquin Fair	6/18/09 – 6/28/09
Pleasanton	Alameda County Fair	7/1/09 – 7/19/09
Vallejo	Solano County Fair	7/22/09 – 7/26/09
Santa Rosa	Sonoma County Fair	7/29/09 – 8/8/09
Golden Gate	CA Authority of Racing Fairs	8/12/09 – 8/23/09
Ferndale	Humboldt County Fair	8/14/09 – 8/23/09
Cal Expo	California State Fair	8/26/09 – 9/7/09
Golden Gate	CA Authority of Racing Fairs	9/9/09 – 10/4/09
Pomona	Los Angeles County Fair	9/10/09 – 9/28/09
Fresno	Fresno District Fair	10/7/09 – 10/18/09

California Racetracks

The vast horse-racing industry in California includes 13 racetracks that stretch from the Humboldt County Fair near the Oregon border down to Del Mar just above San Diego and the Mexican border. The racetracks, together with simulcast outlets and Advance Deposit Wagering (telephone and Internet), make horse racing accessible to all of California.

HIGHLIGHT

Total Handle Was Down But Santa Anita Derby and Promotion Sparked On-Track Attendance Gain

SANTA ANITA PARK

Santa Anita Park's 84-day winter/spring meeting posted the first gain in on-track attendance at any major California racetrack since the summer of 2007 at Del Mar. Santa Anita's "Free Fridays" promotion along with a robust Santa Anita Derby Day of 50,915 helped Santa Anita achieve a 1 percent gain in on-track attendance, reversing a trend of steep declines at racetracks nationwide.

"Derby Day was a home run for us, no doubt about it," said Santa Anita President Ron Charles. "Along with the big crowd, our on-track handle was tremendous. We handled over \$5.6 million and that was a 10-percent increase over last year. Operationally, things went very smooth, and anyone who came out on Derby Day saw Santa Anita at its absolute best."

Offering fans free general admission, free box seating, and \$1 concessions, the "Free Fridays" promotion was a huge success. On-track attendance on Fridays showed a 55 percent jump over 2008 and the on-track handle was up 15 percent.

The meeting overall, though, showed declines in business. Despite Santa Anita racing seven more days than in 2008, total handle for 2009 of \$862,594,746 dropped 7 percent, while average daily handle of \$10,268,985 was nearly 15 percent under the 2008 average. Much of the decline was attributable to a 13-percent drop in both attendance and wagering at simulcast outlets within California.

"We knew coming into this meet that we were going to be facing serious challenges due to the economy, both nationally and locally," said Charles. "Given the state of the economy in America and particularly in California, this was an extraordinary meet. When you look at the way this recession is affecting other sports and gambling businesses, it's really gratifying to be able to finish the meet with an increase in on-track attendance."

On the racetrack, Pioneerof the Nile took the Robert Lewis Stakes, San Felipe Stakes, and Santa Anita Derby. Rafael Bejarano took his second consecutive Santa Anita riding title, and in so doing, set a record by becoming the first jockey to ever win six consecutive Southern California riding titles. Bejarano finished with 99 wins. John Sadler won a tough duel with Mike Mitchell for leading trainer honors with 40 wins to Mitchell's 39. This was the 52-year-old Sadler's first-ever Santa Anita title.



BENOIT PHOTO

Pioneerof the Nile and Garrett Gomez, right, outran Chocolate Candy (Joel Rosario), left, to win the Santa Anita Derby.

HIGHLIGHT

Zenyatta and Breeders' Cup Keyed Strong Finish But Business for Meet Was Hurt by Economy

OAK TREE

Buoyed by perhaps the greatest performance in Santa Anita history, the Oak Tree at Santa Anita meeting ended on a high note as the racing world continued to resonate with awe in the wake of superstar Zenyatta's devastating win against males in the \$5 million Breeders' Cup Classic before an on-track crowd of 58,845. Held for an unprecedented second consecutive year at the same venue, the two-day Breeders' Cup World Championships attracted a total of 96,496 fans ontrack, up from 82,578 in 2008, for an increase of 17 percent. (See more coverage of the Breeders' Cup, including photos of all the winners in the California Highlights section of this report.)

However, the Breeders' Cup could not make up for a challenging local and national economy that contributed to significant declines in attendance and handle throughout the 31-day meeting. Average daily on-track attendance declined by 11 percent from 2008, while on-track handle was down 16 percent. All sources handle was down 15 percent.

"The Breeders' Cup on both Friday and Saturday exceeded our expectations across the board," said Oak Tree Director and Executive Vice President Sherwood Chillingworth. The fact that Zenyatta's connections chose to run in the Classic set the table for what has got to be one of the most successful Breeders' Cups of alltime and a performance that no one who was here will ever forget."

Compared to 2008, on-track handle for the Breeders' Cup increased both days, despite the fact there was one less race carded on each day. On the first day, Friday, on-track handle of \$7,097,789 was up 3.6 percent over 2008, while Saturday's on-track take of \$12,177,982 was up 3 percent over 2008's figure. The two-day common pool total was \$148,365,525, down from \$155,740,328 in 2008.

As was the case in the 2008 Breeders' Cup, Oak Tree's Pro-Ride synthetic main track performed flawlessly on racing's biggest stage.

"We had zero injuries on the main track over the two-day Breeders' Cup," said Chillingworth. "The main track played fair and safe, and we just can't ask for anything more than that. I want to congratulate our track superintendent, Rich Tedesco, and his crew for doing such an outstanding job. As we did last year, we had a safe, competitive two-day event on national television (ESPN and ABC), and that is certainly huge for us and for the sport."

BENOIT PHOTO



Nearly 60,000 fans turned out at Santa Anita Park on November 7 for Classic Day of the Breeders' Cup, hosted by the Oak Tree Racing Association.

HIGHLIGHT

On-Track Patronage Did Not Overcome National Downturn

HOLLYWOOD PARK

Hollywood Park closed its 55-day spring/summer meet with a slight gain in on-track attendance, but was unable to overcome the trend of declining wagering that hit tracks throughout the nation during the difficult economic times in 2009. On-track attendance averaged 6,111 in 2009, up about 1 percent from the average of 6,063 during a 60-day meeting in 2008.

The average on-track handle of \$1.4 million was down 9.1 percent from the average of \$1.5 million in 2008, while the all-sources handle of \$10.5 million was down 11 percent from the figure of \$11.8 million in 2008. However, handle figures improved significantly when Hollywood Park went to a four-day race week from a five-day week in mid-May because of a declining number of horses ready to race.

“Judging by results across the country, we feel we did okay — the best we could under the circumstances,” track President Jack Liebau said. “We feel the move to a four-day week was the correct course of action. At the time business was off close to 20 percent, and a purse cut would have been necessary had we continued to run five days a week.”

The meeting was highlighted by undefeated 2008 distaff champion Zenyatta extending her winning streak to 11 for Jerry and Ann Moss with victories in the Milady and Vanity Handicaps. She carried 129 pounds in the Vanity, spotting rivals from 13 to 16 pounds, while becoming the highest-weighted Vanity winner since Cascapedia carried 129 in 1977.

Rail Trip won the \$700,000 TVG/Betfair Hollywood Gold Cup, while Gozzip Girl shipped from the East to score an impressive win in the \$700,000 American Oaks.

Jockey Joel Rosario earned his first riding title in the U.S. with 79 winners, ending Rafael Bejarano’s streak of six straight major Southern California riding titles. Trainer Doug O’Neill won his fourth spring/summer title and eighth Hollywood Park title with 37 winners.



BENOIT PHOTO

Zenyatta, left, carrying highweight of 129 pounds, including jockey Mike Smith, broke from the gate and went on to stretch her undefeated streak to 11 with a victory in the Vanity Handicap.

Ascanio Carried On Frankel Winning Tradition, Adding To Fall Meet Highlights

Blind Luck's scintillating seven-length victory in the Hollywood Starlet put the finishing touch on Hollywood Park's 27-day autumn meet, which included dramatic Grade I victories by Fluke and Ventura in the Citation Handicap and The Matriarch during the 18th Turf Festival on Thanksgiving Weekend. Both were saddled by Humberto Ascanio, the assistant of 35 years to Hall of Fame trainer Bobby Frankel, who died of lymphoma less than two weeks earlier. Ascanio finished the meeting with three graded wins, also sending out Frankel's 2008 Hollywood Gold Cup champion Mast Track to win the Native Diver Handicap. Ascanio was voted trainer of the meet by media.

The autumn meet finished with a 10.6 decline in on-track handle with an average of \$945,000, while overall handle averaged \$7.8 million, a decline of 4.3 per cent. The on-track average attendance of 4,163 was down 3 percent, and the total attendance average of 10,241 was off 2.5 percent.

Jockey Joel Rosario equaled the Hollywood Park record of six wins on a program, which was set by Bill Shoemaker in 1953 and matched by Laffit Pincay Jr. (1968), Shoemaker (1970) and Kent Desormeaux (1992). Rosario's six wins came on Dec. 11 as he padded his lead atop the standings en route to his first autumn meet title with 37 winners. The title was his third of 2009 as he also was leading rider at Hollywood Park's spring/summer meet and at Del Mar.

Lookin At Lucky firmly established himself as the nation's top 2-year-old with an impressive victory in the \$750,000 CashCall Futurity on closing weekend. The win was a record fifth in the Futurity for Hall of Fame trainer Bob Baffert, who also earned his first quadruple at Hollywood Park with four winners — all with juveniles — on the Futurity program.



BENOIT PHOTO

John Sadler was leading trainer with 15 wins — one more than Baffert — as he earned his second autumn meet title and his third Hollywood Park crown.

Trainer Humberto Ascanio and jockey Garrett Gomez joined Ventura in the winner's circle following a sentimental victory in the Matriarch.

HIGHLIGHT

Shorter Race Week Led to Higher Daily Averages As Del Mar Successfully Dealt With Tough Economy

DEL MAR

Adjusting to tough economic times that threw the proverbial monkey wrench into race meets across the state and around the country, Del Mar did something for its 2009 season that it hadn't done in more than 60 years by chopping a day off its six-day racing week. And just as hoped, less proved to be more. Bucking negative numbers and trends that loomed at virtually every other racetrack in the nation, Del Mar recorded positive figures both for on-track daily average attendance and handle during its seven-week session.

Del Mar could boast of an average daily attendance of 17,181, an increase of 7.4 percent over the previous year's daily tally. That number was the track's best gate count since before simulcast wagering in California, all the way back to 1987's daily average of 19,685. On-track handle registered an average daily total of \$2,292,284, a rise of 5.8 percent over the 2008 mark. Additionally, the track paid its horsemen a daily average of \$586,061 in purses, a rise of nearly 6 percent over 2008.

"The key to most everything we did this summer was the change to the five-day race week. It was overwhelmingly popular and absolutely successful," said Joe Harper, president and general manager. "When we went all out for our dates change, we were reacting to economic circumstances and trying to put some energy back into this wonderful sport of ours. For too long now the idea has been that you can never have enough, a philosophy that, given the reality of the times, no longer holds true."

Out on the racetrack, Joel Rosario ran away with the jockeys' race with 55 winners. On the training side of things, John Sadler saddled 31 winners for the second summer in a row. And once again, that was enough to make him Del Mar's training champ. Underscoring the quality of competition during the summer session, 35 horses that raced at Del Mar in 2009 went on to compete in Breeders' Cup events in November at Santa Anita. Four of those runners – Zenyatta, Life Is Sweet, California Flag, and Dancing in Silks – won their contests, while another six finished either second or third in the championship races.



BENOIT PHOTO

Racing fans lined the paddock at Del Mar on July 22, 2009, as part of the record 44,9907 who poured through the gates to establish a new single-day standard at the 70-year-old seaside racecourse.

HIGHLIGHT

Fairs Promoted Programs to Attract New Runners

THE CALIFORNIA FAIRS

Despite a depressed economy, business was solid and field size held steady at fairgrounds throughout Northern California in the summer of 2009. Programs for horsemen, such as out-of-state recruitment, incentives for all starters in stake races, and increased purses at select fairs, kept the average field size at eight thoroughbreds per race. Out-of-state recruiting efforts in Arizona, Oregon, and Idaho helped attract 217 horses, good for 588 starts on the fair circuit. Purse incentives included an 8-percent increase at Stockton, while Sacramento increased purses for the \$3,200 - \$16,000 claiming categories. For the first time, Ferndale, through supplemental purses, offered purses at parity with the circuit. These efforts helped trainers like Don Roberson bring 25 new horses to California.

The Alameda County and Big Fresno Fairs experienced overall increases in business, while racing handle at all fairs trended better than the national average.

The fair circuit began in mid-June in Stockton followed by three weeks of racing at Pleasanton, one week at Vallejo, and then two weeks each at Santa Rosa, Ferndale, and Sacramento. The circuit ended mid-October at Fresno. The fair block was kept intact by running two meets at Golden Gate Fields, on behalf of fairs, as a placeholder for future expanded racing at Pleasanton. The Ferndale meet ran concurrent with the first fair meet at Golden Gate Fields.

HIGHLIGHT

Business Increased Significantly as Meet Returned to June Dates

STOCKTON

The San Joaquin Fair historically has launched the fair circuit, and Stockton resumed that position in 2009 after experimenting with 2008 September dates. To help transition back to June, purses were increased 8 percent and management opted to run nine days. When compared to September dates in 2008, all-source live handle in 2009 increased 22 percent, from \$10.3 million to \$12.5 million. On-track handle was \$1.6 million, an increase of 28 percent, and attendance rose 82 percent. Total handle with ADW was \$21 million.

2009 marked the inaugural running of the \$50,000 Pink Ribbon Stakes. The race was created to raise awareness and money for the American Cancer Society, Breast Cancer Awareness. Jockeys riding in the race wore hot pink helmet covers and a pink ribbon and logo on their pants. All staff wore pink shirts and caps, from mutual tellers to the starting-gate crew. Pony horses sported hot pink saddle towels, and patrons were encouraged to “bet on a cure for cancer” by contributing \$2 win tickets and cash donations.

HIGHLIGHT

Alameda County Fair Added Week of Racing, Set New Attendance Record

PLEASANTON

The Alameda County Fair set a new attendance record when 434,919 fairgoers passed through the gates, an increase of 21.5 percent from 2008, which management believed was the largest such increase in North America. Patrons also enjoyed an expanded three weeks of horse racing at the “Oldest One-Mile Track in America” as the facility expanded its role as a premier venue for Northern California racing.

Despite running three Wednesdays without a concurrent signal in Southern California, the fair handled \$6.26 million on track, \$21.8 million in Northern California, and \$25 million in all-source live handle. Total handle, including what was bet though ADW and in Southern California, was \$38.5 million. Horse-racing

attendance was 60,435 for the 15-day meet. The average field size for thoroughbred runners increased from 7.49 in 2008 to 7.91 in 2009.

Trainer Jeff Bonde, a Pleasanton native, enjoyed a stellar meet, scoring with 57 percent of his starters (eight of 14). Leading trainer for the meet was Jerry Hollendorfer with 11 wins from 44 starts. Russell Baze led the jockey standings with 29 wins.

HIGHLIGHT

Vallejo Celebrated Its 60th Birthday with Short Meet

VALLEJO

For the second time in three years, the Solano County Fair operated five days of racing. In 2009, the traditional opening week at Vallejo was run as the third week at Pleasanton in an industry effort to consolidate fair race dates. Total on-track handle for the five days was \$988,620. All-source live handle was \$7.9 million.

The Solano County Fair celebrated its 60th Birthday on opening day with a hat contest and giveaways. The leading trainer of the meet was Jerry Hollendorfer with eight wins, while the leading jockey was Russell Baze with 10 wins from 17 mounts.

HIGHLIGHT

Circuit Returned to Turf Racing at Santa Rosa

SANTA ROSA

“Wine Country Racing” at the Sonoma County Fair was a welcome sight to turf enthusiasts in Northern California. During the 10-day meet, 83 thoroughbred races were carded and 30 of those races were run on the turf course. The average thoroughbred field size increased from 7.72 in 2008 to 8.43 in 2009.

Total handle with two fewer days of racing was \$29.6 million, down from \$37.5 million in 2008. Daily average on-track handle showed a 3-percent drop, while daily all-source live handle was down 1.5 percent. On-track handle was \$3.7 million.

HIGHLIGHT

Ferndale Increased Purses And Broke Records

FERNDALE

In 2009, the Victorian village of Ferndale, home of the Humboldt County Fair, used every barn and temporary stall available in an effort to accommodate the 425 runners there to compete at the racetrack. The rush was created by offering purses at parity with other Northern California venues, aided by a 50-percent increase in supplemental purse funds allocated through the California Authority of Racing Fairs, along with aggressive recruiting in Idaho and Oregon.

Of the 300 thoroughbred starters, 37 percent came from out of state. There were 43 thoroughbred races during the eight-day meet, and average field size was seven horses from an eight-horse starting gate.

The Humboldt County Fair saw a 2-percent increase in on-track handle, 100-percent increase in out-of-state handle, and 41-percent increase in ADW wagering. Total handle for the meet was \$4.65 million.

HIGHLIGHT

Golden Gate Hosted Two Meets on Behalf of Fairs

CARF AT GOLDEN GATE

Two summer meets were conducted at Golden Gate Fields on behalf of fairs. The two meets were all-thoroughbred affairs aimed at maidens, turf horses, and higher-quality claiming and allowance runners. Running a higher-level program at the first CARF at Golden Gate meet resulted in purse overpayments. Golden Gate paid out \$148,272 per day during the first fair meet, which ran August 12-23. This was a significantly higher figure than Golden Gate normally pays during its regular meet. As a result, the second fair meet at Golden Gate faced a reduction in purses and the elimination of two stakes races. Total handle for both meets was \$68.7 million.

Russell Baze ran away with the riding title at both meets while Lloyd Mason also took leading trainer honors at each meet.

HIGHLIGHT

Fresno Ran Without Overlap and Posted Gains

FRESNO

For the first time, the 10-day Big Fresno Fair meet was run without being overlapped by a private racetrack in Northern California. Previously, Fresno ran concurrently with either Golden Gate Fields or Bay Meadows and did not receive host revenue from simulcast or out-of-state wagering.

The Fresno Fair focused on marketing the fair as a family-friendly entertainment value and provided substantial admissions discounts in an effort to deal with the nation's economic downturn. The efforts of management were rewarded with a 3-percent increase in attendance. The racing grandstand drew large crowds, made evident by the 17-percent increase in on-track handle, up from \$2.6 million in 2008 to \$3.3 million in 2009. Out-of-state wagering was up 116 percent, and all-source live handle was up 48 percent. Total handle jumped from \$9.4 million to \$23.7 million. Thoroughbred field size increased from seven horses per race in 2008 to eight in 2009.

There was a three-way tie for leading trainer with Rene Amescua, Billy Morey, and John Martin each having six wins. Jockey Ricky Frazier took the riding title with 11 wins.

HIGHLIGHT

Business Sagged But Pedroza Soared Again at Fairplex Park

FAIRPLEX PARK

The Los Angeles County Fair in Pomona is the lone fair meet in Southern California. At Fairplex Park, they call Martin Pedroza the "King of the Bullring," and for good reason. The 44-year-rider ruled Fairplex again during the 15-day meet, winning his 11th consecutive jockey championship, and 12th overall, by riding 45 winners. He far outdistanced second-place Christian Santiago Reyes, who won 20 races. Honored as the sixth inductee into the Fairplex "Racing Hall of Fame," Pedroza is the all-time winningest jockey in Pomona, having won 606 times.

On the business front, Fairplex, like most other meets in 2009, could not overcome the economic woes of the country. Wagering dipped 8.54 percent, while attendance dropped 12.24 percent.

Doug O'Neill captured his sixth training title in Pomona, saddling 16 winners, one shy of the record 17 set by Jeff Mullins in 2006. O'Neill sent the most horses (75) to the track and earned the most money (\$328,477).

HIGHLIGHT

Baze and Hollendorfer Continued Winning Ways During Somewhat Successful Golden Gate Meets

GOLDEN GATE

Two of thoroughbred racing's most prolific men, jockey Russell Baze and trainer Jerry Hollendorfer, continued their winning ways in 2009 at Golden Gate Fields. Baze, the world's winningest jockey, and Hollendorfer, who ranks fourth on the all-time win list for trainers, both added a pair of Golden Gate Fields titles to their resumes in 2009. Baze earned his 35th career local riding crown when he won 203 races during the 2008-09 winter/spring meeting and then secured No. 36 by posting 76 victories at the 2009 fall/winter session. Through December 20, 2009, Baze had 10,776 career wins. Hollendorfer collected his 34th and 35th career local training titles by saddling 96 winners at the winter/spring meeting and 28 at the fall/winter stand. Hollendorfer had 5,550 career victories through December 20, 2009.

Golden Gate presented 156 days of live racing in 2009 compared with 127 days in 2008, when Bay Meadows was still in operation. Total on-track attendance was 403,058 in 2009 compared to 299,250 in 2008. The average daily on-track attendance was 2,584 in 2009 compared to 2,356 in 2008, an increase of 9.7 percent.

Total handle in 2009 was \$545,572,953 compared to \$487,533,273 in 2008. The average daily total handle in 2009 was \$3,497,263 compared to \$3,838,845 in 2008, a decrease of 8.9 percent. On-track handle in 2009 was \$79,899,557 compared to \$65,316,206 in 2008. The average daily handle ontrack was \$512,177 compared to \$514,301, a decrease of less than 1 percent.

"We had some of our biggest attendance days sprinkled through the meet, with 8,000 on New Year's Day and closing day and a day with 11,000," said Golden Gate Fields General Manager Robert Hartman. "Consistency turned out to be a big positive for us. The fans and horsemen hung in with us during the long meet."



VASSAR PHOTO

Proving that chocolate candy is always a winner on Valentine's Day, Chocolate Candy and Russell Baze (outside) captured the El Camino Real Derby at Golden Gate Fields on February 14, defeating Massone.

HIGHLIGHT

Rich Races and the Outstanding Freaky Headlined 2009 Los Alamitos Meet

LOS ALAMITOS

The 59th racing season at Los Alamitos Race Course featured the richest races in nearly every single division imaginable in the sport. The Orange County track hosted the nation's richest overall quarter horse race and futurity (Los Alamitos Two Million Futurity), the nation's richest quarter horse derby (\$1 million Los Alamitos Super Derby), the nation's richest quarter horse race for older horses (\$750,000 Champion of Champions), the nation's richest quarter horse race for older mares (\$150,000 Mildred Vessels Memorial Handicap), and the nation's richest 870-yard race (\$125,000 Red Cell Distance Challenge).

Los Alamitos ended the season with average nightly handle of \$1,234,278, which included wagering on both live races and import races. This marked a decrease of 4.65 percent, a respectable figure when compared to the national horse-racing business trend. Los Alamitos contested 1,819 races in 2009, with a per-race average handle of \$115,373.62. That figure was down 2.53 percent from the 2008 per-race average handle of \$118,364.

On-track handle dropped 14 percent. The track's handle from telephone wagering providers such as TVG and Youbet was flat from 2008 figures, with about \$314,000 wagered per night. The in-state handle was \$425,687, down 10 percent. Out-of-state handle increased 5.6 percent. On-track attendance was down 6.5 percent. Total handle for all sources during the 2009 meeting was \$245,292,914.

Armando Aguirre's Freaky was the meet's biggest star on the track. The Ed Allred-bred son of TR Dasher won four Grade 1 races in 2009, headed by the Champion of Champions and Robert L. Boniface Los Alamitos Invitational Championship. Freaky, the number-one ranked quarter horse in the nation, also set three track records.



LOS ALAMITOS PHOTO

Rodrigo Aceves pulled away in the final months of the meeting to claim his fourth straight quarter horse riding title with 166 victories. Trainer Paul Jones won 164 quarter horse races to secure his 13th straight local training title.

Ramon Guce won 111 thoroughbred wins to notch his fifth local riding title for the breed. Charles Treece won 83 thoroughbred races to take his 11th thoroughbred training title at Los Alamitos.

Freaky won the Champion of Champions at Los Alamitos to help cement his status as the top-ranked quarter horse in the nation.

HIGHLIGHT

Cal Expo Hosted 45 Weeks of Racing in 2009

CAL EXPO

Cal Expo operated horse-racing meets at its Sacramento location for 45 weeks in 2009, which included 11 days of thoroughbred, Arabian, quarter horse, and mule racing and 138 days of harness racing. Again, the Cal Expo racetrack proved to be one of the safest and kindest surfaces in California as no fatal injuries occurred to any thoroughbred starter.

Contrary to national and statewide trends, the 2009 State Fair meet produced results that exceeded all expectations for handle, runners per race, purses paid and generated, and the number of thoroughbred races that were carded. The horsemen responded enthusiastically to the Cal Expo purse structure by entering their horses. Most of the claiming classes offered purses in excess of purses offered for the same classes at out-of-state tracks with casinos. The bottom-level claiming class of \$3,200 raced for a purse of \$9,500, while \$12,500 horses competed for a purse of \$19,000.

	2008	2009	% Increase
Average TB Field Size	6.92	7.74	9 %
Total TB Runners	512	627	18 %
Total TB Purses Paid	\$907,000	\$1,055,500	14 %
Average TB Purse Paid	\$12,257	\$13,031	6 %
Total TB Races	74	81	9 %
Live Handle All Sources	\$12,696,043	\$14,038,024	11%



Thoroughbreds again proved popular at Cal Expo during the State Fair meet.

Harness Horsemen Responded to Difficult Times Purchasing Horses, Filling Fields

As 2009 arrived, Cal Expo continued to be the only operator of a major harness-racing meet in the western United States. While racing only three nights per week from January through July, the harness horsemen competed in 1,277 races with 9,615 starters for an average field size of 7.52 per race. Total handle in the amount of \$62,568,704 produced \$4,078,670 in purses, starter purses, and incentive purses for the spring/summer meet.

The fall Cal Expo harness meet got underway on September 25, and the original plan consisted of an approved calendar of race dates of three days per week. The horsemen provided their overwhelming support of the meet by participating in incentive programs with new horses purchased from out-of-state locations. Cal Expo requested and the CHRB approved the addition of one race-day per week, Sundays, beginning November 1. This additional racing day was necessary so that all of the approximate 400 available racehorses would be able to race their normal schedule of once per week.

The fall meet experienced a decrease in handle due to several factors, none of which was attributed to the participation of the horsemen. A total of 4,398 starters competed in 560 races, which created an average starter per race amount of 7.85. These horses competed for \$2,275,000 in purses, starter purses, and incentive purses for the fall meet.



Cal Expo driver James Kennedy celebrated a win.

Racing Associations Generated Handle

<p>Los Angeles Turf Club Santa Anita Park Arcadia</p>	<p>Los Angeles Turf Club generated \$862,594,746 in pari-mutuel handle with an average daily handle of \$10,030,171. The LATC raced a total of 86 days during FY 2008-09.</p>
<p>Hollywood Park Racing Association – Spring Hollywood Park, Inglewood</p>	<p>Hollywood Park Racing Association – Spring generated \$542,924,313 in pari-mutuel handle with an average daily handle of \$9,695,077. The Hollywood Spring meet raced a total of 56 days during FY 2008-09.</p>
<p>Hollywood Park Racing Association – Fall Hollywood Park, Inglewood</p>	<p>Hollywood Park Racing Association – Fall generated \$326,532,962 in pari-mutuel handle with an average daily handle of \$8,163,324. The Hollywood Fall meet raced a total of 40 days during FY 2008-09.</p>
<p>Del Mar Thoroughbred Club Del Mar Racetrack Del Mar</p>	<p>Del Mar Thoroughbred Club generated \$514,228,149 in pari-mutuel handle with an average daily handle of \$11,958,794. DMTC raced a total of 43 days during FY 2008-09.</p>
<p>Oak Tree Racing Association Santa Anita Park Arcadia</p>	<p>Oak Tree Racing Association generated \$364,643,543 in pari-mutuel handle with an average daily handle of \$14,024,752. The OTRA raced a total of 26 days during FY 2008-09.</p>
<p>Pacific Racing Association Golden Gate Fields Albany</p>	<p>Pacific Racing Association generated \$641,931,654 in pari-mutuel handle with an average daily handle of \$3,308,926. The PRA raced a total of 194 days during FY 2008-09.</p>
<p>Los Alamitos Quarter Horse Racing Association Los Alamitos Race Course Los Alamitos</p>	<p>Los Alamitos Quarter Horse Racing Association generated \$280,990,884 in pari-mutuel handle with an average daily handle of \$1,412,014. The LAQHRA raced a total of 199 days during FY 2008-09.</p>
<p>California Exposition and State Fair – Harness Racing Cal Expo Horse Racing Sacramento</p>	<p>California Exposition and State Fair Harness generated \$120,953,801 in pari-mutuel handle with an average daily handle of \$889,366. Cal Expo Harness raced a total of 136 days during FY 2008-09.</p>
<p>California Authority of Racing Fairs – Alameda, Fresno, Humboldt, San Mateo, Solano, Sonoma, San Joaquin County Fairs, California State Fair</p>	<p>The California Authority of Racing Fairs, which represents all northern California fairs, generated a combined \$194,036,203 in pari-mutuel handle with an average daily handle of \$2,086,411. CARF raced a total of 93 days during FY 2008-09.</p>
<p>Los Angeles County Fair Fairplex Park Pomona</p>	<p>Los Angeles County Fair generated \$93,611,717 in pari-mutuel handle with an average daily handle of \$5,850,732. The LA County Fair raced a total of 16 days during FY 2008-09.</p>

Simulcast Facilities by Location

The following represents pari-mutuel handle and attendance figures for California's simulcast facilities. Racetracks that offer simulcast wagering include combined pari-mutuel handle for live racing and simulcast wagering.

Stockton, 2nd District Agricultural Association

The San Joaquin Fair facility is located at the east side of Stockton at 1658 South Airport Way. The simulcast wagering facility opened October 24, 1985. The pari-mutuel handle and attendance in FY 2008-09 were \$24,444,406 wagered by 132,841 patrons.

Monterey, 7th District Agricultural Association

The Monterey County Fair facility is located at 2004 Fairground Road in Monterey. The simulcast wagering facility opened on January 6, 1988. The pari-mutuel handle and attendance in FY 2008-09 were \$10,979,097 wagered by 37,187 patrons.

Eureka, 9th District Agricultural Association

The Redwood Acres Fair facility is located approximately one mile east of downtown Eureka at 3750 Harris Street. The simulcast wagering facility opened November 11, 1987. The pari-mutuel handle and attendance in FY 2008-09 were \$1,909,406 wagered by 3,988 patrons.

Bakersfield, 15th District Agricultural Association

The Kern County Fair facility is located in Bakersfield at 1142 South P Street. The simulcast wagering facility opened April 1, 1987. The pari-mutuel handle and attendance in FY 2008-09 were \$8,983,895 wagered by 41,811 patrons.

Santa Barbara, 19th District Agricultural Association

The Earl Warren Showgrounds facility is located in Santa Barbara at 3400 Callareal St. The simulcast wagering facility opened March 3, 1987. The pari-mutuel handle and attendance in FY 2008-09 were \$6,539,547 wagered by 22,192 patrons.

Fresno, 21st District Agricultural Association

The Fresno District Fair facility is located in Fresno at 1121 Chance Avenue. The simulcast wagering facility opened December 18, 1985. The pari-mutuel handle and attendance in FY 2008-09 were \$12,088,857 wagered by 108,252 patrons.

Fresno, Polo Lounge/Club One

The Polo Lounge in Club One is located in Fresno at 1035 Van Ness Avenue. The facility is housed within the Club One Poker Casino and opened on May 1, 1997. The pari-mutuel handle and attendance in FY 2008-09 were \$3,398,919 wagered by 5,842 patrons.

Del Mar, 22nd District Agricultural Association (Surfside)

The Del Mar Fair facility is located in Del Mar at 2260 Jimmy Durante Boulevard. The simulcast wagering facility opened September 12, 1991. The pari-mutuel handle and attendance in FY 2008-09 were \$154,641,490 wagered by 880,957 patrons.

Tulare, 24th District Agricultural Association

The Tulare County Fair is located 40 miles south of Fresno, a quarter-mile west of Highway 99 at 215 E. Alpine Avenue. The simulcast facility opened June 25, 1989. The pari-mutuel handle and attendance in FY 2008-09 were \$3,507,787 wagered by 16,515 patrons.

Anderson, 27th District Agricultural Association

The Shasta District Fair facility is located 12 miles south of Redding on Highway 273. The simulcast wagering facility opened May 18, 1988. The pari-mutuel handle and attendance in FY 2008-09 were \$2,267,968 wagered by 8,231 patrons.

Victorville, 28th District Agricultural Association

The San Bernardino County Fair facility is located approximately 40 miles north of San Bernardino, adjacent and east of Interstate 15, at 14800 Seventh Street. The simulcast wagering facility opened April 26, 1989. The pari-mutuel handle and attendance in FY 2008-09 were \$9,570,950 wagered by 57,702 patrons.

**Ventura, 31st District
Agricultural Association**

The Ventura County Fair facility is located in Ventura at 10 West Harbor Boulevard. The simulcast wagering facility opened November 11, 1987. The pari-mutuel handle and attendance in FY 2008-09 were \$30,183,920 wagered by 91,844 patrons.

**Santa Maria, 37th District
Agricultural Association**

The Santa Barbara County Fair is located in Santa Maria at 937 South Thornburg. The simulcast facility opened April 7, 1987. The pari-mutuel handle and attendance in FY 2008-09 were \$5,839,882 wagered by 17,391 patrons.

**Lancaster, 50th District
Agricultural Association**

The Antelope Valley Fair facility is located in Lancaster on the northeast side of town at 155 West Avenue I, approximately two miles east of Interstate 14. The simulcast wagering facility opened April 27, 1988. The pari-mutuel handle and attendance in FY 2008-09 were \$16,815,798 wagered by 87,285 patrons.

**San Bernardino, National
Orange Show**

The National Orange Show facility is located in San Bernardino at 689 South E Street. The simulcast facility opened November 18, 1987. The pari-mutuel handle and attendance in FY 2008-09 were \$34,920,927 wagered by 162,021 patrons.

**Sacramento, California
Exposition and State Fair**

The Cal Expo facility is located approximately three miles east of downtown Sacramento at 1600 Exposition Boulevard. The simulcast wagering facility opened October 17, 1985. The pari-mutuel handle and attendance in FY 2008-09 were \$40,026,005 wagered by 218,148 patrons.

**Santa Rosa, Sonoma County
Fair and Exposition, Inc.**

The Sonoma County Fair is located in Santa Rosa at 1350 Bennett Valley Road. The simulcast facility opened October 17, 1985. The pari-mutuel handle and attendance in FY 2008-09 were \$18,075,425 wagered by 117,497 patrons.

Vallejo, Solano County Fair

The Solano County Fair is located on the north side of Vallejo at 900 Fairgrounds Drive. The simulcast wagering facility opened December 1, 1987. The pari-mutuel handle and attendance in FY 2008-09 were \$20,499,615 wagered by 84,210 patrons.

**Pleasanton, Alameda County
Fair**

The Alameda County Fair is located in Pleasanton at 4501 Pleasanton Avenue. Following the start of simulcast wagering on April 27, 1987, the location of the simulcast wagering was changed to a newly constructed facility on October 9, 1992. The pari-mutuel handle and attendance in FY 2008-09 were \$45,698,610 wagered by 175,596 patrons.

**San Mateo Events Center,
San Matero**

The San Mateo Events Center opened for simulcast wagering October 15, 2008, after the Bay Meadows racetrack and simulcast wagering facility closed in August 2008. The final pari-mutuel and attendance figures for Bay Meadows during FY 2008-09 were \$18,299,759. The pari-mutuel handle and attendance at the Events Center in FY 2008-09 were \$75,795,689 wagered by 210,779 patrons.

**Indio, Shalimar Sports
Center**

The Desert Expocentre is located approximately 10 miles southeast of Palm Springs just off Highway 111 at 46-350 Arabia Street on the National Date Festival grounds. The simulcast wagering facility opened May 18, 1988. The pari-mutuel handle and attendance in FY 2008-09 were \$7,474,665 wagered by 31,637 patrons.

Pomona, Fairplex Park

The Los Angeles County Fair facility is located in Pomona on the grounds of the Fairplex public events facility, two blocks north of Interstate 10. The simulcast wagering facility opened July 27, 1988. The pari-mutuel handle and attendance in FY 2008-09 were \$59,464,836 wagered by 268,960 patrons.

Inglewood, Hollywood Park Racetrack	The Hollywood Park facility is located in Inglewood at 1050 Prairie Avenue. The simulcast wagering facility opened July 27, 1988. The pari-mutuel handle and attendance in FY 2008-09 were \$254,501,878 wagered by 1,083,912 patrons.
San Jose, Santa Clara County Fair	The Santa Clara County Fair is located in San Jose approximately 40 miles south of San Mateo, just off Hwy. 101 at 344 Tully Road. The simulcast facility opened July 30, 1988. The pari-mutuel handle and attendance in FY 2008-09 were \$42,022,336 wagered by 146,771 patrons.
Albany, Golden Gate Fields	Golden Gate Fields is located in Albany at 1100 Eastshore Highway, just north of Berkeley, off Interstate 80, eight miles from downtown Oakland and 11 miles from San Francisco. The simulcast wagering facility opened September 24, 1985. The pari-mutuel handle and attendance in FY 2008-09 were \$127,199,328 wagered by 561,797 patrons.
Arcadia, Santa Anita Park	The Santa Anita facility is located in Arcadia at 285 W. Huntington Drive. The simulcast wagering facility opened July 27, 1988. The pari-mutuel handle and attendance in FY 2008-09 were \$330,801,714 wagered by 1,368,686 patrons.
Los Alamitos, Los Alamitos Race Course	Los Alamitos Race Course is located in Los Alamitos at 4961 Katella Avenue. The simulcast facility opened July 25, 1990. The pari-mutuel handle and attendance in FY 2008-09 were \$187,417,434 wagered by 688,533 patrons.
Cabazon, Fantasy Springs Casino	The Cabazon Band of Mission Indians facility is located approximately 18 miles east of Palm Springs in Indio at the intersection of Interstate 10 and Auto Center Drive. The simulcast wagering facility opened March 3, 1990. The pari-mutuel handle and attendance in FY 2008-09 were \$13,302,461 wagered by 57,729 patrons.
El Cajon, Sycuan Gaming Center	The Sycuan Band of Mission Indians facility is located approximately six miles east of El Cajon at 5469 Dehesa Road. The simulcast wagering facility opened October 7, 1990. The facility remained closed for renovations in FY 2008-09 .
Alpine, Viejas Casino and Turf Club	The Viejas Band of Mission Indians facility is located approximately 13 miles east of Alpine at 5000 Willows Road. The simulcast facility opened September 13, 1991. The pari-mutuel handle and attendance in FY 2008-09 were \$12,802,487 wagered by 65,798 patrons.
Lakeside, Barona Casino	The Barona Band of Mission Indians facility is located approximately five miles northeast of Lakeside at 1932 Wildcat Canyon Road. The simulcast wagering facility first opened in 1992, then a new facility opened in 2002. The pari-mutuel handle and attendance in FY 2008-09 were \$19,367,051 wagered by 87,836 patrons.
Turlock, Stanislaus County Fair	The Stanislaus County Fair facility is located in Turlock approximately two miles east of Highway 99 at 900 No. Broadway at Canal. The simulcast facility opened on April 7, 1993. The pari-mutuel handle and attendance in FY 2008-09 were \$8,752,809 wagered by 31,864 patrons.
Perris, 46th District Agricultural Association	The Farmer's Fair and Expo facility is located in Perris approximately three miles east of the 215 Freeway at 18700 Lake Perris Drive and Ramona Expressway. The simulcast facility opened on December 1, 1993. The pari-mutuel handle and attendance in FY 2008-09 were \$17,885,496 wagered by 80,903 patrons.

Horse-Racing Revenues

The State of California's revenue from horse racing is derived primarily from license fees, which are based on percentages of pari-mutuel wagers. The pari-mutuel handle totaled \$3,942,447,974 for FY 2008-09. This amount included wagers made within the State of California and wagers made in other racing jurisdictions, which were co-mingled (merged) into the wagering pools at live race meets in California. The CHRB was responsible for collecting on behalf of the State of California \$30,984,027 from all pari-mutuel sources.

License fees for the state, purses, track commissions, and other distributions are generated from a portion of the wagering handle referred to as the "takeout."

The takeout is set by law and is a percent taken from each dollar wagered. The takeout on conventional wagering (win, place, and show pools) is 15.81 percent for thoroughbred race meets, 16.09 percent for quarter-horse meets, 17.47 percent for harness meets, and 16.54 percent for fair meets.

The takeout on exotic wagering pools (all pools that are not win, place, or show) is 21.20 percent for thoroughbred meets, 21.50 percent for quarterhorse meets, 22.12 percent for fair meets, and 23.67 percent for harness meets.

In general, once the state license fee, breeders and owners awards, equine research, and other mandated amounts have been deducted from the takeout, the remaining funds are divided in a prescribed manner between purses and track commissions.

The amount of the state license fee and the split between purses and commissions depend on the breed of racing and whether the wagering was on track or off track.

A pari-mutuel auditor located at each live meet in California prepares a daily audited report of the precise distribution of the wagering handle. The report is submitted to the CHRB, the racing association, and other interested parties.

Breakage is a term used to describe the monies generated by mathematical

rounding during the calculation of winning wagers. After a race is run and the results are made official, the totalizer system calculates the payout for winning wagers.

The payout for each pool is first calculated on a \$1 amount, which is then used as the basis for paying all winning wagers for that pool.

During the calculation of the \$1 payout, amounts for each pool are rounded down ("broken," thus the term breakage) to the nearest dime. For example, in calculating a win pool, a \$1 payout of \$2.67 would be "broken" to \$2.60. A \$2 wager on that pool would then return \$5.20.

The 7 cents that is broken for each dollar in the calculation then becomes part of the total breakage for that pool, that race, and that day of racing, etc.

Charity Days

California horse-racing associations have distributed many millions of dollars to worthwhile charities over the last 69 years. Their donations in the last fiscal year totaled \$779,505.

By law, each racing association must conduct a specified portion of its race meeting for the benefit of charities meeting the statutory criteria and approved by the Board. The law also requires that at least 50 percent of the proceeds be distributed to charitable groups within the horse-racing industry. While recognizing the worthwhile nature of all the charitable organizations favored by the various distributing foundations, the CHRB encourages the foundations to exceed this minimum percentage.

On charity racing days, the racing association furnishes the facilities and personnel necessary for the conduct of racing. The income from all operations of the race meeting on charity racing days, less deductions for actual expenses, is dedicated to charitable purposes. The following racing associations distributed funds last year: Los Angeles Turf Club, Hollywood Park Racing Association, Del Mar Thoroughbred Club, Oak Tree Racing Association, Pacific Racing Association, and Bay Meadows Racing Association.

Uncashed Pari-mutuel Tickets

Winning pari-mutuel tickets can be cashed until May 15 of the year following the year in which the race meet ends. After May 15, the uncashed tickets (unclaimed monies) are distributed as indicated below. The unclaimed money in the pool is the amount remaining when individuals fail to present winning pari-mutuel tickets for cashing. Racing patrons may mistakenly tear up, lose, or forget about winning tickets. In some cases, racing patrons have, many months after the meeting, presented valid pari-mutuel tickets entitling them to a pari-mutuel payoff.

The amount to the State from unclaimed pari-mutuel tickets during the FY 2008-09 racing year totaled \$1,842,122.

All such unclaimed money resulting from the thoroughbred, harness, or quarter-horse meetings, but excluding the meetings of the California Exposition and State Fair, county, district agricultural association, or citrus fruit fair meetings shall be distributed as follows:

1. Fifty percent shall be used by the Board to support research on matters pertaining to horse racing and racetrack security. The redistributable money provided to the Board pursuant to this paragraph shall be subject to annual budgetary review by the Legislature.

2. Fifty percent shall be paid to a welfare fund established by the horsemen's organization contracting with the association with respect to the conduct of racing meetings for the benefit of the horsemen, and said organization shall make an accounting to the Board within one calendar year of the receipt of such payment. All unclaimed money from other meetings shall be paid immediately into the State Treasury to the credit of the General Fund.

3. Notwithstanding the distributions in paragraphs 1 and 2, unclaimed ticket monies generated by wagering on intrastate (north/south) thoroughbred and fair races, and interstate imports are split equally between purses and commissions.

Redistributable Money in Pari-mutuel Pools (Unclaimed Tickets)

FY 2008-09	TB	QH	HH	Fairs
Los Angeles Turf Club	\$352,984			
Hollywood Park Spring-Summer	244,950			
Del Mar Thoroughbred Club	296,500			
Oak Tree Racing Assn.	144,797			
Bay Meadows Racing Assn.	61,655			
Pacific Racing Assn.	113,285			
Hollywood Park Fall	<u>103,653</u>			
Thoroughbred Total	\$1,317,824			
Los Alamitos Quarter Horse Racing Assn.		<u>\$156,612</u>		
Quarter Horse Total		\$156,612		
Sacramento Harness Assn.*			\$15,108	
Ca Expo Harness			<u>61,738</u>	
Harness Total			\$76,846	
CARE				\$ 218,803
Los Angeles County Fair				<u>\$ 72,037</u>
Fairs Total				\$ 290,840
Total to State from unclaimed pari-mutuel tickets				\$ 1,842,122

* Sacramento Harness Association figure represents unaudited amount to the State for unclaimed pari-mutuel tickets in the northern region. Southern region figure was unavailable at publication time.

Occupational Licenses and Fees

July 1, 2008, through June 30, 2009

Type of License	Fee	Issued	Total
Multiple Ownership*	300	13	3,900
Horse Owner-Open Claim	250	7	1,750
Officer/Director/Partner**	150-200	104	16,350
Horse Owner**	150-250	3,723	560,450
<hr/>			
Trainer, Assistant Trainer***	150	429	64,350
Harness Horse Driver***	150	33	4,450
Jockey/Apprentice Jockey***	150	136	20,400
Jockey Agent	150	30	4,500
<hr/>			
Bloodstock Agent	150	17	2,550
Veterinarian	150	50	7,500
Association Employee	75	252	18,900
Valet/Custodian/Attendant	75	18	1,350
<hr/>			
Pari-mutuel Employee/Tote	75	979	73,265
Horseshoer	75	38	2,850
Exercise Rider/Pony Rider***	75	413	30,975
Misc. Employee/Stable Agent Vendor**	35-75	364	25,460
Security Guard	75	127	9,525
Stable Foreman	75	86	6,450
<hr/>			
Authorized Agent	25	479	11,975
Replacement License	15	345	5,175
Annual Groom/Stable Employee (Original)***	35	510	17,850
Annual Groom/Stable Employee (Renewal)**	20-35	1,915	40,355
Total fees generated to General Fund			\$1,034,130

All licenses are issued for three years except those for groom and stable employee licenses, which are annual licenses.

* Includes partnership registrations

**Variable fee

***Includes reduced license fees

Statement of Distribution by Fund of Horse Racing

Horse-racing revenue comes primarily from license fees imposed on the amounts wagered by the public. The license fee revenue schedule is based on such factors as the amount wagered, track location, type of horse racing, type of wager, and whether the wager is made on track or at a simulcast facility.

Other revenue sources include breakage (the odd cents not paid to winning ticket holders), unclaimed pari-mutuel tickets, occupational license fees, fines, and penalties.

The state's share of horse-racing revenue is either deposited to the state "General" Fund or to a

"special" fund, e.g., the Fair & Exposition Fund. The General Fund is used to account for all revenues and activities that are not required by law to be accounted for by any other fund. Most state expenditures are financed from the General Fund. Special funds consist of governmental cost funds used to account for taxes and revenues, which are restricted by law for particular functions/activities.

Typically, the only difference between the General Fund and other governmental cost funds is the restriction placed on the use of the other governmental cost funds.

July 1, 2008 through June 30, 2009

	Detail	Total
Revenue To Fair & Expo		
Pari-mutuel License Fees, Fund 0191:		
0.63 percent — total handle	\$3,211,015	
1.00 percent — fair handle	1,027,255	
Escheat of unclaimed warrant	37	
Section 19620-A	265,000	
Section 19620-B	14,492,538	
Total 0191 Fund		\$18,995,845
Simulcast Wagering Fees, Fund 0192:		
Simulcast Wagering	11,077,526	
Other regulatory, licenses, and permits — purses	1,294,049	
Total 0192 Fund		12,371,575
Revenue To General Fund		
Horse racing licenses	1,070,715	
Breakage	0	
Fines & Penalties	339,138	
Unclaimed Pari-mutuel Tickets	277,296	
Unclaimed Pari-mutuel Tickets (Racetrack Security Fund)	25,471	
Occupational Licenses	1,095,629	
Miscellaneous Income	130	
Total General Fund		2,808,379
Wildlife Restoration		
Racetrack Security		1,496,222
CA Animal Health and Food Safety UC Davis		2,088,866
Total Revenue		\$37,760,887

Other Public Revenues

In addition to revenues collected from horse-racing meetings by the Board, other public revenues are derived from horse-race meetings in California.

During the FY 2008-09 racing year, there were 1,798 horses “claimed” at authorized race meetings.

The “claiming” of a racehorse is in effect a sale of the horse at a designated price (as established by the conditions of the race) to a qualified person who submits a “claim” for the horse at least 15 minutes prior to the race in which the owner of the racehorse established the competitive value of the horse.

For example, in a claiming race where the claiming price is established by the racing secretary as \$10,000, an owner of a horse may enter the horse in the race if willing to lose the horse to another owner (or qualified person) for the price of \$10,000.

An owner who over-values the horse will find competition in the race too severe and will not win a purse — but probably retain the horse; the owner who under-values the horse may well win a purse but in all probability lose title to the horse to

a successful claimant. Thus, it is the owner who establishes the true competitive value of a horse in a claiming race.

Inasmuch as the claim of a horse is in fact a purchase, state sales tax is collected on the amount of the claim. During the FY 2008-09 racing year, the total amount paid for claiming of horses was \$23,905,875, resulting in sales tax revenues of \$2,004,018.

Chapter 1202, Statutes of 1982, changed the existing provisions for local license fees and admission taxes. This statute authorizes every racing association or fair to elect permanently to deduct up to 0.33 of 1 percent from all pari-mutuel pools and to distribute the amounts to the city or county where the racing meeting is held if the city or county passes an ordinance to accept such fees in lieu of admission taxes and license fees.

During the FY 2008-09 racing year, \$5.3 million was distributed to local governments under this provision.

Track Commissions

Under the system known as pari-mutuel wagering, the racing association acts as the stakeholder for all wagers, deducting from each pari-mutuel wagering pool the statutory “takeout,” which includes the state license fee, the percentage deduction for purses, and the track’s commission.

Commissions retained by California racing associations during FY 2008-09 totaled \$154,570,007.

A detailed summary of track commissions by race meet can be found in the CHRB’s Annual Report of Operations, also known as the Annual Statistical Report.

Purses

As with track operators’ commissions, the purses for race meetings are determined by the rate schedules, or in some cases by agreement with the racing association.

Purses for California race meetings during FY 2008-09 totaled \$151,571,436. In addition, \$13,873,581 was paid out as California-Bred incentives.

In order for the individual racing associations to establish their daily purse structure for their race meetings, the associations must first make a projection of the amount of pari-mutuel wagers they expect to handle.

The actual purses to be paid for any one race, or for the day’s races, initially are determined by the racing secretary’s projections of handle, then must be revised during the course of the race meeting based on actual handle. The racing association must also conclude an agreement with the respective horsemen’s organization representing the horsemen at each meeting in order to establish the percentage of the total purses that may be used for stakes races.

Statistics For Horses Claimed

July 1, 2008 to June 30, 2009

Track Location	Horses Claimed	Amount Paid	Sales Tax
Thoroughbred Meetings — Northern			
Golden Gate	334	\$3,522,000	\$316,020
Thoroughbred Meetings-Central-Southern			
Del Mar	204	5,512,500	427,219
Oak Tree	52	1,360,500	112,241
Hollywood Park	110	2,881,500	269,676
Hollywood (fall)	59	1,763,000	154,283
Santa Anita	180	4,681,000	389,863
Harness Meetings-Statewide			
Cal Expo	85	381,825	29,230
Quarter-Horse Meetings-Statewide			
Los Alamitos	629	\$2,617,550	\$207,989
Fair and Mixed Meetings-Statewide			
Pleasanton	11	\$138,500	\$12,119
Vallejo	16	120,700	8,902
Santa Rosa	19	131,800	10,544
San Mateo	29	289,150	23,855
State Fair	11	43,200	3,348
Stockton	17	110,950	9,760
Ferndale	0	0	0
Pomona	40	342,500	28,256
Fresno	2	9,200	734
Grand Total	1,798	\$23,905,875	\$2,004,018

Authorized Horse Sales

The CHRB each year authorizes sales for racehorses or breeding stock used in the production of racehorses when such sales are conducted on the premises of a racing association. During FY 2008-09, there were 1,343 horses sold for a total of \$21,973,550. These sales generated a total of \$772,043 in sales tax. Prospective purchasers may review the reported medication record of any horse offered for sale, and purchasers of a horse may request a verifying blood test for horses bought.

The following sales were authorized in FY 2008-09:

Barretts Equine Ltd. Thoroughbred Sales at Fairplex Park

1. October Yearling Sale September 30
2. October Mixed Sale October 27, 28
3. January Mixed Sale January 28
4. March Two-Year-Olds March 10
5. Spring Two-Year Olds May 11

A total of 768 horses was sold for \$15,431,600, which generated \$681,550 sales tax.

California Thoroughbred Breeders Association Sales

1. Nor-Cal Yearling Sale August 26

A total of 106 horses was sold for a total of \$504,700, which generated \$24,250 in sales tax.

Quarter-Horse Sales At Los Alamitos

1. Los Alamitos Equine Sale Oct. 3-5

A total of 469 horses was sold for \$6,037,250, which generated \$66,243 in sales tax.

California Horse Breeding Programs

The Horse Racing Law provides incentives for the breeding and owning of California-bred horses. A principal and explicitly stated intent of the law is to encourage agriculture and the breeding of horses.

Every association licensed to conduct a horse-racing meeting in California must provide, each racing day, for the running of at least one race limited to California-bred horses, provided those races can attract a sufficient number of qualified entrants.

An award based on the first, second, and third-place money of any purse won in any race run in California is paid to the breeder of the winning or placing California-bred horse. A further incentive to own a California-bred horse is provided by owners premiums. Owners premiums are distributed to persons owning California-bred horses that are in allowance races with a purse over \$15,000 and claiming races having a total purse value of certain qualifying amounts.

Additionally, stallion awards are issued to owners of qualified California thoroughbred stallions standing in California whose progeny win races in California having a certain qualifying gross purse. A breeders award is also paid for a California-bred thoroughbred when the horse wins a graded stakes race outside the state.

These California breeders programs and distribution of awards and premiums are administered by the recognized California breeders organizations of the various breeds.

Thoroughbred Breeders Programs

The California Thoroughbred Breeders Association administers the California-bred awards, owners premiums, and stallion awards for thoroughbreds. In addition, the CTBA supervises the California-bred race fund, which has supplemented the very successful California Cup program each year since 1990.

At California thoroughbred race meetings, the amount of 0.54 percent on track and 0.54 percent off track of all pari-mutuel pools is deducted as takeout and transferred to CTBA for distribution. A further amount equal to .07 percent of the handle is specified for owners premiums and transferred to the CTBA for distribution.

During FY 2008-09, \$12,516,661 was generated from the wagering handle. The CTBA is authorized to deduct 5 percent for administrative overhead and expenses, including education, promotion, and research.

Standardbred Breeders Programs

The California Standardbred Sires Stakes Committee, Inc., a California non-profit public benefit corporation, administers the Standardbred Breeders Program. The Sires Stakes Committee is authorized to deduct expenses (not to exceed 4 percent of funds generated) for administering the Standardbred Breeders Program. The program is funded from the breakage at harness meetings and an additional 1 percent takeout on all exotic wagering at harness meetings. In FY 2008-09, the program generated \$734,475.

Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, received \$514,470 from the pari-mutuel handle to fund its program in FY 2008-09. The source of these funds was 0.48 percent of the on-track and 0.48 percent of the off-track handle on quarter-horse racing at the fair race meetings, 0.4 percent of the handle at quarter-horse race meetings, and a proportional payment of the monies required by the state, the association, and the horsemen.

Paint Breeders Program

The Paint breeders awards received \$251 for the breeders program in FY 2008-09. No paints ran in California. This revenue came from ADW wagers.

Arabian Breeders Program

The California Arabian horse breeders awards received \$47,113 for the program during FY 2008-09.

Mule Breeders Program

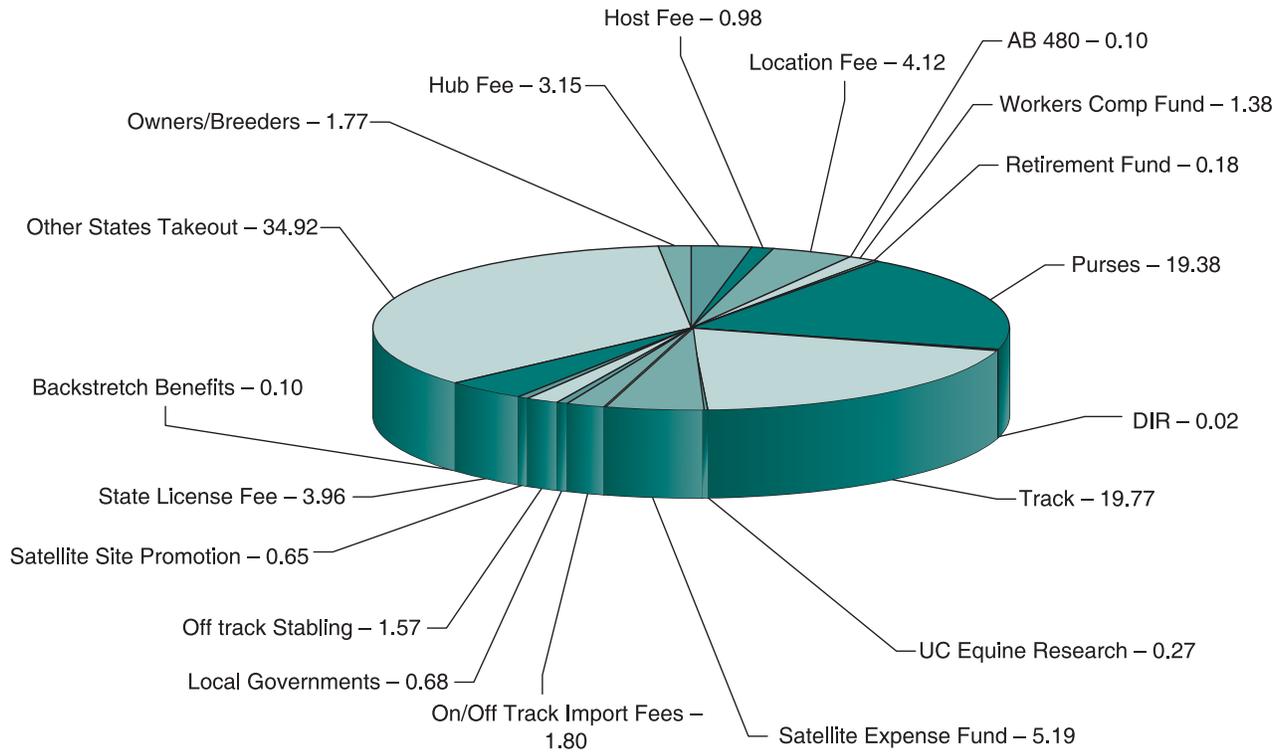
The California mule breeders awards received \$24,591 for the program during FY 2008-09.

Appaloosa Breeders Program

The California appaloosa breeders awards received \$20 for the program during FY 2008-09.

The Revenue Stream

The Takeout Dollar in California: Where It Goes and How It's Used



California horse racing is the envy of the nation. Only New York is on a par with California in the national picture of horse racing. A total of \$3,942,447,974 was wagered by fans of California racing during FY 2008-09, and of that money 80.1 percent (\$3,159,476,187) was returned to winning ticket holders.

Prior to simulcast wagering in 1985, virtually all of the wagering on California's races was at the track, but today "on-track" bets make up only 15 percent of wagers placed (\$590 million). Off-track betting within the state provides more than 26 percent of the handle (\$1 billion). The balance comes from out-of-state and Advance Deposit wagers (\$2.316 billion). ADW accounted for \$669,583,716 of that handle.

Patrons failed to cash \$6.4 million worth of winning tickets. By law,

money from uncashed tickets, except for fairs, is split evenly between a welfare fund for the benefit of backstretch employees and the CHRB for race-track security and research. Money from uncashed tickets at fairs is turned over to the state's General Fund.

Similarly, money from unredeemed vouchers issued by tracks for use by racing patrons at track self-serve betting machines is used to finance the horse-racing revenue database called the California Horse Racing Information Management System (CHRIMS).

Breakage, a byproduct of the pari-mutuel calculation, is distributed to the state, to purses, and to the racing associations. This totaled \$7,481,367 in FY 2008-09.

Of the \$3.9 billion wagered, \$782 million, or 19.8 percent, was withheld as the "takeout" for such purposes as horsemen's purses, racetrack operations, and government taxation, as follows on the next page:

HORSEMEN'S PURSES

A total of \$151,571,436 million was distributed last year in the form of purses. This money went to the owners of the horses, the jockeys, the trainers, and through them to the backstretch employees.

Portions of the purse money also went to the organizations that represent owners and other horsemen. (For details, see the horsemen's summaries of revenues and expenses at the end of this report.)

TRACK COMMISSIONS

The racetracks and fairs that host the racing programs collected a total of \$154.6 million in commissions. Much of that money went toward the cost of operations, such as rent or mortgages and labor costs, of which pari-mutuel clerks represent a large part. The racetracks also are responsible for marketing the sport — for advertising, promotions, and other forms of publicity.

STATE LICENSE FEES

Pari-mutuel wagering was authorized by the voters in 1933. During the last fiscal year, the state received \$30,984,027 from pari-mutuel wagering. Of this money, \$2,808,380 went to the General Fund for budgeted operating revenues for state programs.

The allocation of the California Horse Racing Board budget (\$11,067,000) comes from the Fairs and Exposition Fund through the yearly budget process conducted by the State Legislature. This allocation is used to fund the Horse Racing Board's mission of overseeing the horse-racing industry on behalf of the state and the California public.

INCENTIVE AWARDS

One of the most important uses of horse-racing revenue is for incentive awards, which promote the agricultural program in California by encouraging horse breeding. Last year those awards were divided between programs for thoroughbreds (\$12,516,661), standardbreds (\$734,475), quarter horses (\$514,470), paints (\$251), Arabians (\$47,113), mules (\$24,591), and appaloosas (\$20).

LOCAL GOVERNMENT

For those local municipalities who elect to participate, an additional 0.33 of 1 percent is withheld from the handle to reimburse communities for costs incurred due to traffic control, security, and other expenditures resulting from horse-racing events. Last year \$5.3 million was withheld for this purpose.

HOST FEES

Host fees are negotiated or mandated payments to producers of live horse racing imported by tracks via satellite and offered to the betting public in conjunction with a California track's live racing program. Last year, California tracks paid \$14 million to out-of-state hosts.

INTERSTATE WAGERING FEES

Interstate wagering fees are "takeout" deductions from wagers made on California racing by racing fans at off-track betting systems outside of the California borders. These deductions in other states amounted to \$249 million.

EQUINE RESEARCH

A mandated deduction goes to the University of California for equine research. Last year the total for equine research was \$2.1 million.

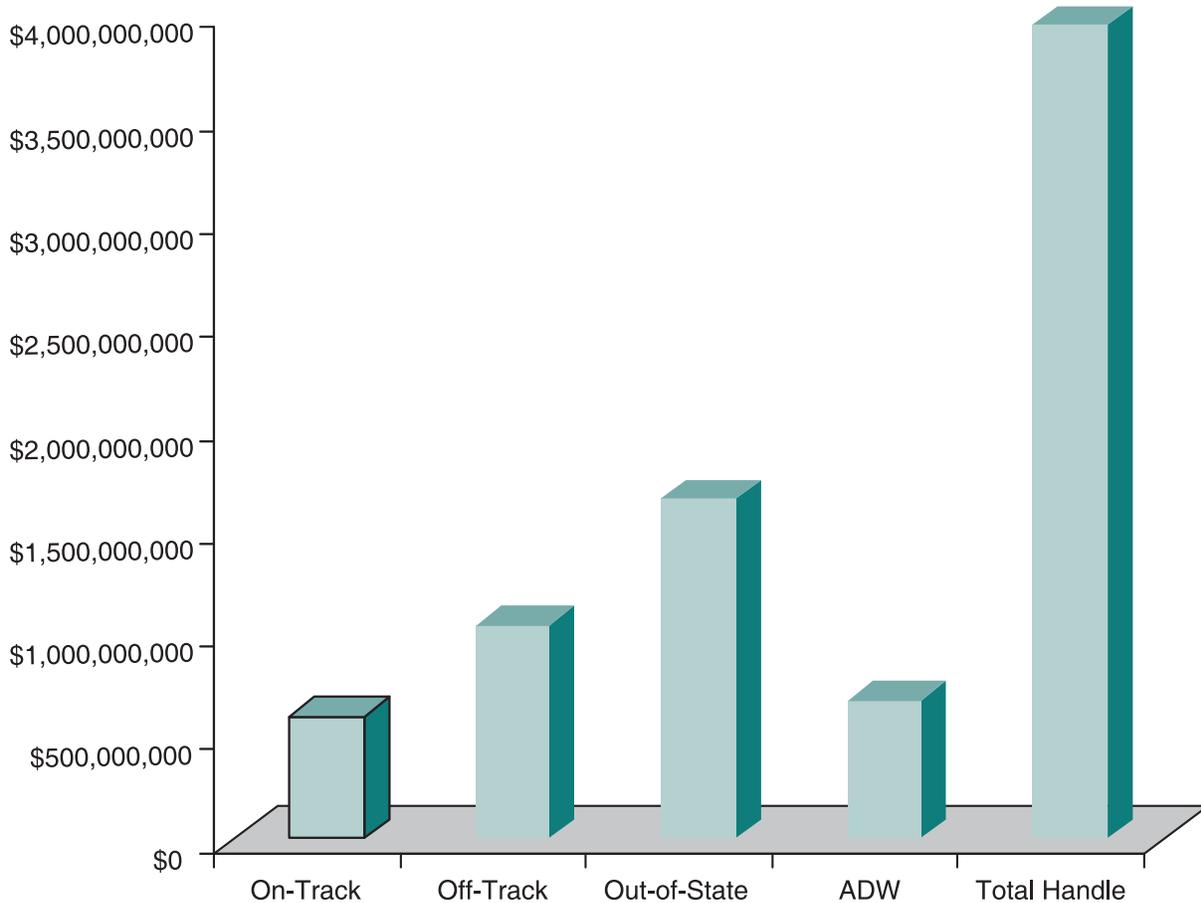
SIMULCAST FEES

Simulcast fees are deducted from the off-track handle at California simulcast facilities and are distributed in proportion to each facility's handle. This revenue goes to the Stabling and Vanning Fund to offset the cost of off-site stabling and transporting horses to the track, to the Promotion Fund to be used for the promotion of horse racing, to the Expense Fund for the purpose of offsetting the costs of simulcast broadcasting, and to guest commissions. A guest site is the term used for an authorized off-track betting system, or simulcast facility, that is an authorized recipient of a live horse race.

These funds received a total of \$81.6 million last year:

Stable and Vanning Fund:	\$12.3 million
Promotion Fund:	\$5 million
Expense Fund:	\$40.6 million
Guest Site Fees:	\$23.6 million

Sources of Handle Fiscal Year 2008-2009



The on-track handle represents wagers at the host track. On-track wagers accounted for 14.98 percent of the total handle. Off-track handle represents wagering at California simulcast locations and accounted for 26.28 percent of the total. Out-of-state handle represents commingled wagers from other US and international sites. Out-of-state wagers accounted for 41.76 percent of the total. Advance Deposit Wagering (ADW) represents the handle generated through the four licensed California ADW companies. The ADW handle accounted for 16.98 percent of the total.

The Horsemen's Organizations Welfare Funds

The Horse Racing Law provides that 50 percent of the unclaimed redistributable money in pari-mutuel pools (uncashed pari-mutuel ticket amounts) resulting from thoroughbred, harness, or quarter-horse race meetings be paid to the welfare fund established by the horsemen's organization contracting with the association for the conduct of the race meeting for the benefit of horsemen. These funds are registered with the Registry of Charitable Trusts of the Office of the Attorney General. The three horsemen's organizations have established and maintain the following welfare funds:

The California Thoroughbred Horsemen's Foundation, Inc.

285 W. Huntington Drive
P. O. Box 660129
Arcadia CA 91006
(Registry of Charitable Trusts
No. 4833)

California Harness Horseman's Association Welfare Fund

P.O. Box 254767
Sacramento, CA 95865
(Registry of Charitable Trusts No. CT 21800)

Quarter Horse Benevolent Charity Foundation

5024 Katella Avenue, Suite 247
Los Alamitos, CA 90720
(Registry of Charitable Trusts No. CT 18221)

Each of the foregoing welfare funds have a state tax-exempt status under the provisions of Section 23701 of the Revenue and Taxation Code.

The California Horsemen's Organizations

The CHRB determines the organizations to represent California horsemen with respect to each breed. The Board requires annual audits of their financial reports, and a summary of the revenues and expenses for each organization are contained in this report each year.

The following horsemen's organizations were recognized by the Board during the last fiscal year: Thoroughbred Owners of California for thoroughbred owners; California Thoroughbred Trainers for thoroughbred trainers; California

Harness Horsemen's Association for harness horsemen; Pacific Coast Quarter Horse Racing Association for quarter horsemen; and the Arabian Racing Association of California for Arabian horsemen.

Audited Expenses of California Horsemen's Organizations

Pursuant to AB 3106 (Chapter 594/96), the audited expenditures of all organizations representing horsemen and horsewomen are hereby included in this Annual Report. The information regarding the expenditures of these organizations is only one portion of the total audited financial state-

ments submitted to the California Horse Racing Board. Persons wishing to obtain a copy of the complete audited financial statements of a horsemen's organization can do so by contacting the CHRB's headquarters offices in Sacramento.

Pacific Coast Quarter Horse Racing Association, Inc.

*Statement of Revenues collected, expenses paid, and changes in fund balance - modified cash basis;
for the year ended December 31, 2008*

REVENUES COLLECTED	2008
Administration fees	\$448,499
Race administration fees	123,062
Membership dues	13,375
Cal-Bred Registry fees	21,990
Investment income	21,355
Sale costs reimbursement	20,000
Other income	850
Total revenue	649,131
EXPENSES PAID	2008
Administrative salaries and related expenses	257,510
Professional services	55,534
General operating expenses	86,569
Race and awards expenses	123,390
Insurance expenses	55,760
Equine Research	25,850
Legal expense	6,333
Chaplaincy expense	15,000
Worker's compensation supplement	30,000
Total expenses	655,946
Change in Fund Balance	-6,815
Beginning Fund Balance	980,309
Ending Fund Balance	\$ 973,494

California Thoroughbred Trainers

Statements of Activities for the years ended December 31, 2007 and 2008

	2007	2008
Revenues		
Track revenues	\$754,695	\$709,778
Recreation hall income	642,402	727,231
Interest income	46,355	47,983
Track fees	149,856	178,496
Other	49,206	43,430
Total revenues	1,642,514	1,706,918
Expenses		
Program services:		
Recreation hall	646,429	\$702,705
Backstretch programs	118,062	132,599
Membership services	81,942	114,147
Contributions	24,150	22,651
Total program services	870,583	972,102
Supporting services:		
Salaries and employee benefits	578,019	579,778
General office expenses	42,344	66,841
Professional and outside services	53,504	61,327
Insurance	12,533	15,644
Depreciation	16,324	17,387
Repairs and maintenance	4,542	2,398
Meetings and conventions	13,919	16,702
Travel – mileage reimbursement	7,355	15,997
Total supporting services	728,540	776,074
Total expenses	1,599,123	1,748,176
Change in net assets	43,391	(41,258)
Net assets at beginning of year	1,022,406	1,065,797
Net assets at end of year	\$1,065,797	\$ 1,024,539

Arabian Racing Association of California

This statement was not received in time for publication.

Thoroughbred Owners of California

Statements of Activity for the fiscal years ended June 30, 2008 and 2009

	2008	2009
Unrestricted Revenues and Gains:		
Proceeds from racetracks	\$1,465,000	\$1,396,000
Contributed office space	56,000	56,000
Investment income, net	41,000	24,000
Other	1,000	
Total unrestricted revenue and gains	1,563,000	1,476,000
Unrestricted Expenses:		
Consulting	189,000	146,000
Newsletter	91,000	106,000
Seminars	49,000	45,000
Board and member meetings	62,000	60,000
Donations	14,000	13,000
Management and general	1,145,000	1,072,000
Total unrestricted expenses	1,550,000	1,442,000
Changes in unrestricted net assets	13,000	34,000
Unrestricted net assets, beginning of year	1,181,000	1,194,000
Unrestricted net assets, end of year	\$1,194,000	\$ 1,228,000

American Mule Racing Association

Statement of activity for years ended December 31, 2007 and 2008.

	2007	2008
Revenue and other support:		
California Authority of Racing Fairs	\$86,118	\$61,222
Fairplex	18,973	3,240
Futurities	9,840	6,600
Other income	6,321	7,932
Membership	2,380	1,575
Interest	7,086	3,475
Cal-Bred fees	980	999
Total revenue and other support	131,698	130,043
Expenses:		
Program expenses		
Owner promotion	50,975	21,950
Breed representative	13,370	13,813
Futurities	9,310	7,710
Award fees	7,121	2,600
Other program expenses	459	378
Racing stats book	892	1,269
Open race subsidy	5,650	1,890
Jockey mount fees	30,130	19,460
Total program expenses	117,907	69,070
Supporting expenses		
General and administrative	21,770	21,623
Total supporting expenses	21,770	21,623
Total expenses	139,677	90,693
Change in net assets	(7,979)	39,350
Unrestricted net assets, beginning of year	131,778	123,799
Unrestricted net assets, end of year	\$123,799	\$163,149

California Harness Horsemen's Association

This statement was not received in time for publication.

Appendix A

Corrected Fiscal Year 2007-08 Fatalities at CHRB Facilities
July 1, 2007 — June 30, 2008

Track	Racing*			Training**			Other***	Total
	Dirt	Synthetic	Turf	Dirt	Synthetic	Turf		
Bay Meadows	17		2	2		0	7	28
Cal Expo (Sacramento)	2			1			1	4
Del Mar		2	4	0	5	1	1	13
Fairplex (Pomona)	4			7			9	20
Ferndale	0			0			0	0
Fresno	2			0			0	2
Golden Gate Fields		14	2		14	0	13	43
Hollywood Park		12	4	2	31	0	9	58
Los Alamitos	56			11			21	88
Pleasanton	1			5			3	9
San Luis Rey Downs				1			0	1
Santa Anita		12	8	1	17	0	14	52
Santa Rosa	2		1	1			1	5
Stockton	0			0			0	0
Vallejo (Solana)	0			1			1	2
TOTAL	84	40	21	32	67	1	80	325

*Racing includes any fatality associated with racing.

**Training includes any fatality associated with training.

***Other includes any non-exercise related fatality. The most common cause of death in the Other group is gastro-intestinal diseases, such as colic, colitis, and enteritis, followed by respiratory disease, primarily pneumonia and pleuropneumonia, and neurological diseases, including West Nile Virus and equine protozoal myeloencephalitis (EPM).