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CHRB NEWS RELEASE

AUGUST 21, 2010

REVIEW OF CHRB ACTIONS AND DISCUSSIONS 8-19-10

DEL MAR, CA – The California Horse Racing Board conducted its regular meeting Thursday, August 19, at Del Mar. Chairman Keith Brackpool presided. Vice Chairman David Israel and Commissioners Bo Derek, Jesse Choper, John Harris, Jerry Moss, and Richard Rosenberg were in attendance. During the meeting:

- The Board rejected the license application of the Oak Tree Racing Association to conduct its fall meeting at Santa Anita Park after the heads of the two thoroughbred horsemen's groups voiced strong concerns about problems with Santa Anita's main track and said the elected directors of their organizations would not support an Oak Tree meet at Santa Anita and would prefer to run that fall meet at Hollywood Park.

Oak Tree now must deal with the horsemen's concerns and then resubmit its license application for consideration by the Board at a special meeting. The race meet still could be conducted at Santa Anita if Oak Tree were to obtain a signed horsemen's agreement from the Thoroughbred Owners of California (TOC) supporting a meet in Arcadia. Alternatively, Oak Tree must obtain a TOC agreement for a meet in Inglewood.

The main track at Santa Anita – a synthetic surface that was installed in 2007 and has since been extensively altered in efforts to deal with drainage problems – has more recently been criticized by some horsemen as being unsafe. The CHRB contracted with Dr. Michael "Mick" Peterson earlier this month to inspect the surface. Dr. Peterson, a professor of engineering at the University of Maine who is considered the foremost authority on racing surfaces, gave a preliminary report Thursday. He described his testing methods, which included the use of ground-penetrating radar to obtain an accurate picture of what lies beneath the surface. Dr. Peterson said a mixture of sand and synthetic materials has formed a false, hard-pan base just below the cushion surface, and that false base is inconsistent throughout the oval. "The track varies significantly," he told the commissioners, and "given the false base and inconsistencies, I have significant concerns about the track." He also found dozens of small rocks within the upper cushion layer.

Commissioner Harris asked, "Is there anything that can be done to "bring the track back to a model situation." Dr. Peterson deferred to Richard Tedesco, the track

superintendent at Santa Anita, who said his crew already was addressing the problem by using heavy equipment to scoop up the top layer of materials. “We are going to start remediating the (now exposed) membrane and make it a kinder, more consistent surface,” he said. Richard Mandella, a director of Oak Tree, said the rock problem would be easily solved by “forming an army of backstretch workers” to pick up the rocks. Sherwood Chillingworth, executive vice president of Oak Tree, said he was confident Oak Tree could provide a safe and successful meet at Santa Anita and he urged the Board to approve the application as submitted. Several trainers testified in support of the application for a meet at Santa Anita.

After Dr. Peterson gave his report, most of the horsemen and racing executives in the audience left the Board meeting and went to another area in the Surfside Race Place at Del Mar to discuss the matter among themselves. They returned about 40 minutes later. When invited to speak by Chairman Brackpool, TOC Board Chairman Arnold Zetcher said, “Clearly there are issues concerning the safety of racing at Santa Anita. We (the TOC directors) wanted to hear Dr. Peterson’s report before we came to any serious conclusion. It appears to us to be too chancy for us to say we are going to race at Santa Anita (based on assurances) that in the next two or three weeks they are going to correct the problems and the track will be ready to run on in five weeks (for the scheduled September 29 start of the Oak Tree meet). To us it’s just not worth taking the chance. Our feeling is the meet should move over to Hollywood Park.” Then John Sadler, president of the California Thoroughbred Trainers (CTT) testified, “We’re with the TOC. We’re together. We want the Oak Tree meet moved to Hollywood Park. We think the (Santa Anita) track has changed since last winter and it has core issues that can’t be resolved in a short period of time.”

Earlier in the meeting, Frank Stronach, chairman of MI Developments (MID), owner of Santa Anita, advised the commissioners of his plans to replace the synthetic track with a dirt track prior to the scheduled December 26 start of the main winter meet at Santa Anita. Stronach said a five-week Oak Tree meet would not interfere with those plans because MID could proceed with obtaining the necessary permits and approval from the CHRB and would be bringing in the new materials during the Oak Tree meet, so that demolition and construction could begin immediately after the close of the Oak Tree meet on October 31. He felt confident the track could be replaced in about one month by working around the clock, so that horses would be able to train on the new surface for two or three weeks before the start of the winter meet.

Commissioner Moss said he believed MID could do a better job installing the new dirt track if Oak Tree were to move to Hollywood Park and work crews at Santa Anita could begin the project immediately. “I think they need four months to get a good base in and to make sure we get a good dirt track. For the good of the game, we should give Santa Anita four months to reinvent itself. They (the elected boards of the TOC and

CTT) speak for the majority, and I'll go along with that.”

Vice Chairman Israel said, “We hired Dr. Peterson to provide an objective report. He has misgivings (about the Santa Anita surface). We have to rely on his findings. There are concerns about the condition of the track.”

Commissioner Choper said, “The two most important participating groups – the elected board of directors for each – have stated their positions. Under these circumstances, I just think it's inevitable this (move to Hollywood Park) is going to take place.”

Chairman Brackpool said to the Oak Tree representatives, “Your association is asking us to approve Santa Anita while the boards of the TOC and CTT are saying they aren't going to run there.” The chairman then made a motion to “deny the application due to the fact that we do not have a TOC horsemen's agreement and we have been informed during the meeting that the boards of the TOC and CTT are opposed (to running the meet at Santa Anita).” The Board voted 6 – 0 to reject the application. Commissioner Rosenberg abstained.

Jack Liebau, president of Hollywood Park, said the offer for Oak Tree to race in Inglewood would not remain open indefinitely. He pointed to the need for marketing, advance ticket sales, and other pre-meet matters that need to be quickly addressed in order to have a successful meet. Chairman Brackpool asked Oak Tree to confer with Hollywood Park to determine their deadline and to proceed with the new application accordingly. The Board could hold a special meeting on 48-hours notice to consider the one licensing matter.

In the meantime, Chairman Brackpool instructed the CHRB staff to work closely with MID on the permit process for a new track and the required MID request for a waiver from the CHRB mandate for a synthetic surface. He said the waiver application, to be considered at the September 23 Board meeting at Fairplex Park, should include expert opinions, track specifications, and other information that would help the Board be “absolutely sure that the surface we change to is better than what we currently have.”

- Commissioner Derek reported on the August 6 meeting of the Medication and Track Safety Committee. She said a new ASTM safety standard for safety reins is expected to be published soon and the Committee will move forward with a proposal to mandate the use of safety reins, which provide an extra level of control and protection for jockeys. She reported the progress of another proposal to create a continuing education program for licensees in order to improve the capabilities and knowledge of those involved in horse racing. Also as part of continuing education, California safety stewards Luis Juaregui and Paul Nicolo, both former jockeys, will be reviewing races with apprentice jockeys each week to help them understand and comply with safety rules.

Commissioner Derek reported on suggestions to amend California's whipping rule to more closely resemble those in Canada and/or Europe, which place limitations on the use of a whip during a race. She also said the dialogue is continuing on the sharing of health records when ownership of a horse is transferred (something Commissioner Harris has volunteered to do whenever one of his horses is sold or claimed). This is a subject that has been discussed extensively this year and a rule is in progress to make it a requirement in some circumstances, such as when a horse dies at a California racetrack or authorized training facility.

Commissioner Derek said the Committee received updates on the ongoing CHRB track safety study and the California Retirement Management Account (CARMA) for retired thoroughbreds. She reported that the Barretts Sale has agreed to bring its medication policies even more into line with those at the Keeneland 2-Year-Olds in Training Sale. And there was a continuing discussion of a proposal to void any claim when the horse does not finish the race.

- The Board approved the license application for a new minisatellite wagering facility to be located within Farrington's Bar in Pleasant Hill, which is about 16 miles southeast of Vallejo near Walnut Creek and Concord in Contra Costa County. The application included a waiver from the Solano County Fair, required by law because the new facility is within a 20-mile radius of the Vallejo simulcast facility operated by the fair. Farrington's General Manager Doug McCann said horse racing will add to the sports bar atmosphere. There will be three pari-mutuel wagering machines in the restricted minisatellite wagering area with seating for 40. Admission will be free. Farrington's is the third minisatellite approved by the Board. The first was the Commerce Casino, located about 10 miles south of Los Angeles, which began accepting wagers on horse racing last year. In June, the Board approved the application for a minisatellite within the O.C. Tavern in San Clemente subject to city approval. That minisatellite has not yet opened. The law allows for up to 45 minisatellites in the state.
- The Board briefly discussed the continuing process for establishing standards for the operation of simulcast facilities (including minisatellites) in California. Chairman Brackpool asked staff to include a broad representation of interests in the development of the standards. He said the final recommendation should include a standard for the quantity and quality of service to patrons. Commissioner Moss asked staff to include attendance and handle data for each of the existing facilities.
- Executive Director Kirk Breed announced that the CHRB Dates Committee will meet September 22 to begin consideration of the 2011 racing calendar. The various racing associations and fairs, horsemen's groups, and anyone else with an interest in this matter are instructed to submit their proposed 2011 racing calendars to the Board no later than September 12. Commissioner Rosenberg asked that these proposals include

the dollar amounts that each location intends to spend on advertising, promotions, and marketing their product.

- Chairman Brackpool noted that the legislative session in California would be ending in 10 days and “there are a couple of pieces of legislation that the industry has coalesced around. There are a couple of groups in the industry that have issues. Whether anything will come to a vote (in the Legislature) remains to be seen. There are lots of issues we are still working through.”
- The Board approved the license application for the Big Fresno Fair to conduct a race meet in Fresno from October 6 through October 17. Fair CEO John Alkire described efforts to overcome the sluggish economy by “doubling up” on promotions and offering an outreach programs to interest new fans, a promotion involving the new movie *Secretariat*, free concerts, and a revamped program offering free admission in exchange for food to benefit the needy. Alkire also stressed the high live daily attendance at the fair and that there were no fatal horse accidents there last year. The commissioners complemented Alkire on these efforts and accomplishments.
- The Board approved the distribution of \$148,843 in race day charity proceeds by the Del Mar Thoroughbred Club to 18 beneficiaries.

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