



July 26, 2011

Board of Directors  
California Thoroughbred Owners of California  
285 West Huntington Drive  
Arcadia, California 91007

Ladies and Gentlemen:

Pacific Racing Association, as the operator of the 2011 Santa Anita Autumn Meet (“Santa Anita”), and Hollywood Park Fall Racing Association, as the operator of 2011 Hollywood Park Fall Meet (“Hollywood Park”), hereby requests the Thoroughbred Owners of California (“TOC”) to agree on an experimental basis to the following changes in take-out during their respective Meets:

1. Daily Double wagers being considered to be conventional wagers, i.e. take-out of 15.43%. As such, handle on Daily Double wagers shall be distributed in the same manner as Win, Place and Show wagers.
2. The take-out on Exactas and Quinellas being reduced from 22.68% to 21.68% with the amount distributable to purses in accordance with Section 19601.02 being reduced from 2% to 1%. All other distributions shall remain the same as provided in the Law.
3. The take-out on the Pick 5 being 14% with no disproportional distribution to purses pursuant to Section 19601.02.

The above changes in take-out are intended to impact only purses and commissions in that there would be no change as to other statutory deductions. The requested changes would be only applicable to the Autumn Meet of Santa Anita and the Fall Meet of Hollywood Park. It is understood that such changes are being made on experimental basis and would not be considered as precedent for future changes requested by either Santa Anita or Hollywood Park.

Santa Anita and Hollywood Park believe that the requested changes are in the best interest of racing in California and that the implementation of the requested changes would be of benefit to all segments of the racing industry, particularly the wagering public.

Los Angeles Turf Club, Inc.

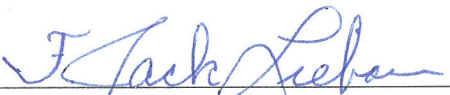
285 W. Huntington Drive, P.O. Box 60014, Arcadia, CA 91066-6014 (626) 574-7223 Fax (626) 446-9565

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In order for the requested changes to be applicable to the Autumn Meet of Santa Anita and Hollywood Park Fall Meet, it is requested that TOC consider the requested changes as soon as possible because the requested changes will have to be memorialized in a formal agreement among Santa Anita, Hollywood Park and TOC (Section 19601.01), and subsequently approved by the CHRB.

Very truly yours,

HOLLYWOOD PARK FALL RACING ASSOCIATION


By   
F. Jack Liebau, President

PACIFIC RACING ASSOCIATION

By   
George Haines, President

Pacific Racing Association hereby requests that the above changes in take-out to be concurrently effective for its meet in Northern California.

PACIFIC RACING ASSOCIATION

By   
George Haines, President

FJL/GH:sm

19601.01. (a) Notwithstanding any other provision of law, a thoroughbred association or fair, upon the filing of a written notice with, and approval by, the board specifying the percentage to be deducted, may deduct from the total amount handled in the parimutuel pool for any type of wager an amount of not less than 10 percent nor more than 25 percent. The written notice shall include the written agreement of the thoroughbred association or fair and the horsemen's organization for the meeting of the thoroughbred association or fair accepting the wager. The established percentage to be deducted shall remain in effect until the filing of a subsequent notice with, and approval by, the board, unless otherwise specified in the notice. The amount deducted shall be distributed as prescribed in this chapter. However, any such distribution, except for amounts payable for the support of the board and the equine drug testing program pursuant to subdivision (a) of Section 19616.51, may be modified or redirected upon the filing with, and approval by, the board of a written notice that is authorized and signed by the organization representing each entity affected by the modification or redirection, including, but not limited to, horsemen's organizations, racing associations, and fairs. If the proposed distribution modification or redirection increases or would increase the financial burden of any other organization or entity, the consent of that organization or entity shall also be obtained. This organization or entity consent provision for a distribution modification or redirection applies even if the percentage deduction is not increased pursuant to this subdivision.

(b) A notice filed with the board to modify or redirect a distribution pursuant to subdivision (a) shall be accompanied by a report detailing all receipts and expenditures over the two prior fiscal years of the funds and accounts proposed to be affected by the notice.

(c) Initial approval of a distribution modification or redirection pursuant to this section shall be limited to a one-year period. An approval may be extended in subsequent years contingent upon annual receipt of the report described in subdivision (e) and a determination by the board that the extension is in the economic interest of thoroughbred racing. However, in order for an initial approval of a distribution modification or redirection to be extended beyond the first year, the consent of each organization and entity that gave its consent to that initial distribution modification or redirection shall also be obtained for the extension. In the absence of the consent of all of these organizations and entities, the board shall not approve the extension.

(d) A thoroughbred association or fair whose written notice for a percentage deduction pursuant to subdivision (a) has been approved by the board shall provide subsequent quarterly reports of receipts and expenditures of the affected funds if requested by the board.

(e) A thoroughbred association or fair whose written notice for a percentage deduction pursuant to subdivision (a) has been approved by the board shall file a report with the board and the respective fiscal committees and Committees on Governmental Organization of the Senate and the Assembly accounting for all receipts and expenditures in any of the affected funds. This report shall be filed within one year of initial board approval and annually thereafter if the approval is extended by the board.

19601.02. (a) Notwithstanding Section 19610, every thoroughbred association or fair that conducts a live race meeting shall deduct an additional 2 percent of the total amount handled on exotic wagers requiring the selection of two wagering interests, and 3 percent of the total amount handled on exotic wagers requiring the selection of three or more wagering interests.

(b) The funds collected pursuant to subdivision (a) from wagers placed within the inclosure of a thoroughbred association or fair conducting a race meeting, at satellite locations within this state, and from account wagers originating within this state, shall be distributed to the purse account of the meet conducting racing in the zone in which the wager was placed, and distributed in accordance with subdivision (d).

(c) Any thoroughbred racing association or fair, when it authorizes betting systems located outside this state to accept wagers on a race, shall retain from the total amount received by the association or fair from the out-of-state betting system, the incremental amount received as a result of the takeout specified in subdivision (a) for distribution as overnight purses in accordance with subdivision (d) without regard to the provisions of paragraph (1) of subdivision (b) of Section 19602. The method utilized to determine the incremental amount received as a result of the takeout increase specified in subdivision (a) shall be established by agreement between the various affected thoroughbred racing associations and fairs and the applicable horsemen's organization. Should the thoroughbred racing association or fair and the applicable horsemen's organization be unable to reach an agreement as to the method of making such determination, the board shall determine the appropriate allocation method after a hearing on the matter.

(d) The amounts collected pursuant to subdivisions (b) and (c) shall be utilized solely to augment and not supplant overnight purses. Within 90 days after the conclusion of a given meet, the thoroughbred association or fair receiving funds pursuant to subdivisions (b) and (c) shall report to the board the manner in which the funds were used to augment and not supplant overnight purses at that meet.

(e) The board shall have the authority to postpone or revoke the implementation of the takeout increase specified in subdivision (a) if the board determines that the incremental amount that results from the negotiations with the out-of-state betting systems is incrementally insufficient.