

FROM THE PRESIDENT

This, my first President's Letter, is being composed on the eve of the 2009-2010 Santa Anita winter-spring meeting. Let me say it is both an honor and an exciting challenge to join with my fellow owners in an effort to make things a bit better here in California for all those who participate in horse racing, from the stable employee to the most prominent owner – and everyone in between.

I certainly do not need to tell you about the challenges facing California racing. Combine a decreasing horse population, an economy in turmoil, decreased handle, the controversy that surrounds the installation of synthetic racing surfaces and an aging, outmoded simulcast wagering system, and we are clearly faced with much work to do to right the ship.

These issues, as you can see, are easily defined. We need to focus on solutions, focus on the positive, appreciate our strong fan base and not be shy about expressing all the good that our gaming/sporting industry provides.

I have always likened the marketplace of the hospitality/gaming/sporting industry to a perpetual revolution of changing fashion, desires and interests. With this understanding, we are enabled to recognize our shortcomings, seek solutions and try new avenues in which to present horse racing. In many respects, the status quo is not working. The marketplace has changed irrevocably, largely due to increases in gambling of all kinds. We must not be afraid to try a new idea for fear that it might not work. We need to adapt and exploit these new circumstances.

So with all this in mind, what does the TOC plan to do in 2010 to “move the pile” closer to the goal of a more prosperous California racing industry? Our plans and ideas include the following:

- Closing underperforming simulcast facilities, while expanding the simulcast network with the addition of “mini-satellite” sites in existing gambling casinos, card clubs and sports bars.
- Eliminating the current limit on the number of imported domestic Thoroughbred races that California racing associations may present, thus allowing them to expand their menus to conform to those wagering opportunities that ADW companies now provide to patrons' homes through television broadcasts, such as TVG and HRTV. Racetracks should be able, if they so desire, to present as much racing product as the ADW providers.
- The only growth area in the sport currently is online betting. We are actively exploring ways to expand the portion of Internet wagering that goes to purses, while making concerted efforts to come together with industry participants to create our own not-for-profit ADW company. All earnings would go to enhance purses.
- While in its infancy, ideas are going to be proposed dealing with expanding California horse racing in international commingled wagering pools. It makes perfect sense for us to look beyond our borders to expand and grow our business. This will likely involve western European countries, as Hong Kong and Japan either limit or restrict wagering markets to United States races.
- We intend to closely examine the current racing calendar and make our beliefs known on the question of whether, under present circumstances, the volume of racing dates is in balance with the supply of horses available to race and the level of public demand for the sport. We will also examine the racing surface issue and make recommendations on this point.

It is time for all of us to decide whether we want our sport to thrive and prosper. It is within our power, through investment and support, to make it happen. This is a time for renewal. The opportunities are there for us all. Let's get going.

Steve Schwartz



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