

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

STATE CAPITOL
ROOM 2040
SACRAMENTO, CALIFORNIA

THURSDAY, JUNE 3, 2004

9:30 A.M.

JAMES F. PETERS, CSR, RPR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMISSIONERS

Mr. John C. Harris, Chairperson
Mr. Roger H. Licht, Vice Chairperson
Ms. Sheryl L. Granzella, Member
Ms. Marie G. Moretti, Member
Mr. Jerry Moss, Member

STAFF

Mr. Roy C. Wood, Jr., Executive Director
Mr. Roy Minami, Assistant Executive Director
Mr. John Reagan, Senior Pari-mutuel Examiner
Mr. Paige Noble, Chief of Administration
Ms. Pat Noble, Regulations Analyst
Ms. Wendy Voss, Administrative Analyst

ALSO PRESENT

Mr. Chris Bardis
Mr. Steve Berry, Capitol Racing
Mr. Rodney J. Blonien, Los Alamitos Race Track
Mr. Barry Broad, Jockey's Guild
Mr. Drew Couto, Thoroughbred Owners of California
Mr. David Elliott, California Exposition and State Fair
Mr. Darrell Haire, Jockyes Guild
Mr. Edward Halpern, California Thoroughbred Trainers

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APPEARANCES CONTINUED

ALSO PRESENT

Mr. Kim Hankins, California Harness Horsemen's Association

Mr. Alan B. Horowitz, Capitol Racing

Mr. Ben Kenney, California Harness Horsemen's Association

Mr. Derry Knight, Deputy Attorney General

Mr. Ron Liccardo, Pari-mutuel Employees

Mr. Chris McCarron, Santa Anita Park

Mr. Jack McDaniel, Santa Anita Park

Mr. Jim Moore, Sonoma County Fair

Mr. David Neumeister, California Harness Horsemen's
Association

Mr. Patrick Skelton, Solano County Fair

Ms. Bernie Thurman, Bay Meadows

Mr. John Van De Kamp, COC

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EXECUTIVE DIRECTOR WOOD: Good morning, everyone.

And welcome to Sacramento and also welcome to the Capitol. We're certainly glad we were able to have our meeting here this morning in the Capitol.

And before I go on I'm going to just announce that during some of the presentations, well, we have an awful lot of people who work -- a very valuable resource of people who work at the California Horse Racing Board staff. And many are the times that we go to our Board meetings in different places, well, they're not able to attend.

We have some of our staff members here today. And some of them are going to be involved in making some of the presentations, the issues on the agenda. So it's a good chance for the industry to recognize them; it's a good chance for the commissioners to recognize their hard work and dedication. There are some really great people who work on this staff.

And with that I'd like to just welcome you and tell you that this is a regularly scheduled meeting of the California Horse Racing Board. And this meeting is being conducted on Thursday, and it's June 3rd, 2004, and we're at the State Capitol in Room 2040.

Present at today's meeting are Chairman John

1 Harris, Vice Chairman Roger Licht, Commissioner Sheryl
2 Granzella, Commissioner Marie Moretti, Commissioner Jerry
3 Moss, and Commissioner John Sperry.

4 Before we go forward with this morning's meeting
5 I would respectfully request that if you have testimony to
6 give to this Board, would you please state your name and
7 your organization for the court reporter. Additionally,
8 if you have a business card to present to the court
9 reporter, it would be appreciated.

10 With that I'd like to turn the meeting over to
11 our Chairman, Mr. John Harris.

12 CHAIRPERSON HARRIS: And good morning. I'd like
13 to join Roy in welcoming everybody and appreciate having
14 some of our valuable staff here also.

15 First item is the approval of the minutes of the
16 regular meeting of March 25th.

17 Would Commissioners like to move to --

18 COMMISSIONER SPERRY: So moved, Mr. Chairman.

19 CHAIRPERSON HARRIS: It's been moved to approve.

20 VICE CHAIRPERSON LICHT: Second.

21 CHAIRPERSON HARRIS: Second to move approval.

22 All in favor of approving the minutes?

23 (Ayes.)

24 CHAIRPERSON HARRIS: Now, we go on to the minutes
25 of April 22nd.

1 COMMISSIONER SPERRY: Same action, Mr. Chairman.

2 CHAIRPERSON HARRIS: Okay. Thanks.

3 COMMISSIONER MORETTI: Second.

4 CHAIRPERSON HARRIS: All in favor?

5 (Ayes.)

6 CHAIRPERSON HARRIS: Keep in mind that these
7 minutes are on our website and are also in the packet. So
8 I hope that the industry or anybody interested does take a
9 look at those. And they're a good chronicle of what has
10 happened at different meetings.

11 The next item is the discussion and action by the
12 Board on the Jockeys' Guild proposal for jockey weight
13 allowances amending CHRB Rule 1615, scale of weights.

14 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Thank you,
15 Mr. Chairman, members of the Board. Roy Minami, Horse
16 Racing Board staff.

17 I'd like to introduce to you Hal Coburn on my
18 right, who is a member of our Policy and Regulations Unit.
19 And he's pretty much the one who's been doing all the
20 homework and the staff work and analysis in putting these
21 rules together.

22 CHAIRPERSON HARRIS: Now, it might be good before
23 we really get into specifics of this rule if you'd give us
24 a little bit of briefing on how the procedures work on
25 these rules as far as the -- we publish them and there's a

1 comment period, and how people can get their input into
2 them.

3 MR. COBURN: Okay. Well, usually at the
4 direction -- oh, excuse me. Harold Coburn, CHRB staff.

5 Usually at the direction of the Board, we will
6 initiate either a new regulation or an amendment to a
7 regulation. And the -- we write a notice and initial
8 statement of reasons and take that to the Office of
9 Administrative Law where they publish it in the register.
10 And then the public has 45 days to comment on the
11 regulation.

12 After that comment period, the Board in general
13 holds a hearing to either adopt or reject the amendment.
14 And at that time we present all the public's comments
15 regarding the proposed amendment.

16 Also, we include those comments in the file that
17 goes to the Office of Administrative Law. And they look
18 at our either agreement or rebuttal with those comments in
19 regard to the total file. And they make a decision based
20 on that.

21 CHAIRPERSON HARRIS: When it comes back to the
22 Board, you know, presumably with some comments, does the
23 Board -- you said you had -- we had ability to approve or
24 reject, but we also had the ability to approve with
25 modifications or is it --

1 MR. COBURN: Yes, yes.

2 CHAIRPERSON HARRIS: So you've got pretty good
3 latitude on this back to the Board?

4 MR. COBURN: Based on those
5 comments you can make modifications to a regulation.

6 CHAIRPERSON HARRIS: At that point it would -- we
7 could take a vote on it at that point?

8 MR. COBURN: Yes, sir.

9 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Mr.
10 Chairman, at that point, once the Board has an item for
11 adoption and they make a change, then it -- by regulation
12 it would have to go back out for up to a 15-day
13 notification so that the public could comment, and then
14 would come back to the Board for final adoption on the
15 entire rule.

16 MR. COBURN: But there's only comments on those
17 comments, but based on the 15-day notification.

18 CHAIRPERSON HARRIS: Okay. Go ahead with the
19 report.

20 MR. COBURN: Okay. Thank you.

21 At the March 24 regular -- March 2004 regular
22 Board meeting the Jockeys' Guild proposed changes to
23 jockey weight allowances. This has resulted in a proposed
24 amendment to Rule 1615, Scale of Weights for Age.

25 The proposed amendment states: "Every horse

1 shall carry ten pounds of riding gear to run." Provides a
2 definition of riding gear. And requires the official
3 program to state that in addition to listed jockey weight,
4 every horse carries ten pounds of riding gear.

5 The proposed amendment also defines jockey
6 weight, which is the weight of the jockey nude, absent any
7 riding gear or clothing, as recorded by the clerk of
8 scales when the jockey weighs out.

9 The new minimum weights for jockeys riding an
10 Arabian or thoroughbred horse would be 118 pounds. The
11 jockey riding a paint, quarter horse or mule, it would be
12 123 pounds. This proposed amendment does not alter or
13 affect apprentice allowances.

14 In addition to the new minimum weights, the
15 proposed amendment requires that jockeys maintain a
16 minimum body fat content of not less than five percent.
17 Jockeys whose body fat content is below five percent will
18 be placed on a warning and suspended from riding if they
19 do not meet the minimum within three calendar days.

20 A jockey whose body fat is below four percent
21 body mass total shall be suspended from riding at any
22 race.

23 Compliance with the body fat requirement is
24 optional for jockeys licensed after December 31, 2003.

25 The proposed amendment to Rule 1615 impacts

1 several rules, notably 1616, minimum weights to be
2 carried; 1684, items included in weight; and Subsection AA
3 of Rule 1420.

4 The 1616, minimum weights to be carried, has
5 weights that do not match the provisions of the proposed
6 amendment, and it could be deleted from the rules and
7 regulations.

8 Sixteen eighty-four currently lists items that
9 are included in a Jockey's weight. And those items are
10 now folded into the new 1615, so that regulation can also
11 be deleted.

12 Subsection AA of 1420 defines weights for age.
13 And if we take out 1616, that too can be deleted from our
14 regulations.

15 The staff recommendation is that the Board
16 instruct staff to initiate the 45-day public comment
17 period.

18 CHAIRPERSON HARRIS: I'm normally clear on these
19 rules. We haven't done one recently.

20 Do we comment on the rule at this point or do we
21 put it out to the public and then they comment and we then
22 address -- is it better at that point?

23 MR. COBURN: At your direction, I would initiate
24 the file and send it to OAL and they'd publish it, which
25 starts a 45-day public comment period. And that's when we

1 listen to the comments from the public. But at this point
2 you too can also comment on the regulation.

3 CHAIRPERSON HARRIS: Well, you've got to get a
4 few comments today to see if we -- make sure we're going
5 the right direction, which I personally feel it's a good
6 program.

7 One issue I had, sort of a technical thing, where
8 you talked about the jockey weighing out. Do you really
9 mean the jockey weighing in -- sort of complicated -- if
10 he's weighing in or weighing out? But I would presume
11 that the idea would be that if he's nude, he's not going
12 out.

13 (Laughter.)

14 MR. COBURN: No, hopefully.

15 CHAIRPERSON HARRIS: So maybe that should be
16 weighing in to the -- you know, well, whatever he's going
17 to get into his gear.

18 VICE CHAIRPERSON LICHT: Are we on the moratorium
19 period on rule changes?

20 MR. COBURN: Yes.

21 CHAIRPERSON HARRIS: The moratorium on rule
22 changes has been dropped -- they're just dropped for
23 certain types of rules?

24 MR. COBURN: For actions that start after the
25 initiation of the Schwarzenegger administration, we can

1 start new regulations.

2 CHAIRPERSON HARRIS: Okay.

3 VICE CHAIRPERSON LICHT: I think it's really
4 important for the industry, number one, from a health
5 standpoint. I mean we've all been made aware of the
6 terrible health crisis that jockeys face as a result of
7 reducing to an abnormal degree. I also think it's great
8 from the public standpoint from a disclosure that people
9 really know what the weight is going to be, instead of it
10 doesn't include this and it doesn't include that. Now
11 we're going to know exactly what it says in the program.
12 Plus 10 is going to be weights carried, that's my
13 understanding, right?

14 MR. COBURN: Yes.

15 VICE CHAIRPERSON LICHT: So one question I have
16 is in stakes races. The minimum weight is going to be
17 118, which is really going to be 128, right? So that the
18 racing secretary, the lowest weight -- if there's some
19 horse that doesn't belong in the race at all, he's going
20 to be assigned 118 pounds. If there's a champion horse in
21 the race, he might be assigned 130 pounds. So I mean the
22 weights are going to be dramatically higher. And that 130
23 pound assignment is going to really be 140, the way I
24 understand it.

25 Maybe Darrell or somebody can address that.

1 CHAIRPERSON HARRIS: It might be good to hear
2 from the Guild.

3 Yeah, I want to hear from him if he -- Darrell or
4 who would like to represent the Guild to answer some of
5 these issues.

6 MR. HAIRE: Darrell Haire, representative of the
7 Jockeys' Guild.

8 Mr. Licht, there's going to have to be some
9 revision with -- as far as handicaps, main stake races
10 concerning this. Just like now because this is full
11 disclosure, there are -- we'll have to work with the
12 racing secretaries because there won't need to be that
13 swing of -- there's a big swing of weights right now,
14 there's a big gap. Because right now the way the
15 conditions are written, they'll get three pounds now and
16 then since August or sex allowance.

17 VICE CHAIRPERSON LICHT: Well, that's a stake.
18 I'm talking about a handicap where there's a horse that
19 doesn't belong in the race. It literally has no chance.
20 That means if the lowest the racing secretary can give him
21 is 118, so -- and if there's a champion in the race,
22 everybody going to have to give him 130 or something. So
23 really he's going to be carrying 140 pounds, right?

24 MR. HAIRE: Right.

25 VICE CHAIRPERSON LICHT: And that's the way you

1 expect it to be?

2 MR. HAIRE: The way it is now, yes.

3 CHAIRPERSON HARRIS: Well, no, now you might be
4 carrying 135 pounds because then at 130 where this would
5 be --

6 VICE CHAIRPERSON LICHT: No, we wouldn't have to
7 be because you wouldn't have to get the fluctuation. The
8 low weight then might be 108 on this horse that doesn't
9 belong in the race, instead of 118.

10 CHAIRPERSON HARRIS: Yeah. Well, I think --
11 there's a spread of weights. It will probably not be as
12 big as it historically has been. But that is sort of a
13 tradeoff, I think.

14 I'd sort of like to hear a little rationale why
15 we should grandfather jockeys' licenses before December 1,
16 2003.

17 MR. BROAD: Mr. Chairman and members, Barry Broad
18 on behalf of the Jockeys' Guild.

19 I think the rationale for that is that there are
20 jockeys that have operated under the current rules, such
21 as they are, for their careers and that we sort of
22 analogize to what happened in hockey -- professional
23 hockey when they went to helmets. Rather than disturb the
24 sort of sense of mental stability of the hockey players
25 that were then licensed, they made the rule that you had

1 to wear a helmet apply to the new players. Very quickly
2 the old players started wearing helmets. Maybe a few of
3 their -- the view of a few of them was, you know, "I'd
4 rather die than wear a helmet. That's not really hockey."
5 But very quickly they changed as they sort of -- the newer
6 players adopted -- were required to wear the helmets and
7 it was clearly safe and it clearly didn't cause any issues
8 for them.

9 And we felt that -- and there's obviously a very
10 good reason -- you could make a very good case for
11 applying it, period, to everybody. And if that's the will
12 of the Board, you know, we're okay with that. But we
13 think it would sort of create a whole lot of potential
14 less upset if we sort of grandfather in the jockeys that
15 were licensed prior to the -- essentially to the effective
16 date of the regulation. And we assume, however, that they
17 will begin to see the benefits clearly of not having to do
18 to themselves what they've been doing in order to make the
19 weight. And that there won't be much of an incentive for
20 them not to comply with this, because they'll be able to
21 live a better life on and off the track.

22 So that's basically the rationale for that.

23 COMMISSIONER MORETTI: Barry, I'm very much in
24 favor of this change. But the five percent body fat
25 weight, how did they arrive at that number?

1 MR. BROAD: Well, I wish Dr. -- I think -- it
2 would have been helpful if we had Dr. Seftel here. I
3 think that we arrived at that based on what was medically
4 accepted concepts of what an appropriate minimum level of
5 body fat is for a human being, at which point if you go
6 below that your body begins to cannibalize itself. And I
7 think that this is sort of a matter of scientific
8 evidence. And probably in the comment period we would
9 certainly submit whatever degree of scientific evidence
10 anybody wants us to submit about the effect of too little
11 body fat on a person's overall health.

12 But that's the basic idea. That was essentially
13 the recommendation that came from physicians.

14 COMMISSIONER MORETTI: So it's a medically --

15 MR. BROAD: It is a medically accepted concept,
16 yes.

17 CHAIRPERSON HARRIS: Is there also a test or some
18 kind of a machine that is pretty well the gold standard of
19 body fat testing?

20 MR. BROAD: Well, at the last hearing in March
21 where we presented it, we brought the machines with -- and
22 there are several on the market. Technology has advanced
23 to the point where these are relatively inexpensive. I
24 mean we're talking about under a hundred dollars, machines
25 that are noninvasive to use, that is, in the sense that

1 you're not taking a blood sample. You're not even doing
2 what used to -- what they used to do, which was immerse
3 you in a water and I guess figure out whether you float or
4 sank or whatever.

5 (Laughter.)

6 MR. BROAD: You basically hold the handles of a
7 machine which sends an electrical impulse through your
8 body, which in effect measures its resistance when it
9 returns. It sort of goes through one side and forms a
10 circuit. And it measures the time -- of course these are
11 in split seconds. But it measures the time that it
12 takes -- and the different types of tissue in your body
13 has a different resistance to electricity. So there's --
14 and that's how I understand the measurement is made. And
15 we would be obviously prepared also to submit information
16 on this testing. I don't believe it's controversial.

17 CHAIRPERSON HARRIS: It's not going to be an
18 issue going forward that this test is better than that
19 test; it's pretty well standardized?

20 MR. BROAD: No. And what we had assumed was
21 that, within the sort of discretion of the Executive
22 Director, that there ultimately would be some protocol for
23 how this moved forward.

24 CHAIRPERSON HARRIS: I thought maybe we'll go
25 ahead and hear comments of people at this point that are,

1 you know, in favor of the proposal and some that may be
2 just -- are neutral or have issues with it.

3 MR. BROAD: Yeah, if you don't mind, maybe I'll
4 just conclude at this point.

5 And so we're obviously in favor of the proposal
6 going forward.

7 I got a couple of comments from people, including
8 this morning, who are -- from the industry who are
9 concerned about having it -- you know, a 45-day comment
10 period and having it go into effect, you know, within a
11 very short period of time thereafter. A couple of people
12 have mentioned the end of the year. I'd just like to say,
13 from our perspective we want this fully vetted and we want
14 it implemented in a way that makes everybody comfortable.
15 So if it requires delaying the -- and I don't know if
16 actually having it happen in the later fall or, you know,
17 by the end of the year -- we certainly wouldn't want to
18 delay it past the end of the year. But if that would help
19 people to have its implementation date be, you know,
20 January 1, that would not be an issue for us -- or, you
21 know, November 20th or whatever. We may get there anyway
22 in terms of the natural course of the way regulations take
23 to be reviewed. I have a feeling, if a 45-day comment
24 period happened today, if there was any revisions to the
25 rule, it would then be submitted to the Office of

1 Administrative Law for their review, that would take some
2 time, I think we'd probably be into the fall anyway before
3 it would actually become effective.

4 And I guess --

5 EXECUTIVE DIRECTOR WOOD: I'd kind of agree with
6 that.

7 CHAIRPERSON HARRIS: Yeah, I think that's going
8 to take care of itself. And it probably is -- I think
9 it's important the industry understand that we're not
10 really, you know, approving it today. We're just starting
11 to get it going. And what I want to do is get maximum
12 comment, you know, with the hope of basically doing
13 something that's going to help the industry.

14 MR. BROAD: And I'll just conclude by saying this
15 is obviously very, very important to the Jockeys' Guild
16 and we think will, you know, benefit racing ultimately,
17 because we're just going to have -- we're not going to
18 have dizzy jockeys getting on horses in the end.

19 And I would just like to say, in conclusion, we
20 really want to work with the industry. If anybody has any
21 questions, they can contact me or Darrell or the president
22 of the Guild. And we'll sit down with anybody, we'll fly
23 anywhere. We'll give them whatever information they need.
24 We'll do whatever we can do to make people feel
25 comfortable. But of course at this time we obviously

1 support moving forward at this point with the 45-day
2 comment period and thoroughly vetting this issue and
3 taking comments from everybody.

4 Thank you.

5 VICE CHAIRPERSON LICHT: I think December 26th
6 would be a logical time since that's sort of the fiscal
7 year of horse racing. So that would be a logical time to
8 start at.

9 EXECUTIVE DIRECTOR WOOD: Mr. Chairman, just to
10 clarify. The timeframe on getting the OAL, Office of
11 Administrative Law, to approve once we go through the
12 vetting process, once we have the Board actually approve
13 the final regulation is a time-consuming process. And we
14 were very fortunate under ADW to get an expedient hearing.
15 I don't think that December 26th is a date that's not
16 within reason if we were to start now. If we start much
17 later from now, we're talking past the year of 2004 as an
18 implementation time.

19 So I think Barry's analysis of how long it will
20 take to go through the administrative process is pretty
21 right on.

22 COMMISSIONER MORETTI: Barry, where will the --
23 is California the first --

24 MR. BROAD: Yes. Although we've had -- we kind
25 of took this on the road here before we even brought it up

1 in California. And I think it would be fair to say that
2 other -- there's been discussions in other states. And
3 other states are kind of looking at this. I think other
4 states are interested. We don't have a sense in other
5 states that there's great resistance to this notion. I
6 think people sort of feel generally nationally that it's
7 about time. I can't promise that other states will adopt
8 it, but our feeling -- our strong feeling is that they
9 will quickly adopt this.

10 And we will certainly be, you know, pressing
11 forward because this is a very, very important thing.

12 Thank you.

13 MR. HAIRE: Chairman Harris, with this -- and
14 getting back to what your earlier question was about
15 weighing out.

16 This would be the jockey when he comes in the
17 jockeys room. The clerk of scales would know what he
18 weighs. And so you weigh out with your equipment and then
19 you weigh back in after the race. So that's where the 10
20 pounds comes in. You get on the scale with everything,
21 from the whip to the overgirth, undergirth helmet,
22 jacket -- all the equipment. So that's how it would be
23 when you come in the jockeys room. And the clerk of
24 scales would know exactly what you weigh.

25 And this would set really three standards here:

1 We're setting a minimum, which has not been set
2 really before, or a base that you start with, with the
3 minimum being 118.

4 Also with the 10 pounds of equipment, that would
5 make it uniform throughout the country. Because that's
6 what it is, 10 pounds of equipment, we know.

7 And also it would help riders, because there's
8 been -- there's been talk about, well, exercise riders
9 will reduce the get-down. Well, that body fat -- the
10 minimum body fat would solve that problem also. And they
11 already do this in other sports, like wrestling. So this
12 would work. This is the thing to do finally. This would
13 make these riders throughout the country so much
14 healthier.

15 And it goes hand in hand with educating riders
16 about nutrition. I know if I could have done heavier when
17 I started riding, I wouldn't have had to do what I did to
18 my body, you know, at such a young age. This four or five
19 pounds is going to make a great difference to a lot of
20 these riders.

21 And we appreciate it.

22 CHAIRPERSON HARRIS: Thank you.

23 MR. HAIRE: Thank you.

24 COMMISSIONER MOSS: I have one or two questions.

25 There doesn't seem to be any change in the

1 apprentice. Could you explain that, in apprentice weight,
2 how does that work?

3 MR. HAIRE: Mr. Moss, the apprentices would still
4 get the five pounds or seven or ten. So it wouldn't
5 change as far as their weight allowance at all.

6 CHAIRPERSON HARRIS: It would come off of the
7 minimum 118. So if the apprentice got five, it would be
8 113, where today it might be --

9 MR. HAIRE: Exactly, exactly. So they wouldn't
10 start killing themselves. It would be more comfortable
11 for them at an early age. So they could start taking care
12 of their bodies instead of having to weigh 107 or 108.
13 You know, it would make them so much healthier also.

14 COMMISSIONER MOSS: Then the allowance would come
15 from the 118?

16 MR. HAIRE: Yes, sir.

17 CHAIRPERSON HARRIS: Commissioners have any
18 questions of the proponents before we go on to any other
19 comments?

20 Thank you.

21 MR. COUTO: Good morning. I'm Drew Couto,
22 Thoroughbred Owners of California. Last name's spelled
23 C-o-u-t-o.

24 TOC is not opposed to this proposal. But nor are
25 we in support at the moment. Just to give you a little

1 background. We are -- I guess our objective here is to
2 ask that the 45-day period not begin until the July
3 meeting. And I'll explain the reasons for that.

4 We invited the Jockeys' Guild to our May meeting
5 to make the same presentation that they had made to this
6 Board previously, so that the owners have a full
7 understanding of all the consequences and how it differed
8 from current practices.

9 Mr. Albert Fisk was kind enough on behalf of the
10 Jockeys' Guild -- I believe he's Vice President -- to come
11 out and make the presentation. The presentation ended up
12 being very confused, Mr. Fisk admitted that he lacked
13 quite a few details on how this would affect current
14 procedures and what the ultimate weights would be, and
15 represented that he would come back in July with local
16 riders to explain the differences between the proposal and
17 current practices and what the full extent would be on
18 weights and on the industry.

19 And we accepted that, that they would come back
20 in July and make their presentation. Our fear is that if
21 they do -- and we believe they will come back in July --
22 if they do come back in July, you'd begin the 45-day
23 period today, in the event that discussion raises some
24 concerns about this regulation, we'll have really 15-days
25 or less to provide comment. And I think you're looking

1 for intelligent comment, perhaps scientific comment. We
2 don't anticipate that happening. But we just think if it
3 is a 45-day period, it should be a 45-day period -- full
4 period, not a 15 days due to the fact that, again, the
5 Guild wanted to come back in July and complete the
6 presentation so we all understood exactly what was
7 occurring, because Mr. Fisk could not explain that.

8 I believe the CTT will also sort of echo that
9 same concerns, is that they had an understanding that the
10 Guild would be coming back to clarify a number of issues
11 that were raised. And we'd just ask that the 45-day
12 period begin with your July meeting rather than the June
13 meeting.

14 VICE CHAIRPERSON LICHT: And are you going to
15 consider handicap race issue, I mean a minimum of 118?

16 MR. COUTO: We wanted to understand the dynamics,
17 the complete dynamics of how that was going to affect
18 everything. There were a series of questions raised. And
19 just, frankly, they could not be answered, and that caused
20 us some concern.

21 CHAIRPERSON HARRIS: Could you do an option to
22 this comment period and make it more than 45 days? Or is
23 that -- if we go 45 days and extending it -- or how sacred
24 is that 45-day deal?

25 MR. COBURN: It's set in concrete pretty much.

1 EXECUTIVE DIRECTOR WOOD: It's sacred.

2 What you do have an option, however, is that if
3 the 45 days -- if the commentary received or the concerns
4 have been questionable, there's no need for us to put in
5 front of the Board on July the rules for adoption.

6 By the 45-day period of time gives a lot of room
7 for commentary. We've actually asked for commentary since
8 May the 10th in our letter to the associations and the TOC
9 and the CTT. But if in fact commentary comes in that
10 makes it impossible to create a regulatory process that
11 everybody's going to agree to, then we have an option to
12 put in front of the Board in August the adoption of the
13 rule. So the only timeframe that's important is because
14 statute requires a 45-day notice. When we get the
15 commentary in and try to create or adjust the regulation
16 as proposed today, then we don't have to put it up for
17 adoption by the Board until some time after that.

18 MR. COUTO: Mr. Wood, TOC didn't respond to the
19 May letter because we didn't have enough information to --

20 EXECUTIVE DIRECTOR WOOD: I understand. I mean
21 you and I talked about the fact that you have a meeting
22 and you guys were going to talk about it.

23 CHAIRPERSON HARRIS: I think though that, you
24 know, horse organizations representing -- you have over a
25 million dollar budget and you represent, you know,

1 thousands of owners, that you need to find the time to get
2 the information that you need. I mean you can't just say,
3 "Well, we'll wait till July and we'll get around to take a
4 look at it." I mean you've got to be a little more
5 proactive on your own part I think to find out whatever
6 your concerns are.

7 MR. COUTO: Mr. Harris, We've been proactive.
8 We've spoken to a number of riders. The problem was that
9 the Guild would come back and make the presentation to the
10 full board with all of the information and riders
11 available, and that was a mutually agreed date, not
12 something we just selected for convenience to TOC.

13 CHAIRPERSON HARRIS: So when is that going to --
14 that's only going to be at your July meeting?

15 MR. COUTO: Correct.

16 CHAIRPERSON HARRIS: When is that?

17 MR. COUTO: It would be the first Thursday. I
18 don't remember the date exactly.

19 CHAIRPERSON HARRIS: Even if we -- if we wanted
20 to, I -- it seems to me like we should put it out for
21 comment. But probably not really act at the August -- at
22 the July meeting, but consider acting at the August
23 meeting. Just have it just drag on forever because it's
24 going to take a long time even once we publish the --

25 MR. COUTO: I don't think that would be a problem

1 from TOC's perspective.

2 COMMISSIONER MOSS: I don't see what the big
3 difference is between 45 days and 15 days, frankly, you
4 know. I mean if you're really active about something and
5 you feel something, I don't know why you need a whole 45
6 days to do it.

7 MR. COUTO: Well, I'd hope we wouldn't. I'd hope
8 we could do it in 15 days. But if the regulation is such
9 that this type of rule permits a 45-day window to do
10 learned examination and hopefully contact people who might
11 be able to explain -- it's tough to set that 15-day window
12 and say we can do it absolutely then.

13 EXECUTIVE DIRECTOR WOOD: Just one point of
14 clarification. The 45-day period will not start today.
15 The 45-day period starts once we file the documentation
16 with the proper authorities. So 45 days from today could
17 be 50 days, it could be 60 days, depending upon when the
18 documentation goes in and when we make our filing. So the
19 45 days is -- once it's filed, then it's 45 days --

20 CHAIRPERSON HARRIS: Yeah, even -- there would
21 probably be no opportunity to do this in July even if we
22 wanted to expedite it, I guess.

23 EXECUTIVE DIRECTOR WOOD: We'd be hard pressed to
24 make July. I think it's going to be August or after
25 the -- when it gets back up for a full vote of the Board

1 and the rule's solid enough to get consideration.

2 MR. COUTO: Then I think we don't have a problem
3 with that.

4 MR. VAN DE KAMP: John Van De Kamp, COC. I just
5 walked in. And I'm sorry. We've been on an NTRA
6 conference call this morning.

7 The problem I think though with putting it out
8 today -- I understand your interest in doing that -- is,
9 very simply, that if there are amendments and changes in
10 this rule, you're going to send it out back again if
11 they're substantial.

12 EXECUTIVE DIRECTOR WOOD: For 15 days, Mr. Van De
13 Kamp.

14 MR. VAN DE KAMP: Pardon me?

15 EXECUTIVE DIRECTOR WOOD: For 15 days --

16 MR. VAN DE KAMP: It would have 15 days after
17 that?

18 EXECUTIVE DIRECTOR WOOD: Yes, sir.

19 MR. VAN DE KAMP: All I can say is that -- you
20 know, the way this thing reads right now is that every
21 horse shall carry ten pounds of riding gear. Does that
22 mean every time, you know, that a jockey who weighs in, he
23 has to have his riding gear with him, it has to all be
24 weighed out, and it has to weigh ten pounds? I don't
25 think that's what you intended. But that's what the rule

1 says. That's the rule you're sending out.

2 And I think that given the information we had
3 and -- I wish Chris had been there when we had our
4 meeting, because I think we could have clarified a lot of
5 this. But I don't think that the gear weighs ten pounds.
6 And --

7 EXECUTIVE DIRECTOR WOOD: Actually Mr. Haire is
8 here with the equipment. He brought that equipment to our
9 meeting in San Mateo -- excuse me -- at the Golden Gate
10 Fields -- pardon the slip. They brought the equipment.
11 It's here today. If the Board wishes to demonstrate it
12 again or for those who have not seen it, those who didn't
13 attend that meeting, I'm sure Mr. Haire would be happy to
14 explain how they determined the ten pounds of weight if
15 you think it's necessary.

16 CHAIRPERSON HARRIS: Yeah, I also -- yeah, I
17 think the ten pounds is a key part of the thing. I think
18 the thing it is -- if it's not -- you know, it's 9 pounds,
19 they add another pound where it's going to end up being 10
20 pounds of what they might call a gear -- but it's not
21 quite 9 pounds or 11 pounds.

22 MR. VAN DE KAMP: I think, you know, you want to
23 keep that weight as little as possible, you know, for the
24 benefit of the horse and the trainers. We're not trying
25 to penalize the horse. We're trying to help Jockeys. And

1 we're very interested in doing that, but we want to do it
2 so everybody understands the numbers. When we had our
3 presentation made to us, it was very unclear, frankly,
4 what was involved here. And somehow we'd have to just all
5 come down so everybody understands, you know, what the
6 weight is, that they're carrying the additional weight,
7 and what the actual weight of the jockey is.

8 So I think the meeting that we're going to have
9 will be very helpful and clear the air and might, you
10 know, result in some amendments to this rule. And I just
11 don't want to have to go back twice. If it's only 15
12 days, maybe it's not so much a problem. But --

13 CHAIRPERSON HARRIS: I think we're probably going
14 to have to go back to the 15 day any way we do it.
15 There's going to be something in there that I don't know
16 if this rule exists -- as written is going to be a final
17 rule anyway. So I think everyone's going to have another
18 bite at the apple. But I'd hate to see us delay it just
19 to be delaying it. If it's what -- your comments is to
20 put it out there and let people make their comments, then
21 go forward from there, which, no, we're not really
22 endorsing it or not endorsing it, but we want to start the
23 period.

24 MR. COUTO: I think, as you said, there'd be no
25 action taken on the rule until the August meeting. That

1 likely provides all of us a sufficient time period to get
2 you, hopefully, some helpful information or comment.

3 CHAIRPERSON HARRIS: I think it would be helpful
4 if some of us could actually go to the jockeys room and
5 see exactly what all this ten pounds amounts to, because
6 it is a little confusing to really understand that there
7 is ten pounds -- I mean there's something there now. It's
8 not like we're going to go zero to ten. But you're going
9 to go from maybe six to ten, arguably.

10 MR. COUTO: Of course, you know, we ask questions
11 about the light saddle, the heavy saddle, which saddle are
12 you weighing. You know, there were a number of questions.
13 There's a number of variables. And in all candor, they
14 were very cooperative. And so we want to give you this
15 information. We don't have it today. And we're trying to
16 all work altogether here, and I think we can do that.

17 MR. VAN DE KAMP: I think there's some other
18 things that might go into this ultimately. And I don't
19 want to prolong this discussion. But we've had a
20 discussion last night about what might be done to better
21 educate jockeys about their own health issues. When you
22 get to this five percent body fat measure -- I think
23 there's a tremendous amount of sort of education that can
24 be provided from whatever source, I think needs to be
25 discussed to jockeys on an ongoing basis about how to

1 maintain their health and how to, you know, be basically
2 within the standards that we're going to be setting. And
3 I hope that the Jockeys' Guild might join us on this
4 through some programs to, you know, better help their
5 jockeys. Because there are long-range health aspects that
6 Chris can speak to very knowingly that affect Jockeys.
7 And I think that -- you know, the five-percent rule's one
8 thing, but we're going to have to do a lot more than that.
9 So that can enter into this too.

10 MR. COUTO: Thank you very much.

11 CHAIRPERSON HARRIS: Thank you.

12 MR. McCARRON: Chris McCarron, Santa Anita park.

13 First of all, MEC -- I've spoken with a number of
14 the executives at Magna Entertainment, and they're in full
15 support of raising the scale of weights. More
16 specifically, we at Santa Anita are definitely in favor of
17 raising the scale of weights. I fully recognize the grave
18 situation that a lot of the jockeys are riding under and
19 the conditions that they subject themselves to. And they
20 certainly need to be corrected.

21 But to concur with what Mr. Van De Kamp just
22 mentioned, I firmly believe that an educational process
23 has to be part of this whole agreement. There are a lot
24 of things that especially the younger jockeys, who are
25 just starting out who engage in these different types of

1 weight reduction procedures, don't understand what the
2 long-term effects are going to be, what the results are
3 going to be.

4 That being said, I think that we could probably
5 come up with some sort of a way to provide education for
6 the riders that will help them along these lines, help
7 them understand, you know, why jockeys actually choose to
8 engage in these activities, because that's really what it
9 boils down to. It is a mental choice. Quite often it's
10 not a mental choice that is easily decided upon. A lot of
11 it comes from the pressure and the stress that they're
12 under.

13 Very much like an individual who deals with
14 problems in their life or business of whatever, they drink
15 or they do drugs or whatever, a lot of jockeys engage in
16 these activities, quite frankly, because of the
17 psychological aspects of the stress involved.

18 I think that's a particular topic that I would
19 use a different forum to get into greater detail. But I'm
20 certainly not a psychologist by trade, so I don't know if
21 I could be called an expert. But from my own personal
22 experience, I certainly could shed some light on it.

23 But getting back to the support of the weight
24 changes, I definitely am in favor of doing it. And I
25 mentioned to Barry before this meeting started that I

1 would like to target the start of Santa Anita as a goal to
2 implement the change, mainly because, since I'm wearing a
3 general manager's hat now, I'm concerned with field size.
4 And I don't want to give the trainer an excuse to say that
5 these scale of weights -- the raising of the scale of
6 weights is not going to be beneficial to the industry,
7 especially here in California. I'll give you an example.

8 If a trainer has a filly that he wants to run in
9 the Ladies Secret Handicap and she's going to be assigned
10 132 pounds, you know, she's going to end up carrying 132
11 pounds, that trainer could easily say, "Well, I'm going to
12 the Ruffian or the Beldame instead because my filly will
13 only have to run with 118," 120, whatever the weight may
14 be. And, therefore, have him shoot holes in this whole
15 program saying, "It's not going to work. You're forcing
16 me to go elsewhere."

17 Starting on December 26th, they don't have as
18 many choices to ship out of town. They could go to
19 Aqueduct and race in the freezing cold if they want. But
20 that doesn't happen too often. Or they could go to Gulf
21 Stream Park, which just happens to be a Magna track. And
22 I don't know how the management of Gulf Stream Park feels,
23 but I do know how the management of Magna Entertainment
24 feels. So I think we can sort of arrest that situation to
25 a degree.

1 So with that being said, at this stage I don't
2 think we're necessarily -- we at Santa Anita are
3 necessarily in favor of having this particular situation
4 totally regulated by the Racing Board either. Currently
5 it's basically house rules at every track around the
6 country. The weights are determined by the racing
7 secretary's office that's there. And at this stage I
8 would be in favor of causing it to be -- remain as house
9 rules rather than -- to possibly address Commissioner
10 Licht's concerns about the -- you know, the minimum being
11 that 118 that -- or 128 that a horse is going to have to
12 carry in a handicap. House rules would allow us the
13 flexibility -- allow the racing secretary the flexibility
14 to go down just a little bit if need be, you know. Again,
15 I'm not -- I want to do everything I can to help the
16 riders. But, by the same token, I want it to be fully
17 accepted. I don't want to have any chance of holes in the
18 program. And I don't want people to be able to say,
19 "Well, it's not going to work because there's a weak link
20 in the chain" and -- the old cliché, right, you're only --
21 the chain's only as strong as its weakest link.

22 VICE CHAIRPERSON LICHT: So are you in favor of
23 this or are you opposed to it?

24 MR. McCARRON: I'm in favor of raising the scale
25 of weights.

1 VICE CHAIRPERSON LICHT: To have the Board do it
2 or are you not -- are you in favor of this rule change or
3 not in favor of it?

4 MR. McCARRON: I'm still listening. At this
5 stage I haven't determined whether or not I'm totally in
6 favor of having the Racing Board implement or amend the
7 rules as they currently stand.

8 CHAIRPERSON HARRIS: So as far as a house rules
9 issue, I guess the race track would still have the
10 latitude of assigning higher rates. This just sets a
11 minimum. So I guess you could effectively do anything you
12 wanted as long as you didn't assign weights under 118 as
13 the base rate weight.

14 MR. McCARRON: An example is that several years
15 ago the TOC went to the racing secretaries in southern
16 California and successfully persuaded them to raise the
17 minimum a little bit. It was raised by, I don't know, two
18 or three pounds. And it was done -- you know, it was done
19 quietly and without any objection and, you know, it was
20 handled very well. It was a step in the right direction.

21 We just need to take a little bit bigger step and
22 raise the minimum to a degree that we don't have the high
23 percentage of jockeys around the country riding at a
24 dangerously low body fat percentage level.

25 CHAIRPERSON HARRIS: I think that's going to be

1 the whole purpose of the comment period is to insert
2 comments if you feel -- conceivably I guess you could have
3 some exception for handicaps that allow for greater
4 flexibility or something like that. But I think this
5 needs to be written into the rules somehow. That way it's
6 not something that no one knows about except that some
7 given track does it and it's not really in compliance with
8 the rule.

9 MR. McCARRON: Well, I certainly would be in
10 favor of that.

11 CHAIRPERSON HARRIS: One of the issues I think on
12 that whole issue is just health of riders in general. And
13 this is one way to look at it, although there's a lot of
14 different ways.

15 I'm not clear what the current practice is now as
16 far as physical examinations of riders. Is that like a
17 yearly requirement for licensing, or how does that work?

18 MR. McCARRON: Yes, it is. At Santa Anita Park
19 and I believe at Golden Gate Fields in the first --
20 sometimes during the first two weeks of January, the
21 medical doctor will go into the jockeys room with his team
22 of nurses and conduct physical examinations.

23 Do I think it's enough? Not really. You know, I
24 think that the physicals could be conducted a little bit
25 more -- in more depth.

1 CHAIRPERSON HARRIS: Yeah, physical exam is kind
2 of a term that can be used maybe from taking a person's
3 blood pressure to, you know, spending three or four days
4 someplace.

5 MR. McCARRON: Have you ever had a medical
6 examiner come to your house for an insurance physical?
7 That's about what we go through.

8 EXECUTIVE DIRECTOR WOOD: No comment.

9 CHAIRPERSON HARRIS: Since he's also selling
10 insurance, it's a little easier.

11 MR. McCARRON: It's not a very elaborate exam.

12 CHAIRPERSON HARRIS: I mean is that written out
13 somewhere or is that just sort of a house rule or is
14 that --

15 EXECUTIVE DIRECTOR WOOD: It's part of the
16 regulation.

17 CHAIRPERSON HARRIS: It is part of the
18 regulation?

19 MR. McCARRON: Yes. You can't -- if a jockey
20 keeps avoiding this physical, usually by the end of
21 January the stewards call him into the office and say, you
22 know, "You're not riding until you get your physical
23 taken."

24 CHAIRPERSON HARRIS: It was a surprise to me
25 that, we have trucks in our company, our truck drivers

1 have preexisting physicals they have to take, they've got,
2 you know, random drug testing they're subject to. There's
3 a lot of different things for truck drivers that are
4 really -- I don't think jockeys should, you know, be as
5 important as truck drivers. But we're better taking care
6 of our truck drivers because of the country than we are
7 the jockeys.

8 MR. McCARRON: Well, it's certainly better than
9 nothing. I mean, you know, physical does occasionally
10 reveal a problem -- health problem with a rider. But most
11 of the time the riders have a basic clean bill of health.

12 CHAIRPERSON HARRIS: Okay. Thank you.

13 MR. McCARRON: Sure.

14 MR. HALPERN: Ed Halpern with California
15 Thoroughbred bred trainers. Mr. Chairman, Commissioners.

16 I just handed out a letter which we had sent to
17 you. Unfortunately, by my travel time many of you didn't
18 get it.

19 I am relieved at the comment you've got here
20 today, because I think it does support the theory that
21 this is much too complex an issue to be stuffing into a
22 45-day period and trying to figure out all of the
23 complexities of what we're looking at here.

24 As you said Mr. Harris, we want maximum comment
25 on this. And I appreciate Barry Broad's comments that we

1 want this thing fully vetted and need scientific evidence
2 here.

3 And our major concern is that the timeframes
4 created by a 45-day period and then 15 days follow-ups on
5 that just compress this issue into timeframes that are not
6 realistic when you're looking at scientific evidence and
7 reviews of even what the current situation is. As you can
8 see from your own comments and from the comments of people
9 who have spoken before me, nobody's really sure what the
10 current weights are that are being carried. We seem to
11 have different situations at different tracks, with
12 different paddock judges, those kinds I things or --I'm
13 sorry -- clerks of the scales.

14 So in order to give that a fair hearing we need
15 more time than that and I think this issue certainly
16 deserves more time than that. We need to do our homework.
17 We need to get educated.

18 I'm not quite sure why there's a rush to judgment
19 at this moment. As I mentioned in my letter, we certainly
20 ought to be considering -- and not that it's
21 determinative -- but we ought to be considering that this
22 does in the whole jockey colony. What it does, and maybe
23 it's a good thing, it opens it up to much heavier people
24 and much larger people who are then going to be suffering
25 and struggling to get down to 118 and, therefore, creating

1 possibly the same or worse problems than we have now by
2 creating a whole new genre of jockeys.

3 Again, not determinative, but they're the kind of
4 things we need to be thinking about. And to rush that
5 into a 45-day period and to do it with letters and such
6 and force just does not seem appropriate to us.

7 COMMISSIONER MORETTI: Mr. Halpern, because that
8 doesn't seem appropriate, do you have a suggestion on what
9 does seem appropriate to in terms of time?

10 MR. HALPERN: I would -- it occurs to me that
11 this is really the kind of issue that would best be
12 referred to a committee of this Board to do a complete
13 study so that we look at all these issues.

14 I even refer back to -- and Barry Broad's comment
15 about the five percent body fat and needing scientific
16 evidence. We do. What we have at this point is one
17 letter from one doctor. We don't -- obviously we can't go
18 by that kind of scientific evidence on this important an
19 issue. And we don't know what it's going to take in order
20 to get meaningful evidence of the whole body fat concept.

21 So I think it is the perfect kind of issue to
22 expand to a greater base and give us all time to educate
23 ourselves.

24 CHAIRPERSON HARRIS: I think we want to take all
25 the time we need. But hopefully we're intelligent enough

1 people to figure out things over a period of, you know,
2 two months or so. That's what we're looking at really, to
3 start to move forward and get all the evidence on the
4 table and see. But I mean it doesn't -- one of the things
5 it doesn't really help us very much is we get a letter
6 from you on June 1, that we're already up here by then, I
7 guess, that we need to get the whole industry really
8 looking at it and that there's different issues that need
9 more data or more things which still haven't been
10 addressed. But we can't -- I just don't want to see it
11 drag on and on and on and so -- into oblivion. I think we
12 want to get it, you know, resolved one way or the other at
13 some point. But it looks like we're not going to do it,
14 you know, in June and we probably won't do it in July.

15 So I hope my horse is running faster than the
16 Board is going to take any action on this.

17 MR. HALPERN: Well, we've had these rules for a
18 lot of years, Mr. Harris. I'm not sure that June or July
19 or August is the issue. The issue is, in my mind, the
20 industry and what we do for the health and safety of the
21 jockeys and doing the right thing.

22 I apologize for the untimeliness of my letter.
23 But on the other hand, we were in the same position as the
24 TOC, and that was that the Jockeys' Guild had offered to
25 provide us with information. And we were hoping that we'd

1 see some of that information before today.

2 CHAIRPERSON HARRIS: Okay. Any other comments
3 from the Commissioners?

4 COMMISSIONER MOSS: Well, how much more proof do
5 we need about the body fat issue? I mean how many more
6 doctors do you want to substantiate the fact that, you
7 know, less than five percent body fat is dangerous for any
8 kind of human being in athletic activity?

9 MR. HALPERN: Well, Mr. Moss, you know, I guess
10 we each have our own standards for that. And I can
11 appreciate that some of us might be satisfied with the
12 letter that's been presented.

13 I don't know this doctor from Adam. And there
14 may be 50 others out there at universities across the
15 country that will tell you if you get below eight percent
16 body fat, you're in big trouble. There might be 50 others
17 in other universities throughout the country that will
18 tell you if you get below two percent. But it's certainly
19 the kind of information we should have before changing a
20 whole industry that affects hundreds and literally
21 thousands of people in this state and across the country.

22 EXECUTIVE DIRECTOR WOOD: So you weren't at the
23 meeting we had at Golden Gate Fields and heard the
24 presentation from the doctor; is that correct? Were you
25 at Golden Gate Fields?

1 MR. HALPERN: I was not. But, again, it is one
2 doctor and not necessarily an expert on --

3 CHAIRPERSON HARRIS: Well, I think -- well, the
4 doctor we heard from there is Dr. Seftel. It is a very
5 well credentialed doctor with very impressive credentials.
6 I agree that we shouldn't just rely on one, that we
7 could -- you know, there's all kinds of data available now
8 on any possible subject from -- there's got to be a lot of
9 medical research done with this. I think that, you know,
10 the Jockeys' Guild should come up with, you know, numerous
11 evidence that this is the right number.

12 But I think we need to -- I don't have a problem
13 with taking a lot of time to look at it. I just don't
14 want it to be something that really -- you know, they say
15 that delay is the sincerest form of denial. Sometimes you
16 just delay something until it kind of goes away. But I
17 think we want to move forward at some point. But we need
18 to make sure that everybody's working together, and pick
19 up the phone or send them an E-mail or something and get
20 some information exchange back and forth so that
21 everyone's at least on the same page of what the issues
22 are.

23 MR. HALPERN: I think we're in agreement with you
24 on that, Mr. Harris. It's certainly an issue we should
25 move forward and take a look at. But I don't think we

1 should cram it into a very short time period and limit our
2 ability to understand and educate ourselves.

3 Thank you.

4 CHAIRPERSON HARRIS: Thank you.

5 Okay. Would you like to say something?

6 MR. HAIRE: I'd just like to express --

7 CHAIRPERSON HARRIS: Just come on up.

8 MR. HAIRE: Darrell Haire, member representative
9 of Jockeys' Guild.

10 We're willing to work with TOC, the trainers,
11 anyone that -- we'll give any information and work with
12 them to prove about the body fat, whatever information
13 they want.

14 And, Mr. Van De Kamp, as far as the ten pounds of
15 equipment, that's what it is. It's ten pounds with the
16 little saddle. We can prove it. It's very simple. I
17 think they need to see a presentation. We'll give it to
18 them soon -- you know, next week if they want, because we
19 can show them that it's ten pounds of equipment. It's
20 very simple.

21 CHAIRPERSON HARRIS: What if a person had a small
22 saddle versus a big saddle? I mean do you have -- how do
23 you make it come out to 10 pounds?

24 MR. HAIRE: That's minimum. With a little saddle
25 it is 10 pounds. For the biggest saddle it would be --

1 there's -- usually riders have three saddles, you know, a
2 small one, medium, or the big one that can tack 7, 10, 12
3 pounds with the lead packets.

4 The little saddle in the equipment weighs 10
5 pounds.

6 VICE CHAIRPERSON LICHT: So if a jockey's
7 assigned 118 and he only weighs 115 nude, he'll have his
8 10 pounds of equipment plus 3 pounds of lead?

9 MR. HAIRE: Yeah, or a little bigger a saddle --
10 or there's a little bigger saddle.

11 CHAIRPERSON HARRIS: He can have a bigger
12 saddle --

13 MR. HAIRE: Absolutely.

14 CHAIRPERSON HARRIS: -- the bigger saddle makers
15 of the world.

16 (Laughter.)

17 MR. HAIRE: I know this is complex. It is
18 complex. But then, again, once you see a presentation,
19 and it's not as complex as it sounds. It's just something
20 that's never -- you know, there needs to be a change here,
21 and this would fix it. With the 10 pounds it would be
22 uniform throughout the country because that's what they
23 carry anyway. That's what they weigh with all the
24 equipment under girth, a saddle, towel, whip. We're
25 including everything that they already do right now.

1 The problem is, different parts of the country,
2 because of added equipment like the safety jacket, some
3 clerk of scales give one or two pounds. It's different.
4 They're allowed different weight. This would make it
5 uniform. What the jockey gets on the scale with, that's
6 what he weighs, and comes back weighing the same thing,
7 unless he picks up dirt or mud or whatever. So it's true
8 weight.

9 CHAIRPERSON HARRIS: Could you have Dr. Seftel or
10 whoever you want circulate something to the Board and the
11 industry explaining the rationale behind the body fat
12 concept and the danger of going into a lower body fat, so
13 that we can see the scientific data behind that in case
14 there's, you know, concern with that.

15 MR. HAIRE: Yes, sir.

16 CHAIRPERSON HARRIS: Okay. Questions by the
17 Commissioners?

18 WEE would need a motion to notice this -- to
19 start the process.

20 COMMISSIONER GRANZELLA: I'll move.

21 CHAIRPERSON HARRIS: Commissioner Granzella Air
22 moved.

23 VICE CHAIRPERSON LICHT: You know, are we going
24 to say starting out as of December 26th, can we add that
25 to the amendment?

1 EXECUTIVE DIRECTOR WOOD: See, I don't think we
2 should add that because it all depends on the timeframe.
3 But I think -- I can almost assure you, with all
4 reasonable assurance that I can muster, that if we start
5 this process today, by even asking us to notice the
6 implementation of this, we'll be very fortunate to be done
7 by December 26th if we work hard and everybody comes to
8 some unity on it.

9 And many of the people in the room have been with
10 us while we've gone through rule-making processes. And I
11 think sometimes they've complained because it's taken too
12 much time, sometimes we've gone too fast. This is a
13 starting point. It's not an end-all. We did not try and
14 could not come up with a regulation we thought answered
15 everybody's questions. We solicit input from the time we
16 left Golden Gate Fields. We'll keep soliciting input till
17 the time you hear it as far as a formalized rule is
18 concerned.

19 But I don't think there's anybody in this room
20 who has any visions that this would become
21 implementational before the 26th of December if we just --
22 everybody agreed from here, from the get-go that it was
23 all right. So, you know, it's going to take some time.

24 CHAIRPERSON HARRIS: I think clearly probably
25 this rule as we're seeing out today is not going to be the

1 rule we adopt anyway. So I think it's probably little
2 likelihood that this will be adopted intact. There'll be
3 changes, but we could make the changes for implementation
4 date at that point.

5 COMMISSIONER SPERRY: Second the motion.

6 CHAIRPERSON HARRIS: Want to have more
7 discussion?

8 All in favor?

9 (Ayes.)

10 CHAIRPERSON HARRIS: Any opposed?

11 Okay. Try to encourage the industry to make
12 every effort to communicate with each other and -- you
13 know. And we may or may not agree on some of the
14 principles, but try to agree on what the facts are.

15 Okay. Our next item is application for license
16 to conduct a horse racing meeting of the Del Mar
17 thoroughbred Club in Del Mar from July 21 through
18 September 8, 2004.

19 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Thank you,
20 Mr. Chairman. Roy Minami, Horse Racing Board staff.

21 I'd like at this time to introduce Pat Noble,
22 who's a member of our Policy And Regulations Unit. And
23 she will be making the presentation on the license
24 applications.

25 REGULATIONS ANALYST NOBLE: Pat Noble, CHRB

1 staff. The Del Mar Thoroughbred Club had filed their
2 application to race July 21st through September 8th, 2004.
3 It will be 43 days of racing, the same number that they
4 did in 2003.

5 They propose to run 371 races during their meet,
6 which averages 8.6 per day. This is one race less than
7 2003. They'll be racing six days a week, Wednesday
8 through Monday, with 8 races on weekdays, 9 on opening
9 day, 10 Labor Day and closing day, 9 to 10 on weekends.

10 They'll have a 2 p.m. post daily, with a 4 p.m.
11 post on Fridays through August 13th, and then they'll go
12 to a 3:30 on Fridays until the meet ends. The only
13 exception to the post time is a 1 p.m. post on Sunday,
14 August 22nd.

15 The items missing from the Del Mar application
16 are the fire clearance and the horseman's agreement.

17 Staff recommends approval of the application
18 conditioned upon receiving the missing items.

19 CHAIRPERSON HARRIS: Is there any problem with
20 the horseman's agreement on this?

21 MR. HARPER: Joe Harper, Del Mar Race Track.

22 At this time we don't foresee any problems.
23 We're still working on it. And except for the spelling
24 errors and punctuation, I think everything looks pretty
25 good on it. So we're probably settle.

1 MR. COUTO: I believe that's a -- again, Drew
2 Couto, Thoroughbred Owners of California. I believe
3 that's a correct representation. We agree in principle.
4 It's just a matter of finalizing some wording or
5 correcting my spelling errors, yeah, as Joe has pointed
6 out.

7 MR. HARPER: He misspelled 20 percent. It turned
8 out to be 30 percent. Things like that.

9 (Laughter.)

10 VICE CHAIRPERSON LICHT: Joe, I have a question
11 for you.

12 This group offshoot of TOBA about the stakes
13 program that's going on right now. To me from what I've
14 read, and all I know is what I've read in the trades, it
15 could cause a major disruption if tracks were to affiliate
16 themselves with this program.

17 From what I know from what I've read, I'm
18 adamantly against it. I think the integrity of the NTRA
19 and the Breeders Cup as well as existing stakes programs
20 in the state are most important. And I just wonder if Del
21 Mar has a position. I mean are you willing to disrupt the
22 Pacific Classic to affiliate with that group and so forth?

23 MR. HARPER: Well, we've been talking with the
24 group, really not -- not seriously. I mean we've had a
25 presentation, that type of stuff. And I think we see the

1 same problems that you see. We're very concerned about
2 it, obviously how it impacts one track to the other and
3 shifts some horses and stakes around. So we're not --
4 until they can amend it or tweak it to where it might work
5 for us, we'd be opposed to it.

6 VICE CHAIRPERSON LICHT: And to think that -- I
7 mean they have to run a Pacific Classic as the first race
8 or something would be outrageous as far as I'm concerned
9 just to affiliate with somebody like that. And, like I
10 say, the transition for the Breeders Cup program seems so
11 important to racing, that it just seems -- we don't want
12 to tinker with that. At least that's my opinion.

13 MR. HARPER: Well, I think -- I know we certainly
14 share that opinion, that it's got to work for us at Del
15 Mar. It's just not, you know, going to happen for us.

16 CHAIRPERSON HARRIS: I noticed you're increasing
17 some prices on Pacific Classic Day opening day. I'd be
18 okay with that. But all the other price levels will
19 remain the same as last year?

20 MR. HARPER: Pretty much so, yes. We've taken
21 some discounts off on some of the box seats because of
22 site-line changes and display boards, things like that.
23 But I think -- I think we upper our valet price in
24 parking.

25 CHAIRPERSON HARRIS: What do you -- you project

1 you can increase again this year?

2 MR. HARPER: Well, last year was pretty good. I
3 mean, you know, we opened two days or three days before
4 Sea Biscuit was released. So I'd have to -- although I
5 think our management team did a wonderful job, kind of
6 rely a little bit on that picture.

7 This year it looks better for us datewise because
8 we don't have to go the whole week after Labor Day. So I
9 think we'll have a good meet. Preseason sales are up and
10 strong.

11 CHAIRPERSON HARRIS: Are you going against the
12 Olympics this year?

13 MR. HARPER: Yes.

14 CHAIRPERSON HARRIS: Any comments by the
15 Commissioners on this application?

16 VICE CHAIRPERSON LICHT: Just for Drew. I
17 noticed you were nodding when I made that statement about
18 the stakes affiliation. Does TOC have an official
19 position on that or unofficial or --

20 MR. COUTO: No. We had a presentation from TOBA.
21 And, again, that raised some concerns. So they are coming
22 back to meet with all the racing associations and the TOC
23 on June 17th to discuss it in more detail. So -- but we
24 have at this moment the same sort of reservations that you
25 expressed, Mr. Licht.

1 VICE CHAIRPERSON LICHT: June 17th, that's a
2 meeting with not just the TOC? You said with the racing
3 associations?

4 MR. COUTO: Yes, we -- we being the tracks -- and
5 TOC decided that when TOBA came back they weren't going to
6 try and cutoff calf from the herd. So we're all going to
7 meet together and discuss it as an industry and not simply
8 as individuals.

9 EXECUTIVE DIRECTOR WOOD: So they're not using
10 June the 1st as a starting date for their programs?

11 Was June 1st the date they started to use --
12 trying to get people to start doing that program?

13 MR. COUTO: Well, I can't -- yeah, I can't -- if
14 you're talking about the medication program, I think
15 that's July 1st.

16 But as far as the TCT, which I believe was Mr.
17 Licht's question, we're told that they want to work with
18 us. But I can't guaranty what that group will do.

19 VICE CHAIRPERSON LICHT: I move we accept Del
20 Mar's application.

21 COMMISSIONER MORETTI: Second.

22 CHAIRPERSON HARRIS: All in favor?

23 (Ayes.)

24 CHAIRPERSON HARRIS: Opposed?

25 So moved.

1 CHAIRPERSON HARRIS: Yeah, I should ask -- get
2 Smarty Jones to do the Classic.

3 Okay. Our next item is Item 5.

4 Who's going to cover that?

5 SENIOR PARI-MUTUEL EXAMINER REAGAN: Commissioners,
6 John Reagan, CHRB staff.

7 This item is in preparation for the following
8 application. But the Solano County Fair in their
9 application is actually requesting one additional day of
10 fair racing, and that is July 26th. They're requesting
11 this additional day because Del Mar will be running on
12 that Monday. And of course we like to keep the
13 coordination between the north-south signals. So we
14 believe this is a valid request and recommend that you
15 approve it.

16 VICE CHAIRPERSON LICHT: In Del Mar are we raced
17 on the Monday during the Solano Fair?

18 SENIOR PARI-MUTUEL EXAMINER REAGAN: Yes. When
19 Solano looked at their dates last year, I guess they kind
20 of overlooked that. And as they put together the
21 application this year, they noticed that had been missed,
22 so they amended their application. And of course without
23 that day being allocated, then there's a whole question
24 about the application. So we thought by allocating this
25 day first and then taking the application, everything

1 would flow smoothly.

2 CHAIRPERSON HARRIS: Joe, one issue that we've
3 talked about before. I don't personally know if it's that
4 necessary that we run both north-south every last day if
5 that is not necessarily in the best interests of racing.
6 Well, it may well be. But I don't think it's as much of a
7 sacred cow today due to all the simulcasting we've got
8 coming in, all the product that we've got out there. But
9 I don't really have a problem with this. The only problem
10 I can see with this would be that any action at racing
11 takes has got a ripple effect on other people. And I
12 would think that -- I know Santa Rosa has the concern
13 where under the old program they had two stock days going
14 to the meet, that they already had one.

15 Does Santa Rosa have any concerns about it?

16 Oh, well, wonderful unity.

17 Okay. Motion on this?

18 COMMISSIONER GRANZELLA: So moved.

19 COMMISSIONER MORETTI: Second.

20 CHAIRPERSON HARRIS: Okay. It's been moved and
21 seconded to allocate additional day to Solano County Fair
22 at Vallejo.

23 All in favor?

24 (Ayes.)

25 CHAIRPERSON HARRIS: Is the fair going to be

1 racing -- running this day too, or is this just a race day
2 without the fair or what? Would the fair be operating
3 that day?

4 REGULATIONS ANALYST NOBLE: July 26th?

5 CHAIRPERSON HARRIS: Yes.

6 REGULATIONS ANALYST NOBLE: Yes.

7 MR. SKELTON: Good morning. My name's Pat
8 Skelton. I'm a Deputy General Manager, Solano County
9 Fair.

10 We're anticipating extending our plant sale, that
11 is currently offered on a Sunday, to that Monday so that
12 there will be a public activity that is part of the fair
13 going on on that Monday. Also we're planning a luncheon
14 for our fair workers on that day that would be offered as
15 a "thank you." And on that day we're anticipating not
16 charging admission or parking for patrons who would be
17 attended the racing.

18 EXECUTIVE DIRECTOR WOOD: There will be fair
19 activities going on on that Monday?

20 MR. SKELTON: Yes.

21 CHAIRPERSON HARRIS: The next item, which is the
22 Solano County Fair license.

23 REGULATIONS ANALYST NOBLE: Pat Noble, CHR
24 staff.

25 The Solano County Fair has filed their

1 application to race July 14th through the 26th, 2004.
2 This will be 11 days, which is one more than 2003. They
3 propose to run 125 races, which are 11 races more than
4 2003. They'll be racing Wednesday through Sunday the
5 first week and Wednesday through Monday the second week.
6 They'll have 12 races on Saturday and Sundays and 11 races
7 on all other days. They'll have a 12:45 p.m. daily post.

8 And the only item missing from the application
9 for Solano is the fire clearance, which they are in the
10 process of completing.

11 They've already designated the fitness
12 veterinarian and the paddock judge. And we were told by
13 the California Authority of Racing Fairs this morning that
14 the sign-off for the thoroughbreds is in place. And that
15 will hold true for all fairs that are heard today.

16 Staff recommends approval of the application
17 conditioned upon receiving the fire clearance.

18 COMMISSIONER SPERRY: So moved, Mr. Chairman.

19 VICE CHAIRPERSON LICHT: Second.

20 CHAIRPERSON HARRIS: I was looking at this
21 application. They show a minimum number of stalls
22 believed necessary for this meeting is forty-eight hundred
23 and forty-eight. That seems like a bit much.

24 MR. SKELTON: I believe so. I'm afraid that was
25 also a mistake in there.

1 CHAIRPERSON HARRIS: So I think you're adding,
2 just for --

3 EXECUTIVE DIRECTOR WOOD: All stable and the
4 whole --

5 CHAIRPERSON HARRIS: Yeah, it's everything that's
6 out there. But I think the idea of this part of the
7 application, I understand it, would be totally -- with the
8 stalls you need for that meet as opposed to how many
9 stalls are available in the area. It's just a -- just a
10 future application. You might take a look at that.

11 MR. SKELTON: We will.

12 Thank you.

13 CHAIRPERSON HARRIS: Any comments on this
14 application?

15 We've got a motion to approve it.

16 All in favor?

17 (Ayes.)

18 CHAIRPERSON HARRIS: Okay. So moved.

19 Thank you.

20 Okay. So we have --

21 EXECUTIVE DIRECTOR WOOD: -- I believe Santa
22 Rosa.

23 CHAIRPERSON HARRIS: Turf meets the wine.

24 We have someone from Santa Rosa, application to
25 conduct a horse racing meeting at the Sonoma County Fair?

1 REGULATIONS ANALYST NOBLE: Pat noble, CHRB
2 staff.

3 The Sonoma County Fair has filed the application
4 to race July 28th through August 9th, 2004. They'll be
5 racing 12 days, which is the same as 2003. They propose
6 to run 134 races, which is also the same as 2003. They'll
7 be racing Wednesday through Monday, with 10 races on
8 Monday, Wednesday, Thursday, 12 races on Saturday and
9 Sunday, and 13 races on Fridays. They'll have a 12:45
10 p.m. post daily.

11 The items missing from the application for the
12 Sonoma County Fair are the fire clearance and the name of
13 the second association veterinarian.

14 Staff recommends approval of the application
15 conditioned upon receiving the missing items.

16 CHAIRPERSON HARRIS: Any comments on -- how's
17 your first course coming along?

18 MR. MOORE: Jim Moore from the Sonoma County
19 Fair.

20 We're right in the middle of it of course and
21 will be during the meet. We probably will not plant the
22 thing until sometime in September, as early in September
23 as we possibly can, because we want it to be available for
24 us next year.

25 CHAIRPERSON HARRIS: That's good. So it looks

1 like it will be available for the 2005 season.

2 MR MOORE: Yeah, certainly.

3 And I also, Mr. Chairman, I want to thank you for
4 asking about our concerns about the extra day at Solano as
5 well. We had discussed that with them. They called us
6 and we had talked about it. And we felt that we didn't
7 want to get in the way of that opportunity for them. But
8 we appreciate at least that you brought it up.

9 CHAIRPERSON HARRIS: Thank you.

10 Is there any comments on --

11 VICE CHAIRPERSON LICHT: I have a question,
12 actually a question of Charlie Daugherty. Maybe you can
13 answer this.

14 Any word from trainers about northern California
15 park trainers about participating in the fairs in general
16 this year? I mean are we going to still lose some of the
17 major ones to out of state? Is workers' comp going to
18 help bringing in other stables, anything like that?

19 MR. DAUGHERTY: Charlie Daugherty, CTT.

20 I have not heard of one trainer who is making
21 plans to leave the state this summer.

22 VICE CHAIRPERSON LICHT: How about any Planning
23 to come into the state to race?

24 MR. DAUGHERTY: Actually since the workmen's
25 comp relief bill was announced, I have gotten several

1 calls from trainers out of state, some who have raced here
2 previously and have not been back recently. But there is
3 a renewed interest for people coming from out of state.

4 VICE CHAIRPERSON LICHT: Good.

5 COMMISSIONER MORETTI: That's great. It's the
6 first time that I haven't heard a threat of moving out.

7 MR. MOORE: We also have heard from more trainers
8 that are interested in coming out this year.

9 VICE CHAIRPERSON LICHT: Great.

10 CHAIRPERSON HARRIS: Smarty Jones --

11 EXECUTIVE DIRECTOR WOOD: Smarty Jones coming?

12 CHAIRPERSON HARRIS: Thank you.

13 Any other comments on this application?

14 Make a motion to approve it?

15 COMMISSIONER MOSS: Approve.

16 VICE CHAIRPERSON LICHT: Second.

17 CHAIRPERSON HARRIS: Moved by Moss, seconded by
18 Licht.

19 All in favor?

20 (Ayes.)

21 CHAIRPERSON HARRIS: Opposed?

22 So moved.

23 MR. MOORE: Thank you.

24 CHAIRPERSON HARRIS: Okay. Next we have
25 Humboldt -- or San Mateo.

1 San Mateo, August 11th through August 23rd.

2 Is there someone from San Mateo County Fair?

3 REGULATIONS ANALYST NOBLE: Pat Noble, CHRB
4 staff.

5 San Mateo County Fair has filed their application
6 to race August 11th through the 23rd, 2004. They'll be
7 racing 12 days, which is the same as 2003. They propose
8 to run 116 races, which is 4 more than 2003. They'll be
9 racing Wednesday through Monday, 9 races on Monday,
10 Wednesday, Thursday and Friday, and 11 races on Saturday
11 and Sunday. They'll have a 1:15 p.m. post Saturday and
12 Sunday and a 1:45 p.m. post weekdays.

13 The only item missing from the San Mateo
14 application is the fire clearance.

15 Staff recommends approval of the application
16 conditioned upon receiving the fire clearance.

17 VICE CHAIRPERSON LICHT: I move we accept this
18 application.

19 COMMISSIONER MORETTI: Second.

20 CHAIRPERSON HARRIS: Any comments from the
21 Commissioners?

22 Did you give any thought on -- I guess it will
23 work out -- the Pacific Classic -- you overlap the Pacific
24 Classic date. Is that to be adjusted post time at all for
25 that?

1 MS. THURMAN: We're probably going to go --
2 Bernie Thurman with Bay Meadows. We're going to go with
3 the 1:15 on that day.

4 CHAIRPERSON HARRIS: That will probably work.

5 Okay. Any other issues?

6 Somebody move it.

7 VICE CHAIRPERSON LICHT: We already did.

8 CHAIRPERSON HARRIS: Oh, we did.

9 All in favor?

10 (Ayes.)

11 CHAIRPERSON HARRIS: Okay. Now we have Humboldt
12 County.

13 REGULATIONS ANALYST NOBLE: Pat Noble, CHRB
14 staff.

15 The Humboldt County Fair has filed their
16 application to race August 12th through the 22nd, 2004.
17 They'll be racing 10 days, which is the same as 2003.
18 They propose to run 74 races, which is 3 more than 2003.
19 They'll be racing Thursday through Monday the first week
20 and Wednesday through Sunday the second weak. There'll be
21 6 races on Monday and Wednesday, 7 races on Thursday and
22 Friday. And 8 to 9 on Saturday and Sunday. They'll have
23 a 1:55 p.m. post on Saturday and Sunday, a 2:25 p.m. post
24 Monday, Wednesday and Thursday, and a 2:55 p.m. post on
25 Fridays.

1 The only item missing from the Humboldt
2 application is the fire clearance.

3 Staff recommends approval of the application
4 conditioned upon receiving the fire clearance.

5 CHAIRPERSON HARRIS: Any comments on Ferndale?

6 It's been a very popular meet up there.

7 How did your attendance and handle go last year
8 compared to 2002?

9 MR. TITUS: Stewart Titus, Humboldt County Fair.

10 Attendance was very strong. It's a very popular
11 local event. Handle was off somewhat. However, there was
12 a shortfall on thoroughbreds last year. And we're hopeful
13 to turn that around this year.

14 CHAIRPERSON HARRIS: Any other comments?

15 COMMISSIONER SPERRY: Move approval, Mr.
16 Chairman.

17 CHAIRPERSON HARRIS: Do we have a second?

18 COMMISSIONER MORETTI: Second.

19 CHAIRPERSON HARRIS: All in favor?

20 (Ayes.)

21 CHAIRPERSON HARRIS: All right.

22 MR. TITUS: Thank you.

23 CHAIRPERSON HARRIS: Thank you.

24 Okay. We have Cal Expo.

25 VICE CHAIRPERSON LICHT: Without Jack Liebau here

1 it isn't going to be the same.

2 (Laughter.)

3 EXECUTIVE DIRECTOR WOOD: He may be coming in
4 late.

5 VICE CHAIRPERSON LICHT: Designated hitter.

6 REGULATIONS ANALYST NOBLE: Pat noble, CHRB
7 staff.

8 The California State Fair has filed their
9 application to race August 25th through September 6th,
10 2004. This will be racing 11 days, which is the same as
11 2003. The fair was allocated 12 race days for 2004, but
12 they're requesting to race 11. They will not race Monday,
13 August 30th, and offer a doubleheader area Friday, August
14 27th, which will consist of 17 races.

15 They propose to race a total of 128 races.
16 That's 6 races more than 2003. But it's 4 less than if
17 they were to race 12 days this year.

18 They'll be racing Wednesday through Sunday the
19 first week and Wednesday through Monday the second week.
20 The number of races per day will be 10 on August 25th and
21 26th; 11 on September 1, 2, 3, and 6; 12 races on 28th,
22 29th and September 4th; and 17 races August 27th.

23 They'll have a 1 p.m. post daily and a 2:30 p.m.
24 post on September 3rd. The doubleheader post times would
25 be 1 p.m. for the first race, with the 9th race starting

1 at 4:45. Then they'll take a break and start back at 6
2 p.m. for the 10th race. And the final race would be 9:04
3 p.m.

4 The items missing from the State Fair application
5 are the name of the paddock judge, the entity that would
6 provide the electronic timing device, and the on-track
7 ambulance service.

8 Staff recommends approval of the application
9 conditioned upon receipt of the missing items.

10 CHAIRPERSON HARRIS: Thank you.

11 Any comments on this application?

12 I think that's a novel idea to double -- in
13 having two programs on one day. I'm not sure if it will
14 work or not. But I think we need to think about -- of
15 definitely thinking outside the box. And I'm pleased that
16 you're able to get the cooperation of all the people in
17 racing, which sometimes they're not that easy to get. So
18 there must be a heck of a politician to get everybody to
19 sign off on it if they have.

20 MR. ELLIOTT: I've made quite a few concessions,
21 but we're going to make it work.

22 Dave Elliott, California State Fair.

23 COMMISSIONER MOSS: Just curious. What kind of
24 race happens at 9:05? Is it an upper grade race or --

25 MR. ELLIOTT: Sir, because of where we are on the

1 calendar we just don't know. We have no idea what we're
2 going to fill on non-overlap weekend or overlap weekend.
3 What we're going to do, we're going to throw obviously a
4 condition book out there with 17 races, plus some, you
5 know, substitute races. And the best card that we can
6 provide on that date, we will provide.

7 CHAIRPERSON HARRIS: Now, it is competitive on
8 that final -- you'll be overlapped on the last 4 days by
9 Bay Meadows?

10 MR. ELLIOTT: Yes.

11 CHAIRPERSON HARRIS: And have you done any good
12 in trying to achieve some degree of cooperation in the way
13 the races are written during those overlap days? Is there
14 any communications going on there?

15 MR. ELLIOTT: No. No, there is no cooperation.
16 But it's nobody's fault.

17 (Laughter.)

18 MR. ELLIOTT: It really not -- I'm not up here to
19 blame Bay Meadows on this or anything. The bottom line is
20 everybody that reads a racing form or reads a program on
21 overlap weekend -- look at a racing form today. I can
22 guarantee you that the herd of horses that are racing at
23 Golden Gate Fields today are the same herd that runs on
24 the fairs. It's no longer, you know, a different -- the
25 difference in classes in the fairs and Bay Meadows and

1 Golden Gate. So there's -- we're basically just trying to
2 go after the same herd.

3 EXECUTIVE DIRECTOR WOOD: Can I ask one question,
4 Mr. Chairman?

5 MR. ELLIOTT: Yes, I do miss Jack, by the way.

6 (Laughter.)

7 EXECUTIVE DIRECTOR WOOD: Okay. Not a question
8 on -- I want to just clearly understand.

9 All of the employees at the track, all the racing
10 officials, and any horsemen, everybody that you're going
11 to be dealing with has bought off and agreed upon the
12 17-race, one-day card, so there's nobody out there that's
13 going to come up and say, "I'm working too many overtime
14 hours," or, you know, "This is going to be too difficult
15 for me."? Everyone has agreed to these conditions on this
16 double card?

17 MR. ELLIOTT: I have had conversations, E-mails,
18 faxes, phone conversations with probably 20 to 30
19 different folks. Ken Walker, who is the local --
20 officials union head down in southern California. Did I
21 have a conversation with the person that may be, you know,
22 working in our racing office that he represents? No.

23 Did I talk to all of the heads of the unions?
24 Local 280 -- we've reached an agreement with Local 280.
25 They're fine with it. I've had some E-mail conversations

1 with Craig Fravel. I'm sorry, I didn't come prepared with
2 the list. But I have a list of about 20 to 30 people that
3 have signed -- not have signed off on -- that I've had
4 conversation with to explain the concept to them, and
5 everything was okay. And, again, we've made some
6 concessions that -- whatever it is that we have to do to
7 see if this will work. If it fails, it fails. We'll at
8 least have some data.

9 CHAIRPERSON HARRIS: Yes. It's commendable that
10 you're trying.

11 On your application, you talk -- I'm not really
12 sure -- the general admission is \$10 dollars. But you can
13 get a box seat including fair admission for \$11?

14 MR. ELLIOTT: That's correct.

15 CHAIRPERSON HARRIS: Is that right, sir?

16 MR. ELLIOTT: Yes.

17 CHAIRPERSON HARRIS: Basically to get into the
18 fair is a fairly high ticket because that entitles you to
19 everything. But if you just want to come into racing you
20 can get in and get a seat, but it's now going to be \$11.
21 But that was kind of in the equation anyway, I guess.

22 EXECUTIVE DIRECTOR WOOD: For a box seat.

23 MR. ELLIOTT: Yeah, for a box seat. In other
24 words we're going to -- if you pay the \$11 -- all the
25 gates are fair gates, so it's 10 bucks to get in. So if

1 you want to sit in a box seat area, you're going to pay
2 \$11 per seat.

3 CHAIRPERSON HARRIS: And if you just want in and
4 you just want to stay on the apron it's \$10?

5 MR. ELLIOTT: Exactly. However, I do want the
6 Board to understand though that we do take care of our
7 core satellite wager patrons. We have a program to where
8 they get into the fair for free and they get free parking
9 also. All they have to do is participate in the program
10 during the summer fair racing season. So we get that core
11 back, obviously very important to us.

12 CHAIRPERSON HARRIS: Yeah, one of the concerns
13 that all these fairs have got a little bit of an issue is
14 that they've got admissions because it supports the fair.
15 But sometimes the person that just wants to go to the
16 races has to, you know, pay more than he's really getting
17 back. But if you can have a program to focus on though,
18 that's good.

19 MR. ELLIOTT: We've struggled with that. And we
20 don't want to put up a fence up at the grandstands so the
21 fair goers don't come up to the --

22 CHAIRPERSON HARRIS: And a free gate to the
23 racing, it's just to try to get you into the fair.

24 MR. ELLIOTT: Right.

25 CHAIRPERSON HARRIS: Any other comments on this

1 application?

2 COMMISSIONER SPERRY: Move approval.

3 COMMISSIONER MORETTI: Second.

4 CHAIRPERSON HARRIS: Moved and seconded to
5 approve.

6 All in favor?

7 (Ayes.)

8 MR. ELLIOTT: Thank you.

9 CHAIRPERSON HARRIS: Okay. We've got Item 11,
10 the contracts.

11 ADMINISTRATIVE ANALYST VOSS: Good morning. Wendy
12 Voss, CHRB staff.

13 The state contracting manual requires that state
14 boards and commissions approve contracts all over \$5,000.
15 In your board package, staff's provided a listing of
16 service contracts and steward and vets contracts.

17 I wanted to point out to you on the service
18 contracts listing the agency actually contracts for more
19 than these particular services. But in previous fiscal
20 years, the Board has already approved multi-year
21 agreements for those services, and that's why they're not
22 listed here, because they are not expiring June 30. These
23 two contracts are, and staff has to have Board approval in
24 order to process these beginning July 1.

25 CHAIRPERSON HARRIS: Any comments on this?

1 Are there other contracts that we'll be approving
2 later on in the year, or is this everything that we've got
3 for this fiscal year?

4 ADMINISTRATIVE ANALYST VOSS: This is all that I
5 need for the next fiscal year. However, we will be coming
6 back to you in a year for those that are going to expire,
7 that we will need in future years.

8 CHAIRPERSON HARRIS: Do we have a multi-year
9 contract on our medications program that goes on?

10 ADMINISTRATIVE ANALYST VOSS: Right. In other
11 words, it's not going to expire June 30. So we're still
12 working with those multi-year agreements; drug testing,
13 equine medical director, post mortem; there's a laundry
14 list of them.

15 EXECUTIVE DIRECTOR WOOD: We'll be approving
16 those next year, I believe.

17 ADMINISTRATIVE ANALYST VOSS: Right. They're just
18 not expiring right now.

19 CHAIRPERSON HARRIS: Yeah, I just wanted to
20 clarify that they're not -- we've got a lot that are
21 multi-years --

22 ADMINISTRATIVE ANALYST VOSS: That's right.

23 CHAIRPERSON HARRIS: Any comments on these
24 contract issues?

25 A motion?

1 COMMISSIONER GRANZELLA: So moved.

2 COMMISSIONER SPERRY: Second.

3 CHAIRPERSON HARRIS: Moved and second.

4 All in favor.

5 (Ayes.)

6 CHAIRPERSON HARRIS: Okay. Why don't we take a
7 break for -- well, let's not make it too long. Take about
8 a 10-minute break and get back here by 5 after.

9 (Thereupon a recess was taken.)

10 CHAIRPERSON HARRIS: We're going to restart the
11 meeting. We've got a few more items to discuss.

12 EXECUTIVE DIRECTOR WOOD: Everyone, please take
13 your seats.

14 CHAIRPERSON HARRIS: Okay. Ladies and gentlemen.

15 The next item is Item No. 12 dealing with harness
16 racing, I think.

17 SENIOR PARI-MUTUEL EXAMINER REAGAN: Yes, sir.

18 Commissioners. John Reagan, CHRB staff.

19 This is an adjustment to the allocated dates of
20 the harness racing at Cal Expo, the Capitol Racing meet.
21 The good news is they aren't asking for any additional
22 days. They're simply rearranging the dates they have.

23 They were allocated to begin October 7th. This
24 was after some discussion about dates in Stockton and
25 whatnot. And their traditional beginning in the fall is

1 generally late September. And after the Stockton
2 situation kind of went away, they have now rearranged the
3 number of dates, 45, to include the September 24th opening
4 date.

5 And rather than trying to explain it, we have
6 included a calendar that shows the new arrangement of the
7 race dates. And essentially starting September 24th,
8 there's a two-day race week. The next week is also two
9 days. The following week is three days. The week after
10 that, three days, and then they go into their 4-day
11 schedule. And then they end up on December 18th.

12 So that's the rearrangement they're requesting.
13 And that would have them run the same 45 days allocated,
14 simply in a different format.

15 CHAIRPERSON HARRIS: Any comments on this from
16 the public?

17 MR. HOROWITZ: Alan Horowitz, Capitol Racing.

18 Actually if you compare this calendar to the
19 previous three years of racing at Cal Expo, the fall dates
20 always began the last Friday in September. And as the
21 calendar changes, three years ago it was I think the 27th
22 and then it's the 26th. Then with this year being leap
23 year, it jumped two days ahead. So it became the 24th.

24 And so this allocation, while a little different
25 from the date allocation that was approved by the Board,

1 is essentially the same startup of Friday -- the last
2 Friday in September as each of the previous three years.

3 CHAIRPERSON HARRIS: Any other issues on this?

4 MR. HANKINS: Mr. Chairman, my name's Kim
5 Hankins. I'm with the California Harness Horsemen's
6 Association.

7 We come before you in support of this change. It
8 helps us coming back from our break to get back to Cal
9 Expo a little bit quicker. And it works significantly
10 better for us. So we come in support of this.

11 CHAIRPERSON HARRIS: Thank you.

12 Where would most of these horses -- these harness
13 horses be coming from? They just take a month off and
14 come back or --

15 MR. HANKINS: Correct. Most of them will be in
16 the Stockton training facilities and other facilities
17 during that break. It gives us a chance to come back
18 quicker and stay a little bit longer at Cal Expo. But we
19 don't extend the race dates.

20 CHAIRPERSON HARRIS: Okay. Any comments by the
21 Commissioners?

22 VICE CHAIRPERSON LICHT: I move we accept this
23 change.

24 CHAIRPERSON HARRIS: Is there a second?

25 COMMISSIONER MORETTI: I'll second it.

1 CHAIRPERSON HARRIS: Other discussion?

2 All in favor?

3 (Ayes.)

4 CHAIRPERSON HARRIS: The next item is the Item
5 13, the license to conduct the racing meeting by Capitol
6 from September 24th through December 18th.

7 REGULATIONS ANALYST NOBLE: Pat Noble, CHRB
8 staff.

9 As you heard, they propose to race 45 nights,
10 with a total of 587 races, which equals 13 per night.
11 They'll race two nights per week, Fridays and Saturdays
12 through October 2nd; three per week, Thursday through
13 Saturday, through October 16th; and four nights per week,
14 Wednesday through Saturday, through the end of the meet.

15 They will offer up to 15 live races per night,
16 six simulcast races on nights with quarter horse overlap,
17 and 12 simulcast races without overlap.

18 Their first live post will be 5:35 p.m. The
19 first simulcast post will be 4:50 p.m. Wednesday through
20 Friday and a 5:08 p.m. on Saturday.

21 The items missing from the ap is just the fire
22 clearance.

23 Staff recommends approval of the application
24 conditioned upon receipt of the fire clearance.

25 VICE CHAIRPERSON LICHT: I move we accept this

1 application.

2 COMMISSIONER GRANZELLA: Second.

3 CHAIRPERSON HARRIS: Any discussion from the
4 public on this?

5 MR. BLONIEN: Thank you, Mr. Chairman and
6 members. Rod Blonien on behalf of Los Alamitos Race
7 Course.

8 We have received a letter from our horsemen, the
9 quarter horse horsemen, objecting to our taking the signal
10 from harness when we are conducting live racing at Los
11 Alamitos.

12 VICE CHAIRPERSON LICHT: Is this said in
13 connection -- with No. 14, right?

14 MR. BLONIEN: No, in connection with this number.
15 We are listed in the license application as one of the
16 designated satellite facilities. And pursuant to the
17 horse racing law, our horsemen have a right to object to
18 our taking that signal. And my purpose appearing under
19 this item is to let you know that we have received that
20 letter from our horsemen objecting to our taking the
21 signal. And I think they have a statement that they would
22 like to read into the record.

23 VICE CHAIRPERSON LICHT: What about a statement
24 regarding the law as far as the -- that's clear that the
25 law provides that if your horsemen reject it, you don't

1 have to take it.

2 MR. BLONIEN: Well, what has happened in the past
3 is the horsemen have come forward and objected to taking
4 the signal. And the Board has then indicated that they
5 would like us to take the signal, would like the
6 horsemen -- would like there to be some understanding.
7 And I think Mr. Breed is prepared to talk to that.

8 VICE CHAIRPERSON LICHT: Okay.

9 MR. BREED: Mr. Chairman, Commissioners. Kirk
10 Breed on behalf of the Pacific Coast Quarter Horse Racing
11 Association. And I'd like to read into the record this
12 letter.

13 The Letter is addressed to Dr. Edward Allred.

14 "Dear Dr. Allred: The Board of
15 Directors of the Pacific Coast Quarter
16 Horse Racing Association met and
17 reviewed the Capitol Racing application
18 to run from September 24th, 2004,
19 through December 18th, 2004. The Board
20 directed me to notify LARC is
21 withholding consent for the harness
22 signal coming into Los Alamitos race
23 track when we are conducting a live
24 quarter horse racing.

25 "The PCQHRA Board has attempted over

1 the past few years to work with Capitol
2 on an equitable impact fee for both
3 PCQHRA and harness horsemen. Each
4 attempt has failed because of Capitol's
5 refusal to bargain in good faith, even
6 though the CHRB directed Capitol to
7 honor the Zumberg agreement as it
8 related to impact fees.

9 "Since May 10th when the harness
10 signal was confined to a specific area
11 at Los Alamitos, our quarter horse
12 handle has increased, thus confirming
13 our position that harness coming in
14 while we are racing live has a negative
15 impact on quarter horse purses.

16 "As you are aware, the quarter horse
17 purse account is overpaid and, as such,
18 it is our board's responsibility to
19 represent our horsemen and women first.
20 We do not wish to negatively impact the
21 harness horsemen. But our legal
22 responsibility is to our quarter horses'
23 men and women. Sincerely, Dominic
24 Alessio, President."

25 In addition to that, the consent language in the

1 law is consent to an agreement that is between the
2 receiving satellite, receiving race meet, meaning LARC,
3 and the track running live at the same time sending the
4 signal in there.

5 We do not -- by law we can withhold our consent.
6 The Horse Racing Board then can react to that and either
7 justify the consent or not.

8 VICE CHAIRPERSON LICHT: Are you talking about
9 the Federal Horse Racing Act when you say the law, or what
10 are you --

11 MR. BREED: No, I'm talking about the California
12 Horse Racing -- the California Horse Racing Law, which I
13 think is found in Section 19596 point something.

14 CHAIRPERSON HARRIS: Well, when you withhold a
15 consent, does this involve just the Los Al crowd or the
16 consent to bring it into the southern -- I don't -- I
17 guess the harness and quarter --

18 MR. BREED: No, it's just -- the consent is to
19 the agreement between LARC and Capitol Racing. That is
20 the agreement in which we are -- we have the right to
21 withhold consent.

22 CHAIRPERSON HARRIS: But does that also -- that
23 withholding, would that also impact other satellite sites
24 like Del Mar or --

25 MR. BREED: No.

1 CHAIRPERSON HARRIS: It would just be the
2 actual -- at Los Al; you don't impact these other --

3 MR. BREED: No, absolutely not, no.

4 VICE CHAIRPERSON LICHT: Well, Capitol provided
5 us with a letter that shows how much the handle -- harness
6 handle at Los Alamitos dropped during I guess the first
7 week when you didn't -- when you had less avenues to make
8 the bets on harness.

9 Do you have the numbers of how much your handle
10 went up?

11 MR. BREED: No.

12 CHAIRPERSON HARRIS: Yeah, that's another item
13 that they were going to discuss, that whole dispute. But
14 this dispute were licenses.

15 VICE CHAIRPERSON LICHT: No, I'm like trying to
16 see whether total dollars were benefiting the State of
17 California, which is I guess what our role is.

18 Did you off -- do you think you offset that drop
19 in harness -- did you offset that drop in harness handle.

20 MR. BREED: I don't know. John Reagan could
21 speak to that. But I don't know.

22 VICE CHAIRPERSON LICHT: Well, you made a
23 statement that --

24 MR. BREED: -- that our purse account went up.
25 That's all I know.

1 CHAIRPERSON HARRIS: Yeah, it would be good to
2 have more data in a way because -- to approve this today
3 with some of these issues out there that we don't really
4 have our arms around very well. If it could be brought
5 back in July, it might be better. But we might wait to
6 hear --

7 MR. HOROWITZ: Alan Horowitz, Capitol Racing.

8 To begin with, the crux of the matter, frankly,
9 is whether the California statutes consider Los Alamitos a
10 satellite or a live race meet, but when indeed they are
11 providing both services when they are operating.

12 The horsemen at the race meet would normally have
13 the ability to offer their consent or withhold their
14 consent if it's a live race meet. But the facility serves
15 as a satellite day and night for harness racing and
16 thoroughbred racing and fair racing here in California.
17 So it's hard to see where that consent can apply to the
18 satellite as opposed to the live race meet, although the
19 two activities are taking place at the same time in the
20 evenings.

21 The other thing is, if we're talking about -- and
22 this is specifically addressing the question that Mr.
23 Licht asked with regard to the numbers. I was going to
24 save this part of my presentation for the next item on the
25 agenda. But because it came up under this discussion and

1 it's important for us to have our license application
2 approved at this time, I'd like to share with you the
3 updated numbers. Clearly, the -- someone on the Board and
4 the staff was interested in whether the numbers that I
5 provided in my letter to the Board were accurate. And
6 obviously the staff in its commentary commented that they
7 were.

8 I've done the same analysis for the next two
9 weeks. We've already been running under this new regime
10 for three weeks. If you're interested in the differences
11 in handle, I've run a comparison of the losses of harness
12 handle at Los Alamitos that would have been generated at
13 Los Alamitos, comparing the X number of weeks prior to the
14 change in the area to the three weeks that we've run
15 during the change in the area; done the same thing for the
16 quarter horse handles at Los Alamitos, the on-track Los
17 Alamitos handle that you had asked the question with
18 regard to Kirk.

19 Essentially this program is going on on
20 Wednesdays, Thursdays, Fridays, and Saturdays. And the
21 facility is the same facility, the same area that's
22 restricted on all four of those days even though the
23 racing days of overlap are only Thursday, Friday, and
24 Saturday.

25 But we've experienced a loss in handle of 46

1 percent on Wednesday night, 58 percent on Thursday night,
2 73 percent on Friday nights, and 63 percent on Saturday
3 nights.

4 What are those numbers? There's an average loss
5 of \$38,000 in handle -- from the harness handle, okay? --
6 on Wednesday nights, 65,000 on Thursday nights, 114,000 on
7 Friday nights, and 95,000 on Saturday nights. This totals
8 up to over the three weeks just under a million. It's
9 \$942,000.

10 When we look at the quarter horse handles at Los
11 Al during that same period of time on the three nights of
12 overlap, we see a difference of a hundred -- now, this is
13 an average of \$11,634 on Thursday nights --

14 EXECUTIVE DIRECTOR WOOD: Is that more --

15 MR. HOROWITZ: This is the gain over the average.
16 -- \$272 on Friday nights, and \$34,600 on Saturday
17 nights, which is a gain over the three weeks essentially
18 of \$139,000.

19 If you take the difference of the two, you've got
20 a grand loss in handle of over \$800,000.

21 If you, say, leave the status quo alone and let's
22 talk about it through the remaining nine weeks of racing,
23 where harness is racing through the end of July at the
24 current meet, you're talking about a loss of \$3.2 million.
25 Okay, this is handle. This is not purses. This is not

1 commissions. This is not state license fees.
2 Everybody -- those three entities obviously get their
3 share of those dollars. So there's a significant loss of
4 handle. We'll talk about it under the next item.

5 But, clearly, the patrons of harness racing have
6 been impacted and disenfranchised. They're no longer
7 going to that facility in the significant numbers that
8 they were.

9 If the patrons of Los Al that aren't attending
10 the satellite and are just going there for the racing, the
11 live racing, those people are betting only a little more.
12 So their handle didn't shift from the harness handle to
13 the quarter horse handle. They may be spending more on
14 refreshments and other things, but it's not on wagering.

15 VICE CHAIRPERSON LICHT: I got two questions for
16 you.

17 MR. HOROWITZ: Sure.

18 VICE CHAIRPERSON LICHT: First of all, with your
19 statement about distinguishing Los Al as a simulcast
20 facility or race track, isn't that true of every race
21 track? I mean Santa Anita is a --

22 MR. HOROWITZ: Yes.

23 VICE CHAIRPERSON LICHT: -- is the same?

24 Okay. And also have you studied whether that
25 harness loss at Los Alamitos has been made up on ADW or

1 any other way?

2 MR. HOROWITZ: There's a very slight increase in
3 ADW. But, again, it's the whole experience. What you
4 have at -- particularly at Los Al where harness racing
5 used to be four years ago, okay, and for 20 years prior to
6 that, over a 20 year period, is you have patrons who go
7 out to the facility that -- they're not necessarily there
8 for the quarter horse racing, the live meets. They're
9 there as a satellite, because that's where they -- that's
10 their neighborhood satellite. If they lived closer to
11 Hollywood Park, they'd go to Hollywood Park. If they
12 lived closer to Del Mar, they'd go to Del Mar.

13 So they like going there. They like going to the
14 Vessels Club. Okay? Right now you can't go to the
15 Vessels Club. You can't watch or wager on harness racing
16 in the Vessels Club. And those people aren't coming out.
17 And the observations of people who have been there have
18 indicated that the traditional clientele that they would
19 see at the Vessels Club aren't showing up in this
20 particular area.

21 And certainly the handle difference drop-off
22 speaks for itself.

23 VICE CHAIRPERSON LICHT: So you're saying the
24 handle has not been made up even partially? Just by ADW,
25 but not at Hollywood Park or Santa Anita or --

1 MR. HOROWITZ: The ADW increase has been less
2 significant than the increase in the quarter horse handle
3 at Los Al.

4 VICE CHAIRPERSON LICHT: What about the increase
5 in betting at the Hollywood Park on harness racing?

6 MR. HOROWITZ: Only a little. There's not a
7 compensation effect. We were interested in seeing whether
8 that was the case as well. And certainly if we're going
9 to talk -- you know, and the night industry as well as the
10 day industry has always been talking about impact. This
11 is a clear case of -- I mean I don't know where the impact
12 is. It's not on the quarter horse program. This is a --
13 you know, they've conducted the noble experiment. They've
14 essentially shut harness into a restricted area. And the
15 results are really detrimental to harness racing and the
16 handle on harness racing.

17 The only harness racing you can bet on throughout
18 the facility at Los Alamitos are the harness races that
19 are imported by the Quarter Horse Racing Association from
20 Illinois. And I mean that's a travesty. This is not the
21 concept that Ken Maddy and the other legislators had in
22 mind for simulcasting here in -- and satellite wagering
23 here in California, that our own patrons could bet on a
24 harness signal being brought in from Illinois because it's
25 sponsored by a quarter horse association and those same

1 patrons would be denied access to those machines -- those
2 same machines to wager on harness racing here in
3 California.

4 EXECUTIVE DIRECTOR WOOD: Mr. Horowitz, can I ask
5 you a question.

6 Are not some of the issues that you brought up
7 and that Mr. Breed brought up and others have discussed at
8 this moment as it relates to your license application,
9 aren't they part of and parcel to the superior court
10 filing that you have and the harness horsemen filed
11 against the California Horse Racing Board?

12 MR. HOROWITZ: That's a very good point. There
13 actually are two issues there. One is that this whole
14 issue is the subject of the litigation that's ongoing.
15 And, you know, I guess tomorrow the Court will set a
16 calendar for the actual preparation of filings and whatnot
17 toward the hearing for this -- the final judgment in this.

18 The second is, when we came before you in
19 February for our license application for the meet that
20 began in March, okay, you exacted as a toll for your
21 acceptance of an approval of that license application an
22 agreement from us to pay certain fees based on past
23 situations and to make certain payments for every night
24 that we raced and overlapped Los Al right now. We've been
25 complying with that agreement.

1 And, you know, isn't the change of what's going
2 on at Los Al and the proposed change that Kirk Breed is
3 talking about here, don't they fly in the face of that
4 agreement? There are quarter horsemen who are signatories
5 to that agreement, los Alamitos management was signatories
6 to it, our horsemen were signatories to it, and Capitol
7 Racing was a signatory to it.

8 EXECUTIVE DIRECTOR WOOD: And I think that's a
9 matter for discussion of the next issue going forward.
10 But I also think that some of the issues that many people
11 have brought up are part and parcel to this filing, which
12 was against an order of this Board to do certain things.
13 And those things have -- right, while they're different,
14 are still under debate now before the superior court.
15 There's litigation, so everybody on the Board knows,
16 against this Board for on order they issued addressing
17 these issues that Mr. Breed has brought up and you guys
18 have brought up. But that filing is there.

19 CHAIRPERSON HARRIS: But then the money is being
20 and allocated -- the money is being paid or just being
21 paid under an escrow account?

22 MR. HOROWITZ: It is being paid under -- that the
23 amount determined by the formula under the agreement is
24 being paid weekly to the California Horse Racing Board to
25 be placed in an escrow account. Presumably at the time

1 there's conclusion of the lawsuit those funds will be
2 disbursed by the Racing Board.

3 EXECUTIVE DIRECTOR WOOD: But there is an ongoing
4 lawsuit against this Board over those issues?

5 MR. HOROWITZ: Yes.

6 CHAIRPERSON HARRIS: This Board is getting those
7 funds every week?

8 EXECUTIVE DIRECTOR WOOD: We are getting -- John
9 Reagan can speak to that escrow account.

10 SENIOR PARI-MUTUEL EXAMINER REAGAN: Yes, I can.

11 EXECUTIVE DIRECTOR WOOD: Mr. Reagan, would you
12 come forward please.

13 SENIOR PARI-MUTUEL EXAMINER REAGAN: John Reagan,
14 CHRB staff.

15 Yes, since the beginning of the current harness
16 meet we have received a weekly check in compliance with
17 that agreement that was reached. And there has been the
18 bond that was also part of that agreement that was already
19 in place. And we're receiving that payment every week, as
20 indicated.

21 CHAIRPERSON HARRIS: So as part of the exact
22 payment, then there's some that's actually going right to
23 Los Al, the two percent? Or what is -- is there some
24 percent that was not in dispute and there's some percent
25 that was?

1 SENIOR PARI-MUTUEL EXAMINER REAGAN: Certainly.

2 CHAIRPERSON HARRIS: Some that's going directly
3 to Los Al also?

4 SENIOR PARI-MUTUEL EXAMINER REAGAN: Yeah, Los Al
5 would have their normal two percent guest commission that
6 they retain. This was another part of the agreement or
7 disagreement.

8 CHAIRPERSON HARRIS: Mr. Allred, have a comment?

9 MR. ALLRED: Yes. Ed Allred, owner and recently
10 appointed general manager of Los Alamitos.

11 (Laughter.)

12 MR. ALLRED: I have a lot of comments. Actually
13 it's overlapping into the next issue. And it was probably
14 inappropriate for us to get this much into it.

15 As I understand it, what's before the Board right
16 now is the issue of the license for Capitol, and the
17 objection, which my horsemen I understand have a legal
18 right to make and which they have made routinely every
19 time the license has been up for the last three or four
20 years.

21 And many parts of Mr. Horowitz' testimony I would
22 object to and have arguments against. But I'll wait until
23 the appropriate time to do that, and including figures of
24 handle and et cetera, et cetera, et cetera.

25 But as I understand it, the only issue right now

1 is my horsemen, and I think filed a valid objection to the
2 license, and that's to be duly noted.

3 The other disputes are ongoing, unfortunately. I
4 would very much like to resolve them. I would very much
5 like to take the harness signal throughout the plant. And
6 we can increase the handle significantly, even much more
7 than it was before, if we're motivated to do so by a fair
8 and equitable distribution of the money.

9 And I won't -- don't get me going right now. I
10 have other things to say.

11 So that's all I'll say for moment.

12 MR. NEUMEISTER: Mr. Chairman?

13 CHAIRPERSON HARRIS: Yes.

14 MR. NEUMEISTER: David Neumeister, Director of
15 the California Harness Horsemen's Association.

16 And my comments deal directly with the objection
17 from the quarter horsemen.

18 I read the law very differently than they do. As
19 I understand it, they are -- they raised their objection
20 under 19605.3 of the Horse Racing Law of the Business and
21 Professions Code; which 19605.3 details everything that
22 needs to be included in an agreement between SCOTWINC, the
23 Racing Association and the satellite facility. And
24 Subsection F of 19605.3 states that the horsemen's
25 organization that represents the horsemen at the

1 association that conducts the racing meeting on which
2 wagers are accepted consents to the acceptance of wagers
3 at the satellite wagering facility, except that the
4 association or fair operating the satellite wagering
5 facility may appeal the withholding of consent to the
6 Board, that may determine the consent is not required.

7 Well, guess what? We are the horsemen's
8 organization -- the Harness Horsemen's Organization is the
9 organization that represents the horsemen at the
10 association that conducts the racing meeting on which
11 wagers are accepted when Los Alamitos is acting as a
12 satellite wagering facility. In other words, as I read
13 that section of law, it means that if for whatever reason
14 we did not want our signal to go to Los Alamitos, we could
15 object to that, and then Los Alamitos as a satellite
16 wagering facility could appeal that consent to the Board.

17 I know of no other provision of law that would
18 allow the horsemen's association at the satellite wagering
19 facility to object to the signal. I've never understood
20 where they thought they got the authority to do this, and
21 I believe that they do not and I think it's moot.

22 EXECUTIVE DIRECTOR WOOD: I would really
23 reemphasize to the Board members the Dr. Allred's comments
24 about each and every time we've got a license application
25 for Capitol Racing the last several years, the horsemen

1 would come forward and said, "We do not agree to give our
2 signal." Because of this ongoing litigation and whether
3 or not Mr. Neumeister's interpretation of law or whether
4 federal law precedes here or whether that is correct or
5 not is a matter in front of the superior court right now.
6 So the litigation is at issue.

7 And each year Mr. Breed or Mr. Cheff or someone's
8 come forward and said, "We don't think it's right for the
9 horsemen to receive the signal." And each year you've had
10 to decide whether or not to agree to a license approval
11 for Capitol Racing. And that's where we're at -- that's
12 what's before us right now, not the issue of whether or
13 not the signal should be taken in the separation of the
14 track from one side or another. The issue of the license
15 application, that's -- that clarifies anything for
16 anybody's benefit.

17 CHAIRPERSON HARRIS: On the license application
18 itself -- they're having some issues brought up that's
19 over some of these meetings on the financial stability of
20 Capitol. But what's the latest financial statement we
21 have from them, and Is that done an audited statement?

22 EXECUTIVE DIRECTOR WOOD: Mr. Reagan, do you want
23 to come forward and --

24 SENIOR PARI-MUTUEL EXAMINER REAGAN: John Reagan,
25 CHRB staff.

1 We have not -- the latest statement we have is
2 from 2002. We are currently expecting the December 31st,
3 2003. We have not received it yet. And I have been told
4 it will be an audited statement when we could receive it.
5 That's what I've been told at least at this point.

6 CHAIRPERSON HARRIS: Yeah, I feel a little
7 uncomfortable with the issue we're dealing with that some
8 facts that are relatively current and something that goes
9 back 18 months.

10 MR. BLONIEN: Mr. Chairman, my name is Rod
11 Blonien representing Los Alamitos Race Course.

12 There's also a consent provision in 19601 of the
13 Business and Professions Code, and it clearly requires
14 horseman's consent. And, you know, we take objection with
15 comments of Mr. Neumeister and Mr. Horowitz in terms of
16 the law. And I think the Board has already made that
17 determination by virtue of its ruling last June that we
18 sought to have take effect and was the reason for the
19 prolonged negotiations in February or March of this year.
20 But, again, that only related to what happened before.

21 And so, again, there's a matter pending in
22 superior court to resolve the order of this Board, which
23 has reviewed the issue and already made a decision.

24 Thank you.

25 VICE CHAIRPERSON LICHT: Derry, can you give us

1 insight on the law on that?

2 DEPUTY ATTORNEY GENERAL KNIGHT: Yeah. I think
3 that, as Roy has pointed out, the issues that are being
4 argued before you right now are the very issues that are
5 before the superior court. I really think that the best
6 thing -- the best course for the Board is to try to avoid
7 getting into those legal issues. I think the very issues
8 that are being debated here are before the Court.

9 CHAIRPERSON HARRIS: As far as the application
10 itself, what do you recommend?

11 DEPUTY ATTORNEY GENERAL KNIGHT: Well, I
12 certainly can't recommend what do you do with the
13 application. But in terms of deciding it based on
14 interpretation -- you have an order out that's been
15 challenged and the order takes a particular -- it is
16 basically directed that they take the signal. And that's
17 what your order says. And that has been challenged and it
18 is in court at the present time.

19 CHAIRPERSON HARRIS: I guess the part that's been
20 challenged is the amount of money that is provided between
21 the parties.

22 DEPUTY ATTORNEY GENERAL KNIGHT: Well, they're
23 challenging the order. And the order basically said that
24 the parties -- I have to refresh myself. But it did
25 include a waiver of consent. And it required certain

1 impact fees to be paid in accordance with a formula that
2 was established in this Zumberg agreement. And that's
3 what the parties are basically operating under at the
4 present time, pending any change that might come as a
5 result of this litigation.

6 EXECUTIVE DIRECTOR WOOD: And I also would insert
7 that probably a timeliness factor as far as when the
8 horsemen voice their complaint against the receipt of the
9 signal and that they have a standing in that that's a part
10 of that litigation. And I really think that the superior
11 court has to rule on that. And I really am -- along with
12 Derry my advice would be and my recommendation would be
13 to -- you address whether or not you want to approve the
14 application or table it or -- as it's submitted to you,
15 but not let the issues that are going to be tried in court
16 affect that decision. We've looked at these applications
17 now from Capitol Racing for several years with this
18 hanging over our head as to what's going to be taking
19 place in this order and this litigation. So --

20 VICE CHAIRPERSON LICHT: Well, why don't we just
21 table it then. I mean there's no -- it's not till
22 October, right?

23 MR. HANKINS: Mr. Chairman? If I could. Again,
24 I'm Kim Hankins with the California Harness Horsemen's
25 Association. I'm the Executive Director.

1 We urge strongly that you would grant this
2 application. Because for us horsemen it would be quite a
3 detrimental scheduling for us to take our break and not
4 know -- if it's tabled, not know what our future would
5 hold. We'd like to make sure that at the end of the day
6 we'd know where we're coming back to -- kind of -- well,
7 we've already approved the September 24th start. And,
8 again, from the horsemen's standpoint, we need to know
9 these things as far out and in advance as possible. And
10 we would urge that you accept the application as
11 presented.

12 VICE CHAIRPERSON LICHT: There's some letters
13 here from Chris Bardis and Edward Friedberg. I mean
14 obviously we just got them now. Are those people here to
15 tell us what they say? Or I mean I don't think we have
16 time to read them.

17 It would be helpful if we could get these
18 materials prior to the meeting. Obviously we can't read
19 them while this discussion's going on.

20 MR. BARDIS: My apologies.

21 I'm Chris Bardis from Sacramento, horse
22 owner/ex-commissioner.

23 The purpose of the letter was not dealing with
24 this issue. It is -- I'm very interested and have been
25 very interested for a number of years in the purse pool

1 and the proper accounting for the purse pool. I don't
2 know of any accounting that's been done on this purse pool
3 for the last ten years. And so we don't know -- or I
4 don't know whether the horsemen have been properly paid or
5 not properly paid or where the money went or what it went
6 for.

7 The letters from Mr. Friedberg were actually
8 copies of previous Racing Board meetings that they were
9 distributed at. But the purpose of it is -- of that whole
10 dissertation is to protect the purse pool. The purse pool
11 is sacred. It has to be used for purses for horsemen
12 participating at that race meet. You can't dip in, you
13 can't dip out. You can't use it to subsidize management.
14 Those things have taken place. And I'm putting you on
15 notice that they have been taking place. And I would like
16 to see an audit.

17 I also would suggest to you that if you're going
18 to approve this application, put a date certain that
19 you'll have a financial statement. And don't deal with it
20 like you dealt with the bond. But make it a date certain
21 that you'll have a financial statement. And no less than
22 30 days. I think that's good judgment from the
23 Commission. I think it is good judgment from the
24 Commission to look at those purse accounts and make sure
25 they're properly accounted for. And I can tell you there

1 were certain items in those purse accounts that you're
2 going to have very, very, very serious questions with.
3 And I think you've got take a look at them. And that's
4 the purpose of the letter.

5 Unfortunately, I have been dealing with this
6 issue for a long time. And it's like everything else,
7 gee, we need to meet tomorrow. We got to approve the
8 application. Let's put it off because we got to keep this
9 operation in business. And you've got to keep it in
10 business, but run it as a business.

11 CHAIRPERSON HARRIS: Our next meeting is July
12 24th. It's still two months away from the time the
13 meeting will have started.

14 MR. HOROWITZ: Alan Horowitz, Capitol Racing.

15 Coming to these meetings for our license
16 application semi-annually reminds me of going to my
17 mother-in-law's house for thanksgiving dinner. You wind
18 up seeing some of your relatives that are better left
19 unseen --

20 (Laughter.)

21 MR. HOROWITZ: -- and that you don't see and
22 probably don't want to hear from or hear the same rhetoric
23 from every time we come to dinner. And that includes my
24 mother-in-law.

25 (Laughter.)

1 EXECUTIVE DIRECTOR WOOD: That's on the record.

2 (Laughter.)

3 MR. HOROWITZ: Send a copy of the minutes to my
4 mother-in-law.

5 CHAIRPERSON HARRIS: We will.

6 MR. HOROWITZ: I'm a little outraged with the
7 comments of Mr. Bardis because I think that, one, we
8 haven't been given the letters that you have. So we
9 haven't been privy to them. So that's one thing. But for
10 him to represent that there is anything illegal,
11 inappropriate or otherwise being done to the purse pool,
12 the purse account, or our operation at Cal Expo -- we've
13 been there for ten years. There's not a soul, not a soul
14 that we've done business with who ever raised an objection
15 or a complaint or had any kind of problem with the timely
16 payment of monies that we've paid them. That includes the
17 Horsemen's Association. We've always carried the
18 Horsemen's Association through periods of time when their
19 purse -- their purses that they're generating were
20 insufficient to pay out the level of purses that we've
21 been paying out.

22 For example -- and some of you remember from the
23 previous discussion back in February -- there's a million
24 four, a million five of purse money that's generated and
25 due the harness horsemen that was held down at Los

1 Alamitos. Well, if we took 1.4 million out of purses over
2 the last couple of years and left it down at Los Al and
3 did not pay it out in purses, because it was generated, we
4 would be offending our horsemen. We paid it out to our
5 horsemen, overpaying purses on the expectation that those
6 funds would some day come back to them.

7 Okay. The reality is we have done nothing
8 inappropriate. We welcome the Board's concern. And I
9 always thought that when we have a financial document
10 that's prepared and given to the Board, that the Board
11 gives it to John Reagan and his associates to look over.
12 I know there's been good communication ongoing for the ten
13 years that we've been operating between our controller,
14 Steve Hubbard, and John Reagan and his office.

15 And I take tremendous offense at the accusations
16 that are made, because they're unfounded, completely
17 unfounded. And it's inappropriate for you to have to hear
18 unfounded statements.

19 VICE CHAIRPERSON LICHT: So you're saying that
20 the integrity of the purse account has always been
21 maintained? You've never used any monies in that account
22 for any purpose?

23 MR. HOROWITZ: Definitely.

24 VICE CHAIRPERSON LICHT: Even borrowed for short
25 term --

1 MR. HOROWITZ: There is no short-term borrowing.
2 Money is deposited every week in the purse account to pay
3 out the purses that are generated. We pay out purses at
4 the paymaster's office faster than some -- than your tests
5 even clear, the tests that the CHRB run. Now, obviously
6 we're on a little bit of a thin wire there, because if the
7 test comes back and it's positive, you might withhold the
8 purse. Okay. But we have horsemen who need that money to
9 run their operations and to bring out those kind of horses
10 and continue to run it.

11 And you can talk to the horsemen. You've got ten
12 of them in the room here. Their concerns aren't with the
13 purse pool. Their concerns are that they race for more
14 and more and more money. And we try to help them with
15 that.

16 So if there's -- if there's a problem, it's going
17 in the other direction. Mr. Berry is too generous, and
18 he's letting me as a general manager overpay purses. And
19 I'm trying to make judgments based on monies that are
20 generated from the different pools that our purses
21 generated. Just that some of those purses have been held
22 up at Los Al. And in the agreement that we have they've
23 been held up even longer.

24 So, as I say, I take offense with that.

25 And our horsemen really have to know -- that's

1 why we put this application on the agenda. We didn't wait
2 until July to get into this situation. We wanted to move
3 it up a month so that we can handle it, that we can deal
4 with it. The staff doesn't have any objections. We've
5 gone over all of this. The Horsemen's Association, they
6 don't have any objections.

7 The standard people who have objected in the
8 past, and the Board has seen fit to issue our license
9 application, have come forward again. And it that's
10 continued litany. And as Mr. Wood said, you know,
11 hopefully in the next couple of months we'll all get
12 beyond it because the court will rule on this ugly
13 situation and we'll be able to march on. And maybe I
14 won't have to go to my mother-in-law's for Thanksgiving in
15 the future.

16 EXECUTIVE DIRECTOR WOOD: Don't go this year.

17 (Laughter.)

18 COMMISSIONER SPERRY: With the accusations, I
19 would think it would be in everybody's benefit if you
20 would bring the documents and information forward to show
21 that what you were saying is completely accurate.

22 MR. HOROWITZ: Sir, you know, we have our offices
23 just down the hall from the Racing Board's office. We
24 will definitely do that. I know Steve Berry has been in
25 touch with -- this morning with the auditor. And the

1 auditor says within a week or two he believes that the
2 document can be complete. We'd be more than happy to.
3 But the horsemen really have to know now. This is being
4 done for the horsemen. We could wait until August for our
5 license application from the standpoint of capital. But
6 we're at least thinking about our horsemen, because
7 without horsemen, without horses, you've got nothing.

8 CHAIRPERSON HARRIS: Yeah, my concern is just
9 that -- I don't have any reason to believe there's any
10 problem with your financial statement. But really all we
11 have is an unaudited statement that's, you know, 18 months
12 old. And it's just something to be part of our due
13 diligence to have something that this referred.

14 EXECUTIVE DIRECTOR WOOD: And we've had
15 difficulty in the past --

16 MR. HOROWITZ: Every one from the past has been
17 submitted. They've all been reviewed. There's never been
18 an issue.

19 You know, approve the license application today.
20 You'll have access to this stuff. If something comes up,
21 you've got the power to bring it back. And so -- but let
22 our horsemen know what the schedule is, what their stake
23 schedule is going to be, so they can start making plans,
24 you know, for the fall.

25 Thank you.

1 COMMISSIONER MORETTI: John Reagan, do you have
2 any comment on what was -- Mr. Horowitz' statement?

3 SENIOR PARI-MUTUEL EXAMINER REAGAN: John Reagan,
4 CHRB staff.

5 Over the last couple of years, Mr. Wood has
6 directed me to review the purse schedules -- purse account
7 at Capitol Racing. And each time I have reviewed the
8 account it has been overpaid in terms of Capitol paying
9 more than what they actually had at the particular time.
10 And that's common nowadays because -- just one example.
11 SCOTWINC and NOTWINC withhold certain amounts of money
12 from the handle to cover their expenses. Most of the time
13 we find at the end of the year that they have withheld
14 more than they actually need. And so they give it back on
15 a pro rata basis to all of the racing associations.

16 Capitol, as well as other meets, have begun to
17 anticipate what that refund will be in certain situations,
18 and they put that into the purse schedule on a year-round
19 basis to try to keep purses somewhat level, so that we
20 don't have the first part of the year paying a lot of
21 money because we just got a refund and later in the year
22 we're paying less because of certain refunds.

23 So we find in general at capitol that they have
24 been overpaying the purses in anticipation of those
25 refunds or other monies that come in from various times at

1 various sources. And then of course when those monies are
2 received, they adjust the overpayment and they continue
3 down the road.

4 So we have found that they have been conducting
5 the purse account with that methodology, and they have
6 continued to keep the purse account going forward.

7 CHAIRPERSON HARRIS: What's the pleasure of the
8 Board?

9 EXECUTIVE DIRECTOR WOOD: Do we have a motion to
10 approve the application?

11 COMMISSIONER MORETTI: I would move to --

12 VICE CHAIRPERSON LICHT: Yeah, I'd like to revoke
13 my motion to approve it at this point.

14 CHAIRPERSON HARRIS: Okay. You're withdrawing
15 your motion?

16 VICE CHAIRPERSON LICHT: Withdrawing it.

17 CHAIRPERSON HARRIS: Are there any other motions?

18 Well, I guess if we don't take action today -- I
19 would propose -- I don't know if you have to do this in a
20 motion -- is that we get any financial data available and
21 put it back -- that that be submitted to the Board and
22 anyone else's in the next 30 days and then we can
23 reconsider the license application at our July meeting.

24 VICE CHAIRPERSON LICHT: I think this is such an
25 important issue, we should get all the information. We

1 now have like seven weeks till the next meeting.

2 Everybody who wants us to read something should get it to
3 us in time so we can read it.

4 EXECUTIVE DIRECTOR WOOD: There's no motion to
5 approve the license application, so it becomes a tainted
6 motion.

7 COMMISSIONER MORETTI: But this is a good point
8 that Roger's making. We've asked all before to please get
9 to us. And there's plenty of time. This meeting's been
10 noticed ten days -- at a minimum of ten days in advance.
11 And you can't expect us to make an intelligent decision on
12 the work that you've produced and put before us and to --
13 without having had a chance to read it and verify the
14 points and questions that have been raised.

15 EXECUTIVE DIRECTOR WOOD: And I appreciate that,
16 Commissioner Moretti, because it has been a policy of this
17 Board for years and years that anything received within
18 less than ten days of the meetings really can't be
19 considered unless it's brought up just for building a
20 record and we look at it later on. So we encourage
21 everybody in the industry to please properly send in their
22 documents.

23 VICE CHAIRPERSON LICHT: And I think we need a
24 statistical analysis of what the loss of the signal -- the
25 loss of the full facility use at Los Alamos by the

1 harness people has done to Cal Expo's handle, to see
2 whether in fact it's been made up other places. And also
3 an analysis of what the law -- you know, another further
4 analysis on what the law is by Derry so we know where we
5 stand.

6 EXECUTIVE DIRECTOR WOOD: Well, I think Derry
7 recommended to you that we kind of avoid the law issue.
8 But there's statistical stuff we can do.

9 CHAIRPERSON HARRIS: Yeah, that's going to be the
10 next item. But --

11 MR. HOROWITZ: If I can beg your indulgence
12 please.

13 As I said, this is a very important matter for
14 our horsemen. If you believe that there are some problems
15 with our financial reports, then make it a condition of
16 the license. Pass the license application. You will have
17 this item. You will be able to review it to your heart's
18 content. Your staff will be able go through it.

19 With regard to the issue of whether it's a
20 satellite, whether it's a live meet, and the horsemen's
21 consent, those issues are going to shake out in the Court.
22 And, unfortunately, the Court will in all speediness and
23 efficiency will probably not be able to get to this before
24 the July meeting. So that particular -- those particular
25 items related to that will be outstanding. And let's just

1 go on. I mean this is -- you know, if there's something
2 substantive, let's make it a condition of the license, and
3 it will be fulfilled.

4 The last time we came before you you had
5 particular items. It was an agreement. We worked toward
6 that agreement. And we got it done for you. The item is
7 now in the courts. We can't speed it up if we wanted to.

8 Ask for your reconsideration and offering your
9 support to this application.

10 MR. ALLRED: Ed Allred again, Los Alamitos Race
11 Track.

12 I want to make it clear, we're very anxious to
13 get into this other -- the next item on the agenda. We
14 have some pictures and other things to present. But we do
15 not, and my horsemen -- I think I can speak for them in
16 this particular instance -- we certainly don't object to
17 the granting of their license. We want to just lodge the
18 objection of our horsemen to taking the simulcast facility
19 without -- signal without compensation. We certainly are
20 not objecting to their license being granted.

21 COMMISSIONER MORETTI: Actually, Mr. Chairman,
22 I'm very concerned about the appropriation and the timing
23 and the mental stability, if you will, that the horsemen
24 would need in this meeting. I would move to go ahead with
25 the license, conditioned upon receipt of any such

1 financial documents and audits that we deem appropriate.

2 CHAIRPERSON HARRIS: Well, just receipt or --

3 COMMISSIONER MORETTI: And review, so that it
4 passes -- passes the muster, if you will, of this Board
5 and answers the questions of our Vice Chairman.

6 VICE CHAIRPERSON LICHT: Receipt by a certain
7 date, you mean?

8 COMMISSIONER MORETTI: Yeah, which would be based
9 on -- we need to say before the next meeting or before --
10 is there a time certain that we need to have that kind of
11 information?

12 EXECUTIVE DIRECTOR WOOD: Can you provide the --
13 you need to ask for an audited financial statement by a
14 date specific.

15 CHAIRPERSON HARRIS: Well, I think we need --
16 that's one of the issues. One of the issue, I'd like to
17 see an audited financial statement. What we've got is a
18 reviewed, which is a different standard that I just don't
19 feel that comfortable with.

20 MR. BERRY: Steve Berry, Capitol Racing.

21 What we have is what we've always provided.
22 We've never been told it was wrong. We've never been told
23 there was an objection. There are three levels of
24 standard that is done, the compilation, review and audit.
25 We have prepared a reviewed statement every year for the

1 last eight years, and there has been no discussion that
2 that was not sufficient.

3 Auditing -- we can certainly go deeper. We don't
4 have any problem. We are not afraid to stand the light of
5 day. What you heard earlier is misleading, potentially
6 slanderous, certainly misguided. So we don't mind having
7 someone inspect us thoroughly. But if you need an audit,
8 that's a change in what you've been accepting. So you
9 need to tell us, because that will take more time. We can
10 provide a reviewed statement within the next couple of
11 weeks, which you can look at just like you have had. And
12 if there are questions that you need to go further into,
13 we would be glad to do that.

14 Also, if we would have known that this license
15 was going to be conditioned on the preparation of the
16 financial statements, we would have reacted potentially
17 differently. But we saw the horsemen's agreement, the
18 fire, and all of that, so we complied with that.

19 I apologize if that was not what you'd intended.
20 But I just -- I don't want anyone to get a
21 misinterpretation. We have done reviewed statements.
22 That's what we've always done and they've always been
23 acceptable. I don't want to get lost mixed in words.

24 EXECUTIVE DIRECTOR WOOD: Mr. Berry, can I ask
25 one simple question?

1 MR. BERRY: Sure.

2 EXECUTIVE DIRECTOR WOOD: This being June the 1st
3 and we're asking for a financial statement from 2003 --

4 MR. BERRY: Um-hmm.

5 EXECUTIVE DIRECTOR WOOD: -- what is the
6 difficulty in us receiving those in six months' period of
7 time?

8 MR. BERRY: You know, I -- to be honest with you,
9 I would need to ask my CPA. The CPA was provided all of
10 my financial statements since 1981 for all of the various
11 companies and entities that I own. I will be glad to ask
12 that question. I don't want to speculate. I want to have
13 an answer for you. And if there is a time certain that
14 you need it sooner and you tell us, then I'll tell him and
15 he'll get it done. But I just don't know what the delay
16 is.

17 EXECUTIVE DIRECTOR WOOD: But I want the Board to
18 recognize that for years the staff has asked for these
19 financial statements, and -- for on a timely basis, and
20 six months we think is a little bit long for us to get
21 that. And I think it's -- also a point, that in this last
22 several years the Board members have discussed in any
23 applications that the audited part of a financial
24 statement is more productive than a reviewed financial
25 statement. So that is an area we've been looking at to

1 try to address.

2 CHAIRPERSON HARRIS: I think as an area. I think
3 we shouldn't just be focused on Capitol, but any racing
4 association we really need to have audited statements, in
5 my belief. And it should be of that entity that's, you
6 know, being looked at.

7 MR. BERRY: We just need direction. If you are
8 now -- I can get you a reviewed statement within the next
9 couple of weeks, because that's what we're prepared to do.
10 If you then want us to follow up with an audited statement
11 and you're doing that for all racing associations, we are
12 certainly going to provide you with whatever you ask for.

13 Give me direct direction. I will respond and
14 meet your needs.

15 COMMISSIONER SPERRY: Well, I think based on the
16 fact that you received a letter from Mr. Bardis, which I
17 haven't read, raising certain issues, that while you give
18 us a review of your financial statements, you should
19 answer the questions that are raised to the point that
20 satisfies all of us.

21 MR. BERRY: I could not have said it better
22 myself, Commissioner Sperry. I have not seen that letter.
23 I have never been contacted by Mr. Bardis directly to go
24 down this point, this point, this point, this point. I
25 hope that there is a list in that letter of the specific

1 charges he is leveling so we can address them and make
2 them go away. Or deal with whatever might be true. And I
3 know of none that will be.

4 So if that letter has that, I'd like a copy. If
5 not, I'd like Mr. Bardis to supply that to you, because I
6 would like to not have generalities, I'd like to have
7 specifics.

8 I'd be glad to address those point by point.

9 EXECUTIVE DIRECTOR WOOD: Do you believe that's
10 reasonable to assume that that could happen between now
11 and July the 24th?

12 MR. BERRY: July -- not knowing what he has
13 said -- I would certainly think so. I do know my CPA's
14 going to be out of town on vacation for ten days. But
15 it's a long time between now and July the 24th, so I would
16 say, yes, that is very reasonable, assuming that if I have
17 it all in here and this is it and this is my response
18 sheet.

19 COMMISSIONER SPERRY: That's the letter we
20 received.

21 MR. BERRY: We'll be back ten days before July
22 24th, so you may have them in plenty of time for your
23 packet.

24 And with that I would ask that you do approve our
25 license with all those conditions, because we know that

1 when you're done going through us with a microscope, we
2 will be fine. We have no risk here.

3 CHAIRPERSON HARRIS: Okay. We've got a motion.

4 COMMISSIONER SPERRY: I'll second the motion.

5 CHAIRPERSON HARRIS: Okay. We've got a motion
6 and a second.

7 Now, could you restate the motion?

8 COMMISSIONER MORETTI: I'll try.

9 I would move to approve the license by Capitol
10 contingent upon receipt of the accountant's documents to
11 this Board 12 days prior -- at least 15 days prior to our
12 next meeting, so it gives us 10 days -- 5 days to review,
13 have staff review, and then a 10-day potential for putting
14 this on the next meeting should we need to.

15 CHAIRPERSON HARRIS: I don't recall what we get
16 from the accountant.

17 COMMISSIONER MORETTI: Well, I want to have a
18 review of the issues that were raised in Mr. Bardis'
19 letter.

20 VICE CHAIRPERSON LICHT: And an audited financial
21 statement.

22 COMMISSIONER MORETTI: I don't want that.

23 COMMISSIONER SPERRY: Well, the normal statement
24 that we have been asking for and receive every year, that
25 we haven't gotten --

1 COMMISSIONER MORETTI: I see that as two
2 different things. Because if we don't ask for an audited
3 statement from any other racing association, then at this
4 point in time I don't know that we need to ask for an
5 audited statement prior to this July 24th period from
6 Capitol.

7 CHAIRPERSON HARRIS: I think this -- yeah, this
8 case is a little unique in that there is disputes over the
9 way that receivables are handled and things like that,
10 that there's a little difference --

11 COMMISSIONER MORETTI: Does that get into some of
12 the issues that are in the court battle at the moment?

13 EXECUTIVE DIRECTOR WOOD: No, ma'am, I don't
14 think it does.

15 DEPUTY ATTORNEY GENERAL KNIGHT: I don't believe
16 that -- don't think it has anything to do with it.

17 EXECUTIVE DIRECTOR WOOD: I think it has more to
18 do with the operations of the association than it does the
19 illegal issues before the superior court.

20 COMMISSIONER MORETTI: Is it possible to get an
21 audited statement?

22 MR. BARDIS: Can I take one second? I'm not
23 going to talk about my mother-in-law.

24 This is a serious issue. I don't have any
25 problem with their license.

1 COMMISSIONER SPERRY: Your name again?

2 MR. BARDIS: I'm sorry. Chris Bardis.

3 I don't have any problem at all with their
4 license. I don't have any problem when your Commission
5 granted them an application. I only am suggesting -- and
6 I think you are going down the appropriate lane -- that
7 you need an audited statement, you need a reviewed
8 statement immediately. I mean there's no reason not to
9 have one.

10 And I will be more than happy, once again, to
11 give the Commission itemized lists of problems that I have
12 with how they have handled their purse account. And then
13 you can deal with those at your next meeting. I have -- I
14 will definitely have those for you.

15 I would like the opportunity to review all of
16 their purse accounts and how they have handled them for
17 the past ten years. It's not available to me. It should
18 be available to the Racing Commission and I should be able
19 to go in and do it. I used to put on race meets. I know
20 what they look like. We handed them out daily. We had
21 them in our organizations. We kept running tallies of
22 what the overpayment and underpayment were. On a given
23 moment we knew what they are.

24 We don't know what they are. The horsemen, I
25 don't believe, know what they are. I think it's incumbent

1 upon them to give you that. And that's all I'm asking
2 for. I want the opportunity to review their purse account
3 and I want the opportunity to review their financial
4 statements. And I don't need an audited statement at this
5 time. I think you need one and you need one in the
6 future. And I too feel that you should grant their
7 application in some format. But when they talk about,
8 "I'll give you a statement in 2 weeks," make sure it isn't
9 8 weeks or 12 weeks.

10 Thank you.

11 MR. KENNEY: Ben Kenney, President of the CHHA.

12 I would just like to echo Alan's comments. For
13 us being out here sort of on an island, horse flesh is at
14 a premium. And if our horsemen don't really know that
15 there could be a meet, they could very well easily go to
16 the midwest or the east coast.

17 We have small fields. We have to -- you know,
18 our race secretary has to sort of have a makeshift card as
19 it is. And I would echo Alan's comments. Please grant us
20 this license even if it is conditioned.

21 Thank you.

22 COMMISSIONER SPERRY: Well, Mr. Chairman, the
23 motion before us is to approve, subject to receiving the
24 proper documents of monies, as to how they have been
25 distributed, and whatever else is in Mr. Bardis' letter,

1 plus the normal documents that we usually receive on a
2 certain time limit, which evidently we're a little late in
3 getting. Is that not the motion?

4 VICE CHAIRPERSON LICHT: Yeah, I think Mr. Bardis
5 apparently has some other questions. Why don't we ask
6 that he present us a written list of those questions
7 within ten days. And then we can forward them on to the
8 harness to include in their response of the letter.

9 CHAIRPERSON HARRIS: Yeah, because I think --
10 part of the issue, as I understand it, is the
11 collectibility of this overpaid purse account and how that
12 impacts the financial statement of Capitol, if that's an
13 asset of capitol -- if that -- if you can find an
14 accounting firm to sign off, that that's -- that that is
15 truly an asset.

16 COMMISSIONER SPERRY: My understanding is that
17 they've agreed to furnish that to us.

18 EXECUTIVE DIRECTOR WOOD: And that's about 15
19 days before the --

20 COMMISSIONER MORETTI: Fifteen days before.

21 EXECUTIVE DIRECTOR WOOD: Fifteen days before
22 the --

23 COMMISSIONER SPERRY: At least 15 days before.

24 CHAIRPERSON HARRIS: Okay. Well, so it could
25 come back to the Board for final. This would be like a --

1 somewhat of a conditional approval pending coming back to
2 the Board for approval based on the Board's analysis of
3 data.

4 COMMISSIONER MOSS: It's review.

5 EXECUTIVE DIRECTOR WOOD: Yeah, I think the
6 Chairman could direct that next month that this be brought
7 up again to report on the issues of the concerns of Mr.
8 Bardis and what the analysis of the staff was of their
9 financials. So that as an agenda item or -- if that's not
10 complete, then your whole application could be re-reviewed
11 at that time.

12 COMMISSIONER MORETTI: That would be my intention
13 in making that motion. This way the horsemen can proceed
14 with the plans that they need to make. And be on alert
15 that both management and horsemen need to be under -- a
16 clear understanding that if we do not get the receipt,
17 review, and accounting of what we've asked for and that
18 any charges or allegation that Mr. Bardis has made have
19 not been satisfactorily reviewed by the CHRB staff, that
20 then at the next meeting we would revoke the license.

21 CHAIRPERSON HARRIS: Yeah, I think a decision we
22 would need to make that it's a viable financial entity
23 that we can bring the dates to -- the license to, that we
24 feel that they're an entity that has the wherewithal to
25 conduct a meeting, which we need to do. We just need the

1 data to show that.

2 Okay. Does everyone understand the motion?

3 Okay. All in favor?

4 (Ayes.)

5 CHAIRPERSON HARRIS: Opposed?

6 COMMISSIONER SPERRY: I believe, Mr. Chairman,
7 we'd need to as soon as possible notify the parties as to
8 what we are requesting from them so that there's no
9 question.

10 EXECUTIVE DIRECTOR WOOD: You're going to direct
11 me to do that?

12 CHAIRPERSON HARRIS: I'll direct -- I mean
13 because anybody with a word processor can type up a
14 financial statement. But we want something that somebody
15 has signed off on.

16 MR. BERRY: It will be signed by a CPA.

17 CHAIRPERSON HARRIS: Okay. Now, we'll get
18 something less controversial. Los Alamitos.

19 EXECUTIVE DIRECTOR WOOD: You need -- Brown
20 versus --

21 MR. BERRY: -- Board of Education? You're not
22 too far from it. Actually I'm glad that you have your
23 mind in that spot. We will be there shortly.

24 Mr. Chairman, members of the Commission. My name
25 is Steve Berry. I'm with Capitol Racing.

1 People will talk today about legalities. People
2 will talk today about money. People will talk today about
3 how nice the segregated area is and try to convince you
4 the discrimination is really no problem.

5 Those people will follow me. My topic is more
6 general and more overriding. Over the years I've been
7 listening to this Board. There are at least two concerns
8 that have remained constant. One is the lack of horse
9 population resulting in shorter fields. And the other is
10 the decline in live attendance at track facilities and
11 what can be done to increase the fan base. How do we get
12 them out and bring them back?

13 I can state the following without fear of
14 contradiction. Segregation and lack of service is not the
15 answer.

16 Someone once said life happens at the level of
17 events, not words. Our fans are experiencing life
18 firsthand. Fans and patrons feel about an experience
19 based on how they are treated. Our fans have been and
20 still are being badly disrespected and mistreated by Los
21 Alamitos. It is no secret that harness fans have been
22 segregated into an inferior portion of the Los Alamitos
23 facility. Even the unworthy and discarded proposition
24 that separate but equal cannot be made because the
25 facilities are not even close to equal.

1 Your staff has been given a petition from the
2 harness fans of Los Alamitos voicing their desire to have
3 you direct Los Alamitos to put things back the way they
4 were. Before you hear about legalities and the money, I'd
5 like to create an image you can hold in your mind for the
6 rest of the discussion on this issue.

7 I asked each event -- and I should add that I
8 actually took the tour I'm about to take you on and
9 personally experienced everything I will discuss.

10 I ask each of you to visualize the tour I'm going
11 to take you on. First imagine you are a harness fan.

12 I hope that's not too hard for all -- everyone in
13 the room. And I apologize for the quality of these
14 photos. I didn't have great light in the facility. And
15 printing them out -- Derry, do you want to see this
16 picture?

17 DEPUTY ATTORNEY GENERAL KNIGHT: Sure.

18 MR. ALLRED: These are better photos.

19 MR. BERRY: Excuse me, excuse me, excuse me just
20 a moment.

21 Oh, go ahead. It's your turn now, I guess.

22 We can look at his clarity now to check his
23 selection of subject matter.

24 Anyway, as I said, imagine you are harness fan.
25 As you come to the entry turnstiles, you see this sign,

1 the first sign you see on top. This is right outside.
2 And it says, Limited offering in grandstand only. Only in
3 designated area within the grandstand."

4 Now, take the elevator up to the first floor. At
5 the top of the escalator you can see concession stands,
6 wagering facilities, and the track in front of you.

7 You turn away from the screen. I'll walk you
8 through the pictures as we go. You turn away from the
9 screen -- from the scene in front of you and you look over
10 your right shoulder, and you see a sign that says,
11 "Capitol Harness Racing from Cal Expo Wagering Area."
12 That's the second picture. So this is what you see, which
13 is at the entryway to that facility.

14 You go into the area designated for you and you
15 see a cavern, with no air-conditioning, with metal tables
16 and chairs, no concessions, and no view of the track
17 itself. And that's what the -- the third picture is that
18 you see.

19 You see one or two tellers, 9 wagering machines.
20 And there are 56 television sets available, 3 of which are
21 tuned to Capitol Racing. The others are tuned to Los Al,
22 imported races, and sports shows.

23 You try to get a place to bet along with the over
24 150 other fans that are restricted to this area trying to
25 do the same. Some can get their bets down. I personally

1 witnessed several fans being closed out because they
2 couldn't get their bets down.

3 You see, that even in your designated area you
4 and others can still bet on the quarter horses and
5 imports. Not surprising since less than 10 percent of the
6 screens are showing harness.

7 You reason that since all wagers are available
8 inside your designated area, that maybe you can avoid the
9 crush and wager on a harness outside your restricted area.
10 You now walk around the corner into the main area and see
11 many tellers and machines currently being unused. And
12 that's --I apologize for the dark picture.

13 You go to a machine outside your restricted area
14 and try to place a bet. Cal Expo is on the screen. You
15 go through the whole betting process and then you find it
16 won't finalize your bet. You must go back to your area if
17 you want to bet on harness. You can't sit outside and bet
18 on harness. You can't sit in the Vessels Club and bet on
19 harness. You can't be in the main grandstand area and bet
20 on harness. The entire facility is opened to wagering of
21 all types other than harness. Harness is segregated and
22 restricted to a designated area only.

23 You think, "This is wrong, because separate is
24 not equal." You know, it is a State of California
25 sanctioned event and you are a taxpayer. But, most

1 importantly, you're a racing fan. You're a racing fan and
2 you are being punished because of the type of breed you
3 prefer to bet on. Discrimination based on sex, age, race,
4 religion, creed, national origin is not permitted. No one
5 ever thought we would need to add "preferred breed for
6 wagering" to the previous list. The fact is we don't and
7 you can see to it on behalf of the horse racing fan,
8 particularly harness. However, if it can happen to
9 harness fans, might it not happen some day to fans of
10 other breeds?

11 We ask that you immediately direct Los Alamitos
12 to cease their policy of segregation and permit all fans
13 of horse racing to wager anywhere in the facility just
14 like it has been forever prior to May the 12th.

15 All fans of horse racing must be treated equally.
16 Anything less is an anathema to what the racing industry
17 stands for.

18 Thank you.

19 COMMISSIONER SPERRY: Mr. Berry, you think the
20 Board has the authority to do that?

21 MR. BERRY: Without question.

22 CHAIRPERSON HARRIS: What can you point to that
23 would give us authority to do that?

24 MR. BERRY: I believe it is on Section -- I'm not
25 an attorney, but I'm getting better now that I seem to be

1 hanging around a bunch of them lately -- 19400 on page 4
2 paragraph D.

3 EXECUTIVE DIRECTOR WOOD: I'll get the book.

4 MR. BERRY: I think Derry's got it -- Mr. Knight.

5 Excuse me.

6 DEPUTY ATTORNEY GENERAL KNIGHT: You say 19400?

7 MR. BERRY: Yeah, I think so. Paragraph --

8 EXECUTIVE DIRECTOR WOOD: The law book or the
9 regulatory --

10 MR. BERRY: The one he's got.

11 -- D -- 401D.

12 DEPUTY ATTORNEY GENERAL KNIGHT: 401D says, "The
13 intent of this chapter is to allow pari-mutuel wagering on
14 horse races while: d) providing for maximum expansion of
15 horse racing opportunities in the public interest."

16 MR. BERRY: We've heard a lot of discussion in
17 the past about plenary powers. We've heard a lot of
18 discussion in the past about the best interests of horse
19 racing. You now have that also in your law.

20 But even if you didn't, how would you like to be
21 going to a facility and treated like that, buying a
22 ticket, going in and told, "No, you have to go over
23 here."? We don't do that. We don't do that in this
24 country to anybody. And this industry cannot do it to its
25 fans.

1 So I don't know that you need anything beyond a
2 human consideration. But I think you have the law on your
3 side too.

4 CHAIRPERSON HARRIS: Would the General Manager of
5 Los Alamitos like to comment?

6 MR. ALLRED: Yes, I would Chairman Harris. Ed
7 Allred, General Manager of Los Alamitos.

8 I'd like to start by saying that around the state
9 at every race track in the state that's simulcasting the
10 facilities vary greatly. So if Mr. Berry wants to enforce
11 a particular management style at Los Alamitos, they'll
12 have to do it everywhere else.

13 So I'd like you to try to make a bet at Del
14 Mar -- I'm not criticizing my friends at Del Mar -- on a
15 quarter horse race or a night racing event late in their
16 program and when they run until 8 or 9 o'clock at night.
17 You'll have a hard time finding a television set with --
18 and that's fine. They're live racing there. They're
19 entitled to -- because this is their moment in the sun.

20 Live racing and simulcast racing in California
21 are two different things. There's simulcast racing that
22 is part of your live racing program. We can bring in even
23 harness signals occasionally when we don't have quarter
24 horse product from Chicago, out of other places -- and
25 quarter horse signals. And our horsemen benefit from

1 that. We pay 2 or 3 percent to the track that's sending
2 out the signal and we keep the rest of it and we divide it
3 up with our horsemen.

4 In this case, harness racing is expecting us --
5 is to rent our crowd for nothing, nothing, 2 percent, just
6 the same thing that any simulcast facility gets. And our
7 horsemen don't get any of that, not a penny, not one
8 penny.

9 CHAIRPERSON HARRIS: I thought some of that was
10 going into -- because more are going in an escrow account.

11 MR. ALLRED: That's -- that's another -- that's
12 part of the litigation that's going on. That's -- the
13 Board has enforced -- the so-called Zumberg agreement was
14 used as the basis of it. And that's what we used to
15 operate under before we had all these problems. Now,
16 that's still in dispute before the superior court. And a
17 portion, by the way, not all. But only a portion of the
18 money that has been ordered by the Board is being put in
19 the -- and that was part of our settlement, only a portion
20 of it would be put there. I forget the exact percentage.
21 I believe it's half. But I don't -- I'm not up on that as
22 far as the actual law is concerned.

23 So our contention is -- and I think it's a very
24 valid one -- that we are two things, and every track in
25 California that runs live racing is two things: They are

1 a live race track and they are a simulcast facility at
2 times. That's exactly what we are.

3 By the way, on Wednesday night, when there is no
4 live quarter horse racing, we have absolutely no problem
5 with taking the harness signal. We moved it so that it's
6 in one particular place on Wednesdays. It was only in one
7 particular place before that. It was in the clubhouse.
8 And now we've moved into the grandstand. And so that
9 doesn't -- that hasn't changed anything as far as the
10 availability of it is concerned.

11 It is true that during our live racing program we
12 are -- if you want to use the word "segregating" -- we
13 have a special area where we designate harness racing.
14 And, surely, we knew that it was going to decrease the
15 harness handle during that time.

16 Also, by the way, I would like to comment on Mr.
17 Horowitz' thing. No question, some of the large harness
18 players have moved. We identified three or four of them.
19 They're now at Hollywood Park. Michael Silber is over
20 there. He bets substantial amounts of money everyday.
21 It's closer to his home to be in Hollywood Park. But he
22 always came to Los Al because he liked it better. So we
23 lose those people. But they're betting somewhere else.

24 The average fan around the facility -- and we'd
25 like to have them to be able to bet on horse racing and

1 kill the time between races when there's not much going
2 on. We can't do it. We can't do it. And we're going to
3 get two percent. And until this thing is resolved -- it's
4 been going on for three years now. I would like very much
5 to sit down with Mr. Berry, resolve this thing tomorrow,
6 we split the thing. And we would -- I can promise you, we
7 wouldn't handle \$50,000 a day. We'd handle closer to
8 \$200,000 a day during the live racing on it because we
9 would promote it much more aggressively than we promoted
10 it before. But there has to be an equitable distribution.

11 Hollywood Park does not take Bay Meadows' signal
12 for 2 percent. They get it all, 100 percent. And Bay
13 Meadows the same. Vice versa, that's the way it should
14 be.

15 This has been left the way the law was written.
16 And Senator Maddy knew what he was doing when he did this.
17 His name has been used before, and I'll use it now. That
18 this was to be negotiated between the parties. The
19 horsemen didn't want the signal brought in. There had to
20 be some figure at which they would. And the Horse Race
21 Board is to be the final arbiter. We live with that.

22 We are very happy to resume the harness signal
23 throughout the facility and promote it aggressively if we
24 get an equitable distribution of the money and get that
25 thing resolved. We've waited for three years to have this

1 done. And this is our final effort to try to get some
2 equity to our horsemen. Our handle will go up.

3 Another factor I'd like to point out. The
4 harness has the highest takeout in the state by far.
5 Twenty-four percent of the exotic money is taken out every
6 time the bet is made. You take a limited crowd of 1500
7 people and take 24 percent out every time, then say it
8 doesn't have any impact on live handle, you don't know
9 much about racing, because it does.

10 CHAIRPERSON HARRIS: What's the quarter horse
11 take?

12 MR. ALLRED: It's the same as thoroughbred. The
13 maximum take is fifteen five for straights, one place is
14 showing 20 percent for exotics. Still too high. I would
15 like to see it lower than that.

16 For a while we had a five percent breakage thing
17 at Los Alamitos which we passed. And let's not set it
18 out. I believe in lower takeouts for all of us. I'm
19 definitely opposed to confiscatory takeouts like 24
20 percent.

21 So live racing is our life blood. And it must be
22 featured. If our horsemen aren't going to prosper and
23 we're going to have to compete with slot machine states,
24 we've got to feature our live racing. We have a typical
25 thing four times a year, so we will send out \$5 vouchers.

1 Sometimes they're bigger than that. You get a big crowd.
2 And it costs 70 to \$80,000 to do that. They can come in
3 and take that \$5 voucher and bet it on a harness horse
4 just as well as a -- and we get 2 percent of it. It tends
5 to make us not want to promote things properly because
6 we -- we're trying to run a live race meet. And this
7 should only be an adjunct. We have to take their signal
8 and we don't get paid for it. We should be able to take
9 it as a simulcast facility the way we are. And, by the
10 way, that's the way it's done around California at a lot
11 of other places when there is overlap.

12 Oh, by the way, the pictures, I hope you see
13 them. This is not a bad area of Los Alamitos. It's the
14 guts of the grandstand in the back. It's commonly used.
15 It's packed everyday during the thoroughbred simulcasting
16 racing. It's clean. Mr. Berry alluded to 9 pari-mutuel
17 machines. Actually there always were more than that. But
18 we -- well, we now have a bank of 5 plus 9 plus 4. So we
19 have 17 mutuel machines -- 17 or 18 mutuel machines.
20 That's more than adequate for a crowd of 2 or 300.

21 MR. BERRY: Before I leave the table. The only
22 management style I'd like to see in California is whatever
23 facility and whatever quality it is, whoever gets in can
24 bet anywhere he wants to, anything he wants to at the
25 facility.

1 MR. ALLRED: Let's make a deal then. That would
2 be fine.

3 CHAIRPERSON HARRIS: Okay. Any questions or
4 comments from the Board on this?

5 I'm not really clear what ability we have to
6 really intervene in this anyway, if we wanted to or didn't
7 want to.

8 EXECUTIVE DIRECTOR WOOD: Mr. Chairman. I hate
9 to interrupt you. But just to show -- just to let you
10 know, on the agenda this is for discussion only. There's
11 no action can be taken about this item. I think it's for
12 discussion only.

13 MR. BLONIEN: Mr. Chairman, if I could just be
14 heard for a second. Rod Blonien on behalf of Los Al.

15 There are no provisions in the law that require
16 that we show their signal every place in our facility.
17 There -- you have regulations in your regulation book that
18 are pretty detailed in terms of the operation of a
19 satellite facility. We're in complete compliance with all
20 of those provisions.

21 What Mr. Berry is asking for is asking that we
22 favor his horsemen over our horsemen, that if we take his
23 signal and the money's wagered there, our horsemen get
24 zero. If people wager on quarter horse races, our
25 horsemen get 7 percent, 6 percent.

1 And so what he's asking for is for us to shun our
2 horsemen to support his horsemen. We just can't do it
3 being a live racing facility.

4 CHAIRPERSON HARRIS: Okay. Any other comments
5 from the public or Commissioners?

6 COMMISSIONER MOSS: Is there -- just, you know,
7 I'm not familiar with this subject, but I don't think a
8 lot of people are.

9 CHAIRPERSON HARRIS: You'll get real familiar
10 with it on this Board.

11 COMMISSIONER MOSS: Isn't there any standard rate
12 in regard to simulcasting within the state?

13 CHAIRPERSON HARRIS: Well, it's legislated. And
14 it's different for the thoroughbreds than it is any other
15 breeds.

16 VICE CHAIRPERSON LICHT: The way he described it
17 is in thoroughbreds if you make a bet on Bay Meadows or at
18 Hollywood Park, it stays -- that money stays -- what's bet
19 in the south stays in the south, what's bet in the north
20 stays in the north.

21 COMMISSIONER MOSS: But they have the same
22 agreement. It's a mutual agreement.

23 VICE CHAIRPERSON LICHT: Right. But it's a
24 totally -- it's a different situation.

25 CHAIRPERSON HARRIS: They don't even need an

1 agreement. They just take it and bet on it. But in the
2 night industry it's -- they don't have some agreement
3 which there's a lot of things disputed. So it's basically
4 they get 2 percent versus there's so much for -- it
5 doesn't really matter. Someone from Hollywood Park
6 betting on Bay Meadows, it's sort of neutral to Hollywood
7 Park. It doesn't matter if they bet at Hollywood Park or
8 Bay Meadows. But that's the basis of this dispute. It's
9 a big problem for Los Al if they're betting on Capitol and
10 it's cannibalizing their handle.

11 CHAIRPERSON HARRIS: Let's move on. This is just
12 a point of information. We could bring it back for
13 further discussion at another meeting. But I don't think
14 we can take any action on it right now anyway.

15 MR. NEUMEISTER: My I just address one point that
16 Mr. Blonien raised.

17 David Neumeister. I'm a Director of both the
18 United States Trotting Association and the California Harness
19 Horsemen's Association.

20 Mr. Berry pointed to very first provision in the
21 Horse Racing Law in California, which talks about the
22 intent of the chapter. And as Mr. Knight pointed out, the
23 intent of the chapter is to allow pari-mutuel wagering on
24 horse racing while -- and he pointed out provision D,
25 which is providing for maximum expansion of horse racing

1 opportunities in the public interest, which this
2 particular action by Los Alamitos clearly is not.

3 But the very next item is providing uniformity of
4 regulation for each type of horse racing. And I would
5 suggest that the word "regulation" in this context means
6 that this Board has the authority to regulate whatever --
7 it doesn't -- I don't think it just means written
8 regulations. This Board has the authority to regulate
9 racing in this state. And the very first article of Horse
10 Racing Law says that one of your prime directives is to
11 provide uniformity of regulation for each type of horse
12 racing.

13 More specifically with regard to satellite
14 wagering, I go back to Business and Professions Code
15 Section 19605.3, which again provides for the items that
16 must be approved by the Board before an association can
17 act as a satellite wagering facility. And under 19605.3B,
18 "The accommodations and equipment used in conducting
19 wagering at the satellite wagering facility and their
20 location have been approved by the Board."

21 To my knowledge these particular accommodations
22 have not been approved by the Board.

23 EXECUTIVE DIRECTOR WOOD: David, that's -- we've
24 never approved an accommodation for a satellite facility.
25 We would have 37 license applications for every facility

1 that would deal with that issue on a yearly basis. And
2 once we allocate a license for a satellite facility, they
3 don't come up for renewal every year.

4 MR. NEUMEISTER: I understand that, Mr. Wood.
5 But Mr. Harris asked is you had the authority to regulate
6 this. And clearly under the law you do.

7 In addition --

8 CHAIRPERSON HARRIS: I think -- stipulate that.
9 I think it's a --

10 MR. NEUMEISTER: Well, there's more -- more
11 specifically, under the rules and regulations of the Horse
12 Racing Board, under Section 2057 Item 11 -- and, again, if
13 you want -- it's sort of a question of whether you want to
14 have the authority to do this, I think. But it says, "The
15 plans for new proposed satellite facility sites or for the
16 remodeling or alternation of existing sites." And I think
17 this is clearly an alteration of existing site. "Any
18 plans shall be submitted to the Board for review prior to
19 the preparation of construction drawings, and the Board
20 shall review and approve set plans relative to security
21 for the pari-mutuel operations placed on this data lines
22 and overall compatibility with Board policy and regulation
23 within 30 days prior to the institution of that."

24 So I think if Los Alamitos wanted to make such a
25 drastic change in their facility, they need to come to you

1 and ask you first. So if you want the authority, you've
2 got it, I believe.

3 EXECUTIVE DIRECTOR WOOD: That's kind of like if
4 Cal Expo closed their Turf Club down, we'd have to approve
5 that too?

6 MR. NEUMEISTER: If Cal Expo closed the -- turned
7 off the betting machines for quarter horse racing, I
8 would --

9 EXECUTIVE DIRECTOR WOOD: That was not my
10 question.

11 MR. NEUMEISTER: No. But it's a different issue
12 because --

13 CHAIRPERSON HARRIS: This is getting pretty
14 involved. I mean why don't we bring this back at a future
15 meeting. But I don't think we're going to get it resolved
16 today. And we do have some people that need to leave.

17 So thank you.

18 MR. KENNEY: Chairman Harris, members of the
19 Board. Ben Kenney, President of CHHA.

20 I represent the harness horsemen of California.
21 Our group consists of owners, trainers, drivers, a large
22 number of grooms, most of whom live at the race track
23 grounds.

24 I also recently attended Los Alamitos Race Track
25 on the opening night of the new Cal Expo Room. I was

1 curious and concerned about how the room would be set up.

2 Upon arriving I was shocked and disappointed with
3 the limited number of Cal Expo viewing monitors, lack of
4 amenities, and a small number of available tellers and
5 betting machines.

6 This is not a place where I or any of the
7 southern California owners would want to spend the evening
8 watching a horse race. And if I and my fellow owners are
9 so disinclined to visit such a place, the probability of
10 repeat business from the general public is certainly
11 minimal.

12 As I'm sure you realize, by restricting our
13 product to a small segregated area, Los Alamitos has put a
14 severe curb on our handle which will ultimately affect our
15 purses. Our entire income is derived from handle. Since
16 the inception of the new room our average daily handle has
17 dropped significantly. Projections show this will cause
18 as much as a 10 percent reduction in purses.

19 I would like to point out my fellow horsemen in
20 the audience today. Although morning is the busiest time
21 of day for them, they have sacrificed the time today to
22 show this Board how important this issue is to them since
23 they are the ones paying the price for this situation.

24 The California Harness Horsemen have weathered
25 increasingly unfavorable conditions the past few years.

1 And if the current conditions at Los Alamitos remain
2 unchanged, the consequences could be devastating.

3 As we all know, one of the CHRB's
4 responsibilities is to regulate racing with a fair hand in
5 order to generate funds for the State of California. I
6 respectfully ask you to take this matter under serious
7 consideration and do what's best for California horsemen,
8 what's best for California, and what is best for our fans.

9 Thank you.

10 CHAIRPERSON HARRIS: Thank you.

11 We'll need to move on. I suggest that if we'd
12 like to put this back on the agenda for a future meeting
13 with some specific things that we could vote on, it would
14 be fine. But I think -- we can't take any action today on
15 it anyway.

16 MR. HOROWITZ: Could I make one suggestion,
17 perhaps.

18 While the Board conditioned the license for
19 harness racing on a certain number of items, that
20 obviously are going to be completed between now and the
21 next meeting, perhaps the staff or the Board or a
22 committee of the Board would have a fact-finding mission
23 to go down to the Los Alamitos facility on a racing
24 evening, meet with the patrons that are down there, talk
25 to them. Maybe even announce -- you've got -- Mike

1 Martin's down there in Stanton. Let him indicate that
2 he's coming from the Board to talk to patrons a couple of
3 days in advance, and those patrons who maybe are not
4 attending would come to that meeting and hear firsthand
5 from the fans.

6 You know, the fact that we're putting this off
7 until the end of July now means that our fans down there
8 will be disenfranchised through the end of our current
9 race meet. I can't help think that -- and this is a
10 ridiculous example. But if someone came before you today
11 and said that you couldn't go to Los Al in a certain area,
12 and if you wanted to bet Smarty Jones on Saturday you
13 could only use one certain area, there isn't a member of
14 the Racing Board here and the staff that wouldn't jump up
15 and defend those fans' rights to be able to bet the
16 product of choice in that facility.

17 And now -- and I'm really feeling disenfranchised
18 myself because this is a harness product that's being
19 shunned into an area and this Board isn't -- I mean we've
20 waited three weeks to even get this item on the agenda.
21 Why didn't the staff go down there and find out? You
22 didn't -- and get some --

23 EXECUTIVE DIRECTOR WOOD: Well, Mike Martin --
24 we have interviewed people --

25 MR. HOROWITZ: Well, I didn't hear any of that

1 testimony today. Ask Mike Martin to come up and share
2 his conversations. You know, I think that that's the
3 proper thing to do, is between now and the next time let
4 the patrons know. It's hard for Los Alamitos patrons to
5 come up here to Sacramento.

6 MR. BLONIEN: Mr. Chairman and members. Rod
7 Blonien.

8 The answer is simple. Why doesn't Mr. Berry sit
9 down with Dr. Allred and negotiate a settlement. The
10 resolution of this is in your hands, Alan, and to Mr.
11 Berry's hands.

12 MR. HOROWITZ: No, it's actually in the court's
13 hands.

14 CHAIRPERSON HARRIS: Move on today and come back
15 as to -- as far as how much the Board's going to
16 micro-manage people's property.

17 We've got one more agenda item, which is
18 discussion of the concluded race meeting at Santa Anita.

19 SENIOR PARI-MUTUEL EXAMINER REAGAN: Commissions,
20 John Reagan, CHRB staff. I'll be brief.

21 They had a 84-day meet, the standard December
22 26th opening. In total, the average daily handle was down
23 3 percent. Kind of a push on track, down a little bit off
24 track. The intrastate exported was down almost 9 percent.
25 A big increase of course we still see in the ADW handle.

1 But, like I say, overall only down about 3 percent there,
2 kind of a push for the meet.

3 If you have any questions, I'll try to answer
4 them.

5 VICE CHAIRPERSON LICHT: I just have a comment.
6 I mean I think that Santa Anita's meet had some very
7 positive aspects: Serona, for one; the Magnify, for two,
8 the Sunshine Millions, three. And that goes for
9 Fantastic.

10 I think that the ADW side, on the other hand, is
11 so poor that it deserves extensive review. And I think if
12 you -- that it's imperative that XpressBet/Magna/Santa
13 Anita do something to improve those dismal figures where
14 they were -- where XpressBet was outperformed by TVG
15 and by YouBet during this period.

16 And in order to help the industry in California,
17 I'd look to Santa Anita to come to us with what their
18 plans are to improve their ADW distribution and their ADW
19 handle, sooner rather than later.

20 CHAIRPERSON HARRIS: Yeah, it's a real concern
21 here. We're just not seeing any growth at all in purses
22 and declines. Like purses in 2002 were 38.1 million, and
23 they went down to 35.4. And that's during a time of
24 rising expenses. I'm just concerned if this whole horse
25 industry can sustain itself under, you know, declined

1 revenues and increasing costs. And I think they did a
2 good job of putting on their meet. But we need to dig
3 down deep into our mental resources and figure out how
4 to -- how we can turn around these negative trends.

5 And does Santa Anita have any comments on things
6 you think you could have done better or --

7 MR. MCDANIEL: Jack McDaniel, Santa Anita Park.

8 When the Board makes its trip to Los Alamitos
9 we'd like to invite you down to see some of the
10 improvements we have planned for this upcoming meet.

11 I'm not here to address the ADW issue. Obviously
12 it's a hot topic for us. We're interested. We want to
13 see where all that goes.

14 I must make, you know, a point on John's report,
15 that our on-track attendance was up. And that's something
16 that hasn't happened for us year over year in excess of
17 four years. The most positive aspect about that is that
18 that on-track attendance really picked up in the second
19 half of our meet; you know, largely started to creep up
20 after Sunshine Millions and picked up speed coincident
21 with our outreach effort, you know, radio, television, and
22 promotions that extended our outreach to a new class of
23 visitor.

24 We find now in the second half of our meet that
25 the mix of regular patrons, the ones that we track through

1 our thoroughbred club, versus new patrons has been
2 upended. For the first time we find that we have more new
3 patrons on our big days than we have regular patrons. And
4 that's significant to us.

5 Now, the handle flattened out for the on-track
6 meet, which is probably consistent with the fact that, you
7 know, new people bet less than regulars bet. But we are
8 finding ways to bring new people in. And I think that
9 tracks like Del Mar, who we borrowed heavily from their
10 experience with their after-hours program and ours, I
11 think that we have to continue to do quite aggressively.

12 You know, we see an ADW a huge challenge. And
13 that challenge is that it's taking the life away from the
14 on-track experience. So it's essentially forcing us to
15 step up the pace, I believe, to create a more attractive
16 and more visitor-friendly facility. Because if ADW
17 expands, it's really expanding, not so much into, you
18 know, a new core audience, but our existing core audience.

19 So I think the challenge is clearly ahead of all
20 of us to define inventive ways to, you know, repopularize
21 this sport. Hopefully in the next several weeks we'll be
22 able to announce what we think is going to be a very
23 exciting new adventure for this upcoming year that gets us
24 out in a major way on broadcast television and starts to,
25 you know, make relevant the experience of coming to the

1 track and being a horse owner that, you know, we haven't
2 seen in, you know, forever.

3 VICE CHAIRPERSON LICHT: Now, this 61 million of
4 ADW, how much of that was YouBet and how much of that was
5 XpressBet?

6 MR. McDANIEL: I don't have the numbers in front
7 of me, Chairman Licht.

8 You bet did a big job last year. We know that.
9 XpressBet has been doing a good job. But, you know,
10 the penetration of XpressBet and YouBet is going to be
11 hampered with the fact that they don't have the same depth
12 of exposure that TVG might provide because it is
13 television versus Internet.

14 CHAIRPERSON HARRIS: How's it working with --
15 you're now satellite. Are you using your front runner
16 Seronas for some of that?

17 MR. McDANIEL: We are, in fact. For the first
18 time ever we've opened up Front Runner during our ITW
19 phase. In fact, we've completely moved over our Turf Club
20 into front runners. We've dropped our prices. It's 50
21 percent less for attending, you know, Turf Club, now from
22 \$15 to \$10. We've eliminated our clubhouse charge and
23 brought people into the mezzanine level and the rest of
24 the facility for the \$5 charge. We're trying every way
25 possible to regenerate interest in that IDW phase. And

1 it's important I think for all of us that we get people
2 out to the track. We're going to see it not only in our
3 commission structure, but clearly in our purse structures.

4 VICE CHAIRPERSON LICHT: I think part of the drop
5 in handle, as I understand it, was a change in policy that
6 you had with some of these rebate places. Right in the
7 early part of the meet you attempted to raise the rates
8 and things didn't work out. Did the handle come back as
9 the meet --

10 MR. McDANIEL: Oh, yeah, it clearly came back.
11 We were down double digit, and the fact that we ended up
12 the year -- yeah.

13 CHAIRPERSON HARRIS: Yeah, I think I'd be
14 interested to hear when you apply for your next year's
15 license some of the things you're doing, because it sounds
16 like you are introducing some exciting things.

17 Do you -- had you planned to introduce the type
18 of machines that you got that are basic short rate --
19 racing related?

20 MR. McDANIEL: It's our strong desire to do
21 exactly that. I think that those machines could --
22 addresses a certain segment of our audience. We're trying
23 to be careful about addressing the needs of all of our
24 audience. I think what -- you know, what you might see if
25 you were to come today is an outreach to a veteran track

1 visitor. Just after the Belmont meet we'll introduce the
2 IPT machines that we tried to introduce earlier in the
3 year, but we had to work through some technical software
4 glitches with Autotote.

5 Anything that we can do that makes that
6 experience a better experience for someone that wants to
7 come to a track is things that we have to look at
8 aggressively.

9 VICE CHAIRPERSON LICHT: And I think that you've
10 done -- like I say, Serona and Magnify, those are things
11 that have been very popular.

12 MR. McDANIEL: Oh, thank you.

13 CHAIRPERSON HARRIS: Thank you.

14 Okay. Anything else to be brought up under other
15 business?

16 VICE CHAIRPERSON LICHT: Pari-mutuel.

17 CHAIRPERSON HARRIS: Okay. Here we go.

18 Report from the Pari-mutuel Operations Committee.

19 VICE CHAIRPERSON LICHT: We met last month
20 talking about rebating in some detail.

21 I think that I'd like to see us meet in the near
22 future with a whole meeting devoted to just rebating,
23 talking about -- NTRA is doing a -- has a whole committee
24 looking at what the policy in racing should be with
25 respect to rebaters, and really get to the bottom of what

1 the truth is. There are a lot of rumors and innuendos
2 surrounding them. We've got to find out whether we -- how
3 we're going to deal with these people who appear to have
4 an extreme influence on the business.

5 And the other thing I'd like to see the
6 Pari-mutuel Committee do in the near future is to talk
7 about the distribution of the pari-mutuel handle, that goes
8 to so many places other than just horsemen and race
9 tracks, and see if we're doing the right thing.

10 CHAIRPERSON HARRIS: Yeah, I think those are good
11 things to discuss.

12 COMMISSIONER MOSS: Did you say the NTRA was
13 doing a study on this?

14 VICE CHAIRPERSON LICHT: Yes.

15 COMMISSIONER MOSS: This is a big threat to our
16 life blood, I think. I've watched what happened in
17 England land where the bookmakers just took over the
18 business. Left nothing for the horsemen. So unless we
19 have some, I believe, real organized policy on this in
20 some way, that's obviously legal and appropriate, I think
21 we're an industry in great danger from this -- those
22 operations. That's my feeling.

23 VICE CHAIRPERSON LICHT: Okay. That's it.

24 CHAIRPERSON HARRIS: Any other comments?

25 Any general business or old business.

1 We have no Executive session, I believe.

2 Thanks for -- do you have a comment?

3 MR. LICCARDO: Good afternoon, Mr. Chairman and
4 Commissioners. Ron Liccardo, pari-mutuel employees.

5 Last month we had our licensing of the TVG,
6 YouBet, and the XpressBet. And I raised some issues
7 about what I thought was supposed to be promised us in the
8 ADW bills. And I have some -- I have a document here
9 which is the minutes of the California Horse Racing Board,
10 January 24th, '02, on page 38. And I'd like to read a
11 small excerpt to the Board. I know your licensing comes
12 up in December. But I think it's pertinent that we bring
13 it up ahead of time so that we can discuss this a little
14 bit further.

15 This was -- Joe Lange appeared in front of the
16 CHRB, and Mark Wilson here with TVG. "The company asked
17 me to sort out the following of Mr. Lecardo's statement.
18 Just to make it clear, there are a couple issues that are
19 left to resolve with regards to moving in the hub into
20 State of California. Once these issues are resolved I
21 think it's in fact TVG's desire to sit down and get
22 negotiations with Mr. Liccardo and pari-mutuel Clerks Union
23 to have their employees and those jobs be in fact union
24 jobs. And I think that we can commit to that." It was
25 that part of this discussion with regard to legislation

1 this year. And I think in the spirit of goodwill and
2 fulfilling commitments that that would happen.

3 This is a statement from Mr. Landsberg at the
4 time. "I am not sure I quite understand what you said.
5 Does this mean you're going into negotiations or are not
6 going to address in negotiations? You've never been
7 interested or will be. But you're not there. Mr. Lange,
8 I think I'll let Mr. Wilson expand on this. But the point
9 that Mr. Liccardo is raising is when the hub is located in
10 the State of California with TVG -- it is not yet. But
11 when the hub is located in California the commitment an
12 the spirit of the law was to make those employees union
13 employees. And in fact that commitment will be upheld."

14 Now, that's clear when they talk about union
15 jobs, that those are my union jobs, not the studio union
16 jobs.

17 The same thing is with YouBet.com. They made
18 commitments to us, which is Local 280, that they would
19 have live operators in California if they received a
20 license. Now they say that they couldn't get legislation
21 to change the law to make them more money. They've done
22 nothing really to get legislation to do that. And they
23 don't care to because that's going to cost them money.
24 And those jobs were promised us for the backing of ADW.
25 And that's what -- I want to have that on the record, in

1 fact, because I may not be around for the December
2 meeting. But I think they need to know -- the Board needs
3 to know that those jobs were promised to Local 280, that
4 they were going to finance some jobs for my members. And
5 they haven't.

6 Thank you.

7 CHAIRPERSON HARRIS: Anything else?

8 Okay. Well, thanks for your patience in being
9 here.

10 Try to do this again next year up here.

11 (Thereupon the California Horse Racing
12 Board meeting adjourned at 12:55 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, JAMES F. PETERS, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing California Horse Racing Board meeting was
7 reported in shorthand by me, James F. Peters, a Certified
8 Shorthand Reporter of the State of California, and
9 thereafter transcribed into typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said meeting nor in any
12 way interested in the outcome of said meeting.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 16th day of June, 2004.

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