

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

In the Matter of:)
)
Regular Meeting)
)

GENERAL ADMISSION AREA
DEL MAR SURFSIDE RACE PLACE
2260 JIMMY DURANTE BOULEVARD
DEL MAR, CALIFORNIA

TUESDAY, AUGUST 19, 2008

10:28 A.M.

Reported by:
Troy A. Ray

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMISSIONERS

Richard B. Shapiro, Chairperson

John C. Harris, Vice Chairperson

John Andreini

Jesse H. Choper

David Israel

STAFF

Kirk Breed, Executive Director

Robert Miller, Staff Counsel

Michael Marten

ALSO PRESENT

Dr. Rick Arthur, Equine Medical Director

Frank De Marco

Robert Hartman

Drew Couto

Peter Tunney

Greg Badovinac

Sherwood Chillingworth

Allen Gutterman

Mike Harlowe

Ron Charles

John Alkire

Dan White

APPEARANCES CONTINUED

ALSO PRESENT

Leigh Ann Howard

Ed Halpern

Darrell Haire

John Bukalow (Phonetic)

Richard Castro

Vito Francesco

Jim Perez

Richard Grayco (Phonetic)

Eual Wyatte

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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1 PROCEEDINGS

2 EXECUTIVE DIRECTOR BREED: Ladies and gentlemen,
3 this meeting of the California Horse Racing Board will come
4 to order. Please take your seats.

5 This is the Regular Noticed Meeting of the
6 California Horse Racing Board on Tuesday, August 18th, 2008,
7 at the Del Mar Surfside Race Place, 2260 Jimmy Durante
8 Boulevard, Del Mar, California.

9 Present at today's meeting are Chairman Richard
10 Shapiro, Vice Chairman John Harris, Commissioner John
11 Andreini, Commissioner Jesse Choper -- how about that, huh?

12 COMMISSIONER CHOPER: That's good.

13 EXECUTIVE DIRECTOR BREED: And Commissioner David
14 Israel.

15 Before we go on to the business of the meeting, I
16 need to make a few comments.

17 One, the Board invites public comment on the
18 matters appearing on the meeting agenda. The Board also
19 invites comments, from those present today, on matters not
20 appearing on the agenda, during a public comment period, if
21 the matter concerns horse racing in California.

22 In order to ensure all individuals have an
23 opportunity to speak and the meeting proceeds in a timely
24 fashion, the Chair will strictly enforce the three-minute
25 time limit rule for each speaker. The three-minute time

1 limit rule will be enforced during discussion of all matters
2 stated on the agenda, as well as during the public comment
3 period.

4 This is a public comment sign-in sheet. There is
5 a public comment sign-in sheet, or cards, for each agenda
6 matter on which the Board invites comments.

7 Also, there is a sign-in sheet for those wishing
8 to speak during the public comment period, for matters not
9 on the Board's agenda, if it concerns horse racing in
10 California.

11 Please print your name legibly on the public
12 comment sign-in sheet. When a matter is open for public
13 comment, your name will be called. Please come to the
14 podium and introduce yourself by stating your name and
15 organization clearly.

16 This is necessary for the court report to have a
17 clear record of all who speak.

18 When your three minutes are up, the Chairman will
19 ask you to return to your seat so others can be heard. When
20 all the names have been called, the Chairman will ask if
21 there is anyone else who would like to speak on the matter
22 before the Board.

23 Also, the Board may ask questions of individuals
24 who speak. If a speaker repeats himself, or herself, the
25 Chairman will ask if the speaker has any new comments to

1 make. If there are none, the speaker will be asked to let
2 others make comments to the Board.

3 Thank you.

4 COMMISSION CHAIRPERSON SHAPIRO: Thank you,
5 Executive Director Breed.

6 And welcome to everybody on an almost beautiful
7 morning here, at Del Mar.

8 This being a dark day, and we have a somewhat
9 lengthy agenda, depending on what the timeframe goes, and
10 how we're doing, we most likely will have a lunch break, but
11 we'll see how we're going.

12 All right, the first item is Item Number 1, which
13 is approval of the minutes of the Regular Meeting of June
14 27th, 2008.

15 Do any of the Board Members have any comments,
16 changes, corrections, additions?

17 If there are none, I would entertain a motion to
18 approve them.

19 COMMISSIONER ISRAEL: So moved.

20 COMMISSION CHAIRPERSON SHAPIRO: It's moved.

21 Is there a second?

22 COMMISSIONER CHOPER: Second.

23 COMMISSION CHAIRPERSON SHAPIRO: All in favor?

24 (Ayes.)

25 COMMISSION CHAIRPERSON SHAPIRO: They're approved.

1 The next, Item Number 2, is approval of the
2 minutes of the Regular Meeting of July 17th, 2008.

3 Again, any changes, additions, corrections?

4 If there are none, I'll entertain a motion.

5 COMMISSIONER ISRAEL: Moved.

6 COMMISSION CHAIRPERSON SHAPIRO: Second?

7 COMMISSIONER CHOPER: Second.

8 COMMISSION CHAIRPERSON SHAPIRO: It is approved.

9 Thank you. Look how fast we're going here.

10 COMMISSION VICE CHAIRPERSON HARRIS: Just a point
11 of clarification --

12 COMMISSION CHAIRPERSON SHAPIRO: Now, you're
13 slowing it up.

14 COMMISSION VICE CHAIRPERSON HARRIS: Well, it is
15 important on all of this stuff that people get everything.
16 Does everyone get a package or know how to access it through
17 the internet, because it's important that, you know, the
18 minutes accurately reflect whatever was said by anybody.
19 Sometimes there's comments by other people, so I would
20 suggest that --

21 COMMISSION CHAIRPERSON SHAPIRO: Well, everything
22 is available on our website, at www.chrb.ca.gov, and the
23 package is available, and as well as transcripts from
24 meetings, and so forth. And everybody can go online, and
25 download it, and print it, and so forth.

1 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, that's
2 good. Just so people know that that is accessible to them.

3 COMMISSION CHAIRPERSON SHAPIRO: Okay, thank you.

4 Item Number 3, which is discussion and action by
5 the Board regarding a reallocation of September 17th, 2008
6 through December 21st, 2008 race dates from Golden Gate
7 Fields to the Los Angeles Turf Club and b), the application
8 to conduct a horse racing meeting of the Los Angeles Turf
9 Club at Golden Gate Fields commencing September 17th through
10 December 21st, 2008.

11 This is an application where we are
12 essentially -- there are limitations in the law with respect
13 to the number of weeks that a racing association in the
14 north can conduct. Therefore, as I understand this issue,
15 we are approving -- we are going to approve, I expect, that
16 Los Angeles Turf Club will conduct a race meeting at Golden
17 Gate, under the terms of what was previously approved for
18 Golden Gate Fields.

19 And I see we have representatives here from both
20 Los Angeles Turf Club and Golden Gate Fields. And I believe
21 that this will adhere to the law, so that we can do this.

22 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, I'm
23 just -- I mean, they're going to go into a lot of this. But
24 I'm not clear if the law, I assume, it's just a different
25 association. Does the law make any reference to completely

1 different ownership or it's just a different association?

2 COMMISSION CHAIRPERSON SHAPIRO: I think it says
3 racing association.

4 COMMISSION VICE CHAIRPERSON HARRIS: Association.
5 So conceivably --

6 COMMISSION CHAIRPERSON SHAPIRO: And, therefore,
7 it can be, in fact, part of the same parent company, which
8 this is, but this is a different racing association entity.
9 And, again, this provides the ability for racing at Golden
10 Gate to continue, and given Bay Meadows is no longer part of
11 our racing program.

12 But perhaps, Mr. De Marco, would you like to
13 explain this to us?

14 MR. DE MARCO: Well, as I said in the letter, the
15 dates that were awarded Golden Gate probably should not have
16 been awarded because it exceeds the statutory limit, but
17 they were. And I don't believe you can legally let Golden
18 Gate run those, so somebody else has to come in if you want
19 racing in the northern zone for the rest of 2008.

20 LATC certainly has the equipment, the management
21 personnel to run it. But we will retain all of the Golden
22 Gate employees to actually run the meet. And we think
23 that's a convenient way to preserve racing in Northern
24 California for the rest of the year.

25 COMMISSION CHAIRPERSON SHAPIRO: I couldn't agree

1 more. And I can't imagine anybody has any problem.

2 Commissioner Choper?

3 COMMISSIONER CHOPER: Of course we want to do
4 this, let me start that way.

5 Have you gotten a legal opinion, from anybody,
6 that this is not inconsistent with the statute?

7 MR. DE MARCO: No. I have my own legal opinion,
8 which I've put forth in the letter and I discussed this with
9 Mr. Breed. His exact comment was, "I don't see how anybody
10 could be opposed to it."

11 MR. HARTMAN: Robert Hartman, General Manager --

12 COMMISSION VICE CHAIRPERSON HARRIS: Well, you
13 don't want to make that as a comment.

14 COMMISSIONER CHOPER: Well, there is the argument
15 of form over substance here.

16 COMMISSION VICE CHAIRPERSON HARRIS: True.

17 COMMISSIONER CHOPER: And I doubt that anyone's
18 going to object. My guess was, as I looked at this and
19 thought about it, that the purpose was there were competing
20 racing associations in the past, and there was a problem
21 about that. We certainly don't have that problem today, of
22 any competing racing associations.

23 COMMISSION VICE CHAIRPERSON HARRIS: Because I
24 think, obviously, the case in point here is it needs to
25 happen.

1 But the bigger issue is going forward, could
2 conceivably you have one person or corporation that had a
3 multitude of racing associations under their ownership and
4 that was California racing was all owned by one person.

5 I mean, which, you know, is a policy issue. We
6 just need to make sure we understand the policy issue.

7 COMMISSION CHAIRPERSON SHAPIRO: And just so you
8 know, I mean, in years past there was a point in time where
9 a racing association -- one racing association or one
10 company could not own more than one race meet at all, and
11 that was changed where there was one owner could have, in
12 fact, more than one race meeting. That changed over time.

13 And, again, this is not Golden Gate or Los Angeles
14 Turf Club trying to do something that anybody's -- that's
15 adverse to anybody. This is the reality --

16 COMMISSIONER CHOPER: Yeah, we're in favor it, in
17 fact.

18 COMMISSION CHAIRPERSON SHAPIRO: -- that to keep
19 Northern California racing alive, and with Bay Meadows now
20 gone, you know, this is what has to be done.

21 I believe there are efforts being made in the
22 Legislature so that this will not have to be done this way
23 in the future. And, hopefully, those efforts will be
24 successful, and so forth.

25 MR. HARTMAN: Can I give you an update on those

1 efforts?

2 COMMISSION CHAIRPERSON SHAPIRO: Sure.

3 MR. HARTMAN: Robert Hartman, General Manager,
4 Golden Gate Fields.

5 Just this morning the Senate has concurred with
6 the Assembly for SB 561, which will allow 35 weeks to one
7 association in Northern California, and that is going to go,
8 now, to the Governor's desk for signature.

9 So, you know, that's moving forward and we should
10 not have this problem again next year.

11 COMMISSIONER CHOPER: You need the signature
12 during this legislative session?

13 MR. HARTMAN: Correct.

14 COMMISSION CHAIRPERSON SHAPIRO: And so, again, I
15 think one --

16 COMMISSIONER ISRAEL: You understand that he's not
17 signing any bills right now.

18 COMMISSION CHAIRPERSON SHAPIRO: Right. But most
19 likely there will come a time when he will sign bills, and
20 we hope that he would sign this bill. At which point I'm
21 assuming this meet will be run as Los Angeles Turf Club, no
22 matter which way that happens for this race meet.

23 MR. HARTMAN: Correct.

24 MR. DE MARCO: That's correct, right.

25 COMMISSION CHAIRPERSON SHAPIRO: Okay.

1 MR. DE MARCO: We just put a contingency paragraph
2 in there. In the unlikely event that bill did pass and was
3 signed, then we'd probably amend the application.

4 But this should be granted and Golden Gate will
5 conduct a gate and this issue, in my opinion, will never
6 happen again.

7 COMMISSION CHAIRPERSON SHAPIRO: Okay.

8 COMMISSION VICE CHAIRPERSON HARRIS: Well, it
9 might happen again?

10 MR. DE MARCO: How?

11 COMMISSION CHAIRPERSON SHAPIRO: Well, we don't
12 need to know that.

13 COMMISSION VICE CHAIRPERSON HARRIS: More than 35
14 weeks.

15 MR. DE MARCO: Well, we wouldn't do that again,
16 though.

17 COMMISSION CHAIRPERSON SHAPIRO: You can up with
18 36.

19 COMMISSION VICE CHAIRPERSON HARRIS: Well, you can
20 come up with 52, probably.

21 COMMISSION CHAIRPERSON SHAPIRO: Right, right.

22 Okay, so that being the case, from that
23 perspective is the application in front of us, essentially,
24 everything is the same as it was, except now that the
25 applicant is Los Angeles Turf Club?

1 MR. HARTMAN: That's correct. Our TOC agreement
2 is with the Los Angeles Turf Club. And the TOC, or CTT
3 agreement, everything in the application is with LATC.

4 COMMISSION CHAIRPERSON SHAPIRO: And it's
5 everything that we previously had approved, and considered,
6 and so forth?

7 MR. HARTMAN: Correct.

8 COMMISSION CHAIRPERSON SHAPIRO: Okay.

9 COMMISSION VICE CHAIRPERSON HARRIS: The little
10 graphic depiction here, it's got -- it's not correct. I
11 think it was just an error on somebody's part. But,
12 clearly, you stop racing on the 21st and then you start
13 again on the 26th, and then your meet ends on the 28th.

14 MR. HARTMAN: Yeah, that was in the staff analysis
15 portion. We did not present that, that came from staff.

16 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, because
17 the staff analysis showed that you're off on the 22nd and
18 the 23rd, and then you went back on the -- you were racing
19 on the 24th, again, which is incorrect.

20 But, basically, the other meet you'd have, which
21 would be concurrent, it would start back December 29th or
22 30th, I guess.

23 MR. HARTMAN: It would start the day after
24 Christmas, December 26th, if we were awarded those dates for
25 the 2009 calendar.

1 COMMISSION VICE CHAIRPERSON HARRIS: Well, okay.
2 Okay.

3 COMMISSION CHAIRPERSON SHAPIRO: Okay, can I ask,
4 though, what is the ADW? You say here the advance deposit
5 wagering providers are Youbet, TVG, XpressBet, and Twin
6 Spires in this application.

7 MR. HARTMAN: Yeah, we were hopeful that it was
8 going to be TVG. As of this point, I'm not sure if that is
9 going to be the case, given the negotiations that are going
10 on with TVG. So that's in question, given that the
11 experiment has not continued.

12 COMMISSION VICE CHAIRPERSON HARRIS: It would be
13 nice if it was TVG, because TVG has Oak Tree and Hollywood
14 Park.

15 MR. HARTMAN: I think that would be great for the
16 fans, I think that's what we want to do, but I'm not sure if
17 we can come up with an agreement with TVG, we're working
18 toward that.

19 COMMISSION CHAIRPERSON SHAPIRO: So as it stands
20 right now, when this meet starts on September 17th, what is
21 the status of ADW? I mean, are you saying that Youbet,
22 XpressBet, and Twin Spires will all be taking the signal?

23 MR. HARTMAN: That is my understanding, that's
24 correct.

25 COMMISSION CHAIRPERSON SHAPIRO: Okay, and are

1 there agreements in place with the horsemen for those three?

2 MR. HARTMAN: That's correct, yes. Or we have an
3 agreement with the horsemen. Maybe Mr. Couto wants to
4 comment on that?

5 COMMISSION CHAIRPERSON SHAPIRO: Where is he? Hi.
6 Well, you know what, you're so tanned. Could you come up
7 and, Mr. Couto, could you fill us in on what we can expect
8 with ADW at this meeting, as of today?

9 MR. COUTO: Forgive me for finding that kind of
10 humorous. Drew Couto, Thoroughbred Owners of California.

11 To my knowledge, the only contracts that are
12 certainties for the upcoming Golden Gate meet are those with
13 the Track Net ADWs, Twin Spires and XpressBet, and I believe
14 Youbet is aboard.

15 I have not had any conversations with TVG. The
16 last conversations we had, they indicated that they were not
17 interested in taking Golden Gate Fields. So I haven't heard
18 anything different.

19 COMMISSION CHAIRPERSON SHAPIRO: They're not
20 interested in taking it?

21 MR. COUTO: That's how it was put to us.

22 COMMISSION VICE CHAIRPERSON HARRIS: At any price?

23 MR. COUTO: That's how it was put to us.

24 COMMISSION CHAIRPERSON SHAPIRO: Okay. All right.
25 Well, again, I know the whole ADW situation is one that is a

1 difficult situation. And I would ask that if there are any
2 issues or updates along the way, before now and then, you
3 could keep us abreast of it. Okay.

4 Are there any other comments from the Board on
5 this application? Otherwise, I would --

6 COMMISSIONER CHOPER: I'm sorry, just a couple
7 quick questions.

8 COMMISSION CHAIRPERSON SHAPIRO: Please?

9 COMMISSIONER CHOPER: I think I may have asked
10 this once before, have you ever had early wagering?

11 MR. TUNNEY: Yes.

12 COMMISSION CHAIRPERSON SHAPIRO: What did you say?

13 COMMISSIONER CHOPER: Early wagering.

14 COMMISSION CHAIRPERSON SHAPIRO: Or early bird.

15 COMMISSIONER CHOPER: It just doesn't work, huh?

16 MR. TUNNEY: Peter Tunney, representing Golden
17 Gate Fields.

18 It's a manning issue and it's -- you know, it's
19 expense.

20 COMMISSIONER CHOPER: It doesn't pay for itself.

21 MR. TUNNEY: It doesn't pay for itself, thank you.

22 COMMISSION VICE CHAIRPERSON HARRIS: It is
23 available on ADW.

24 MR. TUNNEY: Yes.

25 COMMISSION CHAIRPERSON SHAPIRO: Is that it?

1 COMMISSIONER CHOPER: Thanks, yeah.

2 COMMISSIONER ISRAEL: I just have one question.

3 COMMISSION CHAIRPERSON SHAPIRO: Please?

4 COMMISSIONER ISRAEL: Has our counsel advised us
5 as to whether we're subject to liability by approving this,
6 any legal action? Are we within our statutory rights?

7 STAFF COUNSEL MILLER: Yes.

8 COMMISSIONER ISRAEL: Okay, that's all I wanted to
9 know.

10 COMMISSION CHAIRPERSON SHAPIRO: Okay. Are there
11 any -- are there any other comments?

12 There not being any, I'll entertain a motion to
13 approve.

14 COMMISSION VICE CHAIRPERSON HARRIS: I'll move.

15 COMMISSION CHAIRPERSON SHAPIRO: Is there a
16 second?

17 COMMISSIONER ISRAEL: Second.

18 COMMISSION CHAIRPERSON SHAPIRO: All in favor?

19 (Ayes.)

20 COMMISSION CHAIRPERSON SHAPIRO: Good luck and
21 good racing.

22 Oh, I'm sorry?

23 MR. BADOVINAC: I did submit comment cards, Mr.
24 Chairman.

25 COMMISSION CHAIRPERSON SHAPIRO: Oh, I'm sorry.

1 COMMISSION VICE CHAIRPERSON HARRIS: Let's rescind
2 our motion until we hear this.

3 COMMISSION CHAIRPERSON SHAPIRO: I'm sorry,
4 Mr. --

5 MR. BADOVINAC: Badovinac.

6 COMMISSION CHAIRPERSON SHAPIRO: Thank you. Mr.
7 Badovinac, I apologize, you did. And do you have a comment?

8 MR. BADOVINAC: Yes, I do. Greg Badovinac, a
9 racing fan. I am up here to respectfully request that you
10 decline this application. L.A. Turf Club is great for the
11 fans. However, the inability of coming to a contract to
12 allow the racing fans the choice on ADW providers is anti-
13 fan. And I know there's other reasons behind it, but
14 because of the decisions made by the ADW providers, I no
15 longer have the ability to bet on Del Mar, and I would like
16 to have -- and the racing fans believe we should have a
17 choice of ADW providers.

18 The experiment went really well and the Board
19 should do everything in its power to continue that
20 experiment by license today, and in the future.

21 COMMISSION CHAIRPERSON SHAPIRO: Okay.

22 MR. BADOVINAC: And I plan on making the same
23 objection for Oak Tree.

24 COMMISSION CHAIRPERSON SHAPIRO: Okay, thank you.
25 But let me just try to address that, to some degree, because

1 I appreciate that -- I appreciate your comments. I think
2 the Board is very sympathetic with those comments. I think,
3 though, to be opposed to this application is really not the
4 place that you really want to go.

5 Please understand that we -- there are certain
6 rules under which we license the ADW providers. This Board
7 has tried every way possible so that the experiment would
8 have continued.

9 But there are existing contractual agreements that
10 are in existence, that we cannot disrupt, so to speak.

11 As we move forward to relicense the ADW companies,
12 we can at that time establish conditions under which they
13 will be licensed.

14 Beginning next month, we will begin the process of
15 licensing ADW companies. One of the things that I intended
16 to move forward, and I expect the Board -- we, as a Board,
17 hopefully, will go in that direction, but it will be up to
18 the Board, is to require that any licenses that we grant
19 would be on some condition that they would be non-exclusive.

20 Therefore, saying that any licensed ADW provider
21 in the State of California has the ability and the right to
22 take all signals from all tracks.

23 Now, that's for the wagering platform, that's not
24 for television.

25 We understand your concern, we share that concern.

1 So we're trying to get there with you, but it is really not
2 the racing association because they, themselves, would like
3 to have -- avail themselves of all platforms, just as Del
4 Mar did. They wanted all platforms. But, unfortunately,
5 they're bound to contracts that didn't permit it.

6 MR. BADOVINAC: Oh, I agree with you,
7 Commissioner. However, this is the only opportunity on the
8 forum to address ADW, and so I took that opportunity to
9 address it.

10 COMMISSION CHAIRPERSON SHAPIRO: And I hope you
11 will come next month.

12 MR. BADOVINAC: I may not be able to attend next
13 month because of my other -- my job, that pays me. I'm
14 taking a vacation day and drove down here, from the San
15 Fernando Valley, to address you.

16 So I'm taking the opportunities as they are given,
17 and as I said, I understand your point of view, I'm just
18 trying to make the point where I can, and this is the only
19 point where I can.

20 COMMISSION CHAIRPERSON SHAPIRO: And it's much
21 appreciated, and it's good comment. And, again, if you can
22 make it next month, we hope you will.

23 Okay, thank you. We'll now move on to Item Number
24 4. Thanks, guys.

25 Item Number 4, discussion and action by the Board

1 on the application for license to conduct a horse racing
2 meeting of the Oak Tree Racing Association at Santa Anita,
3 commencing September 24th through October 26th.

4 Perhaps, Mr. Chillingworth, I saw him here today,
5 he and his crew can come forward.

6 There's rumor that something special's going to
7 happen this year at Oak Tree. I'm not sure what it is but,
8 I don't know, I heard something about something.

9 Mr. Chillingworth, Mr. Harlowe, Mr. Gutterman.

10 MR. CHILLINGWORTH: Good morning.

11 COMMISSION CHAIRPERSON SHAPIRO: Good morning.

12 MR. CHILLINGWORTH: The first thing that we would
13 like to do is acknowledge the passing of Bob Benoit, who has
14 been with Oak Tree as a consultant for many years, put out
15 the Paddock Magazine for as long as I can remember.

16 He was a great lover of horse racing and I think
17 horse racing loved him, too. And Oak Tree will have a -- he
18 doesn't want a memorial service, but he wants -- we're going
19 to have a cocktail party sometime during the meet and
20 acknowledge his life, and make it kind of upbeat. And so we
21 hope at that time you can all attend.

22 But he was a great guy and we, obviously, hate
23 losing him.

24 COMMISSION CHAIRPERSON SHAPIRO: Chilly, thank you
25 so much for saying that. You're absolutely right, this

1 industry has suffered a great loss with Bob's passing. You
2 know, I, personally, knew Bob for over 30 some odd years,
3 and great stories, going back many years.

4 And we really lost a true legend and a wealth of
5 knowledge when Bob passed away. And so I appreciate that
6 and I'm glad that Oak Tree's going to do something to keep
7 his memory alive.

8 MR. CHILLINGWORTH: Right.

9 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

10 MR. CHILLINGWORTH: And I didn't want everybody to
11 think that we were ignoring his passing.

12 COMMISSION CHAIRPERSON SHAPIRO: You're absolutely
13 right.

14 MR. CHILLINGWORTH: It's just his request was for
15 it to be later on.

16 One of the strange things, marvelous things about
17 Bob was he was a detailist. And he wanted to redo our media
18 guide this year, and so we started out with him being kind
19 of ill, and then we had to stop. But one of the things,
20 I'll show you, 25 years ago one of our jockeys ran in a
21 graded stakes, and he rode at 115 pounds, and not 116
22 pounds, and Bob found that mistake. You know, that's the
23 type of guy he was. He just loved the business and he
24 wanted to be absolutely accurate.

25 Anyway, getting back to our coming meet, I brought

1 two gunsluggers here, who know a little bit more about their
2 respective departments than I do.

3 In a quick phrase, we're going to go on the
4 offense this year. I just got back last night from
5 Saratoga, where things are kind of rough back there.

6 You read in the paper where Vegas is down 15
7 percent. Usually, when times are tough, the gambling
8 business does well.

9 Pechanga released 400 employees. And you would
10 think we'd be coming here saying, well, we've got to cut
11 back. We're not.

12 Our budget is going to be bigger than it was last
13 year. In addition thereto, I've taken the position, in the
14 words of William Shakesphere, I've not come here to explain
15 our plight or to talk about bad situations, but we're here
16 to bury bad situations.

17 And I think we've -- between these two gentlemen
18 here, we've put together a very great meet for Oak Tree.
19 And I think we'll do extremely well. And we'll talk to you
20 about it in more specifics.

21 But even I'm putting aside the Breeders' Cup
22 because, obviously, that's the cherry on top of the cake.
23 But our own meet is going to be very, very, very good.
24 We've come up with a lot of different ideas and events that
25 I think will enhance our attendance and our handle.

1 One of the things we would like to talk to you
2 about is what we're going to do every single weekend, and I
3 think you'll find it very interesting to see what is being
4 put together. We've moved a lot of our usual, historical
5 events from one place to another to enhance our total
6 program.

7 And we're going to start here with Allen Gutterman
8 and let him explain week by week what we're going to do.

9 MR. GUTTERMAN: Thank you, Chilly.

10 Allen Gutterman, Oak Tree Racing Association. And
11 we do have a very lively, aggressive, event-packed
12 promotional schedule at Oak Tree this fall to accompany a
13 grand stakes schedule leading up to two days of Breeders'
14 Cup racing, which Mike will tell you about in a moment.

15 We begin Wednesday, September 24th, opening day,
16 with a giveaway of the traditional Oak Tree Stein, this year
17 honoring Richard Mandelas for Breeders' Cup wins in the
18 Breeders' Cup of 2003.

19 We'll also provide four-pack admissions and
20 discount admission passes that will be good effective the
21 rest of the meet.

22 MR. CHILLINGWORTH: Allen, I don't mean to
23 interrupt your presentation, but you might point out that
24 the Stein is usually given away the first Saturday. Now,
25 we've moved it --

1 MR. GUTTERMAN: We did.

2 MR. CHILLINGWORTH: -- to opening day to get
3 people going earlier.

4 MR. GUTTERMAN: And there's so many things we have
5 going on in these five weeks here, we thought we needed to
6 come up with something strong on opening day. We opened
7 last year with about 15,000 and our goal is to match that,
8 which is not easy to do on a Wednesday, so we moved the
9 stein to Wednesday.

10 On Saturday, September 27th, our first weekend,
11 we've got six, count them, six grade one stakes and one
12 Breeders' Cup challenge card. And everyone at the track
13 will also receive a specially designed Oak Tree polo shirt
14 that's probably, I'd say, as expensive an item as we've ever
15 done as a giveaway. But it's really classy and I think
16 people will really like it, and it's worthy of six grade one
17 stakes, as an accompaniment.

18 And there will also be a guaranteed \$1 million
19 pick-six.

20 The following week, on Sunday, October 5th, Oak
21 Tree will host this year's edition of California Cup Day,
22 featuring the best Cal breds on one card. Plus, all fans
23 will get a Cal Cup wristwatch to take home with them.

24 And this was kind of a lot of maneuvering around
25 to move Cal Cup Day as far away as possible from Breeders'

1 Cup Day because when it's -- in the past, it's kind of
2 struggled in the years when the Breeders' Cup was at Oak
3 Tree.

4 On Saturday, October 11th, we've scheduled an
5 oldies concert in the infield, promoted by and sponsored by
6 K-Earth Radio Station, 101 FM. This will feature a Beatle's
7 tribute band and two rhythm and blues bands, and they'll be
8 playing throughout the day between races.

9 Saturday, October 18th, we think we have maybe the
10 most unique event of the meet, leading up to the Breeders'
11 Cup. We will host the first ever living legends race,
12 featuring the greatest group of retired Hall of Fame riders
13 ever brought together for one event. And this will be a
14 betting race, run at five and a half furlongs, an allowance
15 race, I think most likely for Cal bred.

16 And the jockeys participating and signed on are
17 Jerry Bailey, Angel Cordero, Jacinto Vasquez, Sandy Holly,
18 Pat Day, Chris McCarron, Gary Stevens, and Julie Krone. And
19 amongst them they've won 49,000 races and over \$1.5 billion
20 in purses.

21 Additionally, Hall of Famers Laffit Pincay, Jr.,
22 Eddie Delahoussaye, and Jorge Velasquez, the three of them
23 can't ride right now, will participate in the ceremonies and
24 the autograph sessions, to bring the win total to over
25 71,000 victories and nearly \$2 billion in purse winnings.

1 I don't think there will ever be a gathering like
2 this again, or a race like this again. This is the living
3 legends at Oak Tree and it's the official kickoff to
4 Breeders' Cup week.

5 MR. CHILLINGWORTH: I might jump in here and say
6 that I was back in Saratoga last week, and I had dinner with
7 both Angel and with Jerry Bailey, and that they're all
8 pumped up. I mean, they're -- Angel rides every day and
9 Bailey said, I'm getting back on the horse and I'm going to
10 get in shape, and I'm going to win this race. So the riders
11 are really into it, too.

12 COMMISSION VICE CHAIRPERSON HARRIS: It's pretty
13 amazing that you're able to put that together.

14 COMMISSION CHAIRPERSON SHAPIRO: Yeah, it's
15 amazing. I mean, it's just terrific.

16 MR. GUTTERMAN: And the Commissioners have been
17 very helpful, along with Kirk and Jackie, in helping work
18 out the details for having this as a betting race.

19 COMMISSION CHAIRPERSON SHAPIRO: Have we been able
20 to get through everything?

21 MR. GUTTERMAN: Well, we still have to work out --
22 we need to get everybody licensed at the latest that
23 morning. But they'll be arriving -- we're going to plan an
24 autograph session that will start at 11:00, and so that
25 morning and the day before, I think, we need to get all the

1 licensing done.

2 MR. CHILLINGWORTH: I think the big problem is
3 getting insurance for all these guys, you know.

4 MR. GUTTERMAN: Which we've done.

5 COMMISSION CHAIRPERSON SHAPIRO: Right.

6 COMMISSION VICE CHAIRPERSON HARRIS: So the
7 trainer -- normally, the trainers have worker's comp
8 insurance, but this --

9 MR. GUTTERMAN: We've gone over and beyond,
10 especially dealing with -- particularly dealing with Jerry
11 Bailey and Gary Stevens, who have television careers, and
12 their concerns, particularly, if something happens.

13 So I think what we've secured in the way of a
14 policy here is extraordinary and, you know, that's my
15 biggest fear is what happens during that.

16 COMMISSION VICE CHAIRPERSON HARRIS: This is going
17 to be a pari-mutuel race?

18 MR. GUTTERMAN: Yeah.

19 COMMISSION CHAIRPERSON SHAPIRO: Allowance horses,
20 right?

21 MR. GUTTERMAN: Yes.

22 COMMISSION CHAIRPERSON SHAPIRO: Okay.

23 MR. GUTTERMAN: Yeah, so it's very unique and I
24 think kind of extraordinary, and I'm very proud to be doing
25 this.

1 COMMISSION CHAIRPERSON SHAPIRO: I was watching
2 the races this weekend, and they were having that big race
3 at Emerald Downs, I don't remember the name of it but --

4 COMMISSIONER ISRAEL: It's the Long Acres Mile.

5 COMMISSION CHAIRPERSON SHAPIRO: Okay. And they
6 did something I've never seen, which is they had all the
7 jockeys out and introduced them, you know, to the fans,
8 before they got on the horses.

9 And it was kind of interesting and a neat thing to
10 do that they, you know, didn't just show the horses going
11 around in a circle but they said, you know, number three is
12 ridden by Aaron Grider and he's done this and that.

13 MR. GUTTERMAN: Sometimes I think at tracks, like
14 the California tracks and maybe the New York tracks, we take
15 some of that for granted because we have such great riders
16 here all the time, and they don't at Long Acres, so that was
17 a big deal.

18 But we're going to have extraordinary ceremonies
19 for this particular things and videos will be designed
20 and --

21 COMMISSIONER ISRAEL: What race is it on the card?

22 MR. GUTTERMAN: It's going to be the fourth race.
23 Right, Mike, it will keep it out of the Pick 6.

24 MR. CHILLINGWORTH: Keep it out of the Pick 6,
25 yeah.

1 COMMISSIONER ISRAEL: Is Stevens going to wear a
2 face mask? He should probably wear a football helmet.

3 MR. GUTTERMAN: So but everybody's kind of working
4 horses and it's -- it's the Saturday before Breeders' Cup.

5 COMMISSION VICE CHAIRPERSON HARRIS: It's the
6 Saturday before Breeders' Cup.

7 MR. GUTTERMAN: Yeah. And everybody's working
8 horses. We had to replace George Velasquez, and when we
9 looked at who was a Hall of Famer that kind of might fit
10 into this, based on their statistics, we wound up going to
11 Jacinto Vasquez, and he agreed to be in it. He works -- he
12 rides horses in Ocala, and he's fit.

13 And everybody's losing weight or getting to the
14 point where they will be at the right weight.

15 COMMISSION CHAIRPERSON SHAPIRO: Terrific.

16 MR. GUTTERMAN: Thanks for all your help with
17 that.

18 October 24th is Filly Friday, with all the
19 Breeders' Cup races, the Breeders' Cup starts that weekend,
20 the first Friday and Saturday. This is the second year of
21 Fridays and Saturdays. But Filly Friday, all the Breeders'
22 Cup races for fillies and mares are run on this day. The
23 day will benefit the Susan B. Komen Foundation.

24 And Saturday, October 25th, the male horses take
25 the stage for day two of the Breeders' Cup stakes, and

1 they're partnered with St. Jude's Research Hospital on this
2 day. These are going to be grand days for California
3 racing.

4 And Oak Tree is working very closely with all the
5 Breeders' Cup people to put on a great show.

6 Some other areas, every Thursday is Senior's Day
7 at Oak Tree, with free admission. Every Sunday is Family
8 Fun Day, with rides and games in the infield.

9 We have daily handicapping seminars. And mystery
10 mutual vouchers for our thoroughbred members.

11 We race one Monday this meet, it's Columbus Day,
12 and on this day everything is a buck. One dollar for
13 admission, program, hot dog, soft drink, beer and popcorn.
14 This proved to be a very popular day.

15 Brand new to this meet and designated to award our
16 most frequent visitors, is an incentive program called Oak
17 Tree Rewards. The attendance of all registered Thoroughbred
18 Club members will be tracked, and those who make 12 visits
19 will receive a \$25 gift betting voucher. And those who come
20 15 times will receive a \$50 gift betting voucher.

21 These are difficult times and I think we have to
22 be very aggressive in giving people reasons to come to the
23 track. So it will pay more ways than one to be a
24 Thoroughbred Club member.

25 I want to talk about, also, for a minute, about

1 two new initiatives. We're close to announcing an agreement
2 with the California State Lottery, to offer a two-week game
3 tied to the results of the Breeders' Club Classic.

4 Beginning in October, if you buy five Lotto tickets, five
5 Mega Million tickets, or five of any one game tickets that
6 they sell, you'll get the equivalent of a Quik Pick for the
7 Classic. It's the one/two/three finish. And they've set
8 aside a price pool for that.

9 And it will be -- so the Breeders' Cup will be
10 prominent at 2,700 locations where the Lotto's sold.

11 And, also, we've entered into an agreement with
12 the Metropolitan Transit Authority to provide increased
13 service to Santa Anita for Breeders' Cup, from Sierra Madre,
14 Villa, and Union stations, which is a first.

15 And just to close, I want to point out that our
16 Oak Tree and Breeders' Cup budgets, combined, are
17 substantial and bigger for five weeks than last year's
18 budget was for six weeks.

19 Our television and print commercials will begin
20 running a week out before the meet begins.

21 And Oak Tree, and Santa Anita, along with
22 Hollywood Park, and the Breeders' Cup, have been deeply
23 involved in a plan that we believe will result in a return
24 of entries and results in handicapping to the Los Angeles
25 Times, by the start of the Oak Tree meet.

1 COMMISSION CHAIRPERSON SHAPIRO: That's terrific.
2 I mean, unfortunately -- and I have canceled my subscription
3 to the Los Angeles Times.

4 MR. GUTTERMAN: Well, that has helped, it's
5 amazing how many people have canceled subscriptions and
6 called about it. But we've meeting regularly with that.

7 COMMISSION CHAIRPERSON SHAPIRO: But you don't see
8 a word about Del Mar, and it's sad. So, hopefully, that's
9 terrific if we can get that back in the paper.

10 And it sounds like you're doing a great job and so
11 forth.

12 MR. CHILLINGWORTH: One thing I'd like Mike to
13 kind of review, the type of horses that he's recruiting to
14 run in the special race with the legendary jockeys.

15 COMMISSION CHAIRPERSON SHAPIRO: Well, I think
16 we're anxious to hear that, but also not only that, but it's
17 concerning to see that -- I'm curious to hear your views
18 with the anabolic steroids having an impact and we're
19 seeing, you know, field sizes are down. And we want this to
20 be a successful meet, so perhaps you can give us an
21 overview.

22 MR. HARLOWE: Mike Harlowe, Santa Anita. I don't
23 know if you know what category of race to write for that
24 legendary race, I would appreciate any input because --

25 COMMISSION CHAIRPERSON SHAPIRO: Well, my view is

1 that the racing office, you guys get paid a lot of money
2 and, therefore, the racing office should write the races
3 that they deem best.

4 MR. HARLOWE: Absolutely. We'll take care of it
5 and we'll do a good job.

6 COMMISSION CHAIRPERSON SHAPIRO: You don't need
7 us.

8 MR. HARLOWE: We'll fill that race.

9 Actually, Allen touched on a lot of our stakes
10 schedule. We're really looking forward to the opening
11 Saturday of the meet, obviously, with six grade ones. I'm
12 not sure if that's ever been done. I know it's been done in
13 New York, but as far as California's concerned it should set
14 a precedent, and 11-race card, with six grade ones.

15 If you refer to your packet, I'm pretty excited
16 about the fact that if you add up the figures for the 26
17 days of our meet, there would be over \$35 million
18 distributed. And as Rich Mandela can tell you, from a few
19 years ago, a lot of it goes to our local horsemen. So,
20 obviously, we're really excited about that.

21 Regardless of the fact that what we've heard in
22 the press over the past few days about possible horses
23 coming out west, or not, we've made several trips back east,
24 Rick and myself both went to Saratoga to come back, not only
25 for the Breeders' Cup, itself, obviously, for our stakes

1 leading up to the Breeders' Cup. So we're hopeful that our
2 field size and quality will, hopefully, live up to its grade
3 one standards.

4 Besides that, the current economic standards,
5 obviously, we're well aware of what's happening in the
6 industry. We're still pretty strong on our overnight
7 structure for Oak Tree. We are spread out over only 23
8 days, if you exclude both Breeders' Cup days and Cal Cup,
9 and our overnight structure should be stronger than last
10 meet. So we're looking forward to a strong field size, as
11 far as that's concerned, with a solid purse structure.

12 COMMISSION CHAIRPERSON SHAPIRO: Okay. Well, that
13 all begs the question, then, what's happening with the track
14 and, you know, we're all anxious to see the new, revised
15 racing surface. And perhaps you or Mr. Charles, who's
16 standing in the back, could give us an update on where we
17 are with the track.

18 MR. CHILLINGWORTH: Obviously, Ron would have a
19 better on it than I. I got back from Saratoga last night.

20 COMMISSION CHAIRPERSON SHAPIRO: He's standing
21 behind you.

22 MR. GUTTERMAN: He's coming up.

23 MR. CHILLINGWORTH: Met with George Haines, and he
24 tells me everything is going splendidly. It will be
25 approximately the first of September before a horse gets on

1 the track.

2 COMMISSION CHAIRPERSON SHAPIRO: Well, Mr.
3 Charles, you're standing there and I'm sorry to call on you,
4 but we'd all like to know what's happening.

5 MR. CHARLES: Ron Charles, MEC, I think Chilly
6 summed it up.

7 (Laughter.)

8 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

9 MR. CHARLES: Okay. The track's coming along
10 well. We hope to have horses on the track by the end of
11 next week. Everything we see out in the infield, where
12 we're putting all of the material through two plants, it's
13 coming out better than what we had thought. We've done a
14 much more extensive job beneath the surface, going down to
15 the rocks and replacing some of the drainage.

16 We've actually simulated some aquariums that show
17 exactly how the water's going to drain. You know, we're
18 extremely confident that not is it going to drain, the track
19 surface, itself, just feels outstanding.

20 And people get a chance to see it within the next
21 week, as we begin to put it down. Horses, hopefully, will
22 be on it by the end of next week.

23 We are, as I said, extremely confident.

24 COMMISSION VICE CHAIRPERSON HARRIS: That sounds
25 really good. I recall talking to you, though, that the

1 track you had, as you really got into redoing it, you did
2 find that there were some flaws in that design that, now,
3 have been corrected?

4 MR. CHARLES: Well, what it was and, you know,
5 I've said this a number of times and so let me clarify. We
6 had the Cushion Track, originally, that not only had flaws
7 in the sand, and as we got into the rock base and into the
8 drainage system, I'm not sure the right rocks were put in
9 and we had some problems -- actually, the water, if it had
10 been able to get through the sand, probably wouldn't have
11 got through the rock.

12 So we've actually started from the bottom up,
13 replaced everything. And we've taken the original Pro-Ride
14 surface and, again, you're talking about only having four
15 days to take a Cushion Track, a pretty useless surface, and
16 he was able to do something pretty magnificent and make a
17 usable track. In fact, what a lot of trainers thought was a
18 very good track.

19 Now, he's been given a month and a half. We've
20 sent every inch of that surface through these plants
21 and --

22 COMMISSION CHAIRPERSON SHAPIRO: When you say
23 through these plants, what's that mean?

24 MR. CHARLES: Yeah, we have a plant that treats
25 every inch of the surface that was on the track. It goes

1 through a conveyor belt, into a plant, comes out with the
2 binder and fiber on it, and as that material comes out it is
3 stored and prepared to go on the surface.

4 We started with one plant and it's really just
5 a --

6 COMMISSION CHAIRPERSON SHAPIRO: A mixing?

7 MR. CHARLES: That's all, that's all. But, you
8 know, I couldn't be more optimistic. But, you know, time
9 will tell and, hopefully, the racetrack will speak for
10 itself.

11 MR. CHILLINGWORTH: Incidentally, Pam Blacksmear
12 who's head of recruiting racehorses in Europe, called me
13 this morning on the train, on the way down. She returned
14 from Europe. She said, you're going to be amazed at how
15 many European horses are coming to Breeders' Cup this year
16 because you have that artificial surface. So they're
17 getting good reports over there.

18 MR. CHARLES: Just can I just add onto that? I've
19 done a number of interviews of the racing in UK, and that's
20 what I'm hearing, also. The interest over from Europe has
21 never been greater, and the fact that stables are
22 considering sending horses, because they have the option of
23 both going on the turf and the synthetic surface.

24 COMMISSION VICE CHAIRPERSON HARRIS: That's really
25 encouraging. Because the Racing Board and a lot of us who

1 believed in synthetics took a lot of criticism during the
2 period that we had these flaws in the synthetics. But I
3 think it's important to look at that as that was not all
4 synthetics are created equal, and we had one that didn't
5 work. But now, if they're done right, they're going to work
6 well.

7 MR. CHARLES: I can assure you, the Board wasn't
8 the only one who took some criticism.

9 MR. CHILLINGWORTH: Yeah, I saw Wayne Lucas back
10 at Saratoga and the first thing he said to me is, you got to
11 put dirt back on that track. It's unbelievable, some of
12 these guys don't come in with a new attitude.

13 But, anyway, I want to ask one question here?

14 COMMISSION CHAIRPERSON SHAPIRO: Yes, sir.

15 MR. CHILLINGWORTH: That is we --

16 COMMISSION CHAIRPERSON SHAPIRO: Wait a minute, I
17 think we're supposed to ask questions. All right, go ahead.

18 MR. CHILLINGWORTH: Well, once in a while we get a
19 retribution.

20 You have agreed to allow European horses to be un-
21 lip tattooed, is my understanding with --

22 COMMISSION CHAIRPERSON SHAPIRO: Well, that's
23 coming up later, on one of our agenda items is -- is that
24 will be coming up.

25 MR. CHILLINGWORTH: Okay. The second question is

1 Breeders' Cup would like us, if we have a carryover on
2 Thursday, to carry it into Friday and not until Sunday. And
3 they think that would help their -- obviously, help their
4 handle on Friday.

5 They do not -- they do not want a carryover, if
6 they have a carryover prospect on Friday, they want to pay
7 it out that day, on the grounds it puts more money into the
8 players' hands on Saturday.

9 And, secondly, they already have a three and a
10 half million dollar guarantee for the Pick-Six on Saturday,
11 so they don't think additional carryover would be that much
12 more beneficial.

13 COMMISSION CHAIRPERSON SHAPIRO: Well, I'm -- I
14 don't have an opinion on that just now, and I would want to
15 make sure that that wouldn't disadvantage our local horsemen
16 in any way. Maybe it doesn't, I don't know. It's just it's
17 different and I don't know why -- normally, if there's a
18 carryover, it goes to the next racing day.

19 And what I think I just heard you say is that the
20 Breeders' Cup is basically it's own little meet and,
21 therefore, it would go from Thursday to Sunday.

22 MR. CHILLINGWORTH: No, no, no.

23 COMMISSION VICE CHAIRPERSON HARRIS: No, they want
24 the best of both worlds.

25 MR. CHILLINGWORTH: They want it Thursday to

1 Friday.

2 COMMISSION CHAIRPERSON SHAPIRO: No, no, I know
3 they want it that way.

4 MR. CHILLINGWORTH: Right.

5 COMMISSION CHAIRPERSON SHAPIRO: But, again, I
6 would want to know --

7 COMMISSIONER ISRAEL: But they don't want Friday
8 to Saturday is what you're saying.

9 COMMISSION CHAIRPERSON SHAPIRO: Yeah, and so why
10 don't we want Friday to Saturday?

11 COMMISSIONER ISRAEL: In the unlikely event no one
12 hits the Pick-Six on Saturday does it carry over to Sunday,
13 because that would be good for your business?

14 MR. CHILLINGWORTH: That would be wonderful. But
15 I think they're going to pay it out.

16 COMMISSIONER ISRAEL: Huh?

17 MR. CHILLINGWORTH: They have to pay it out.

18 COMMISSIONER ISRAEL: They have to pay it out?

19 COMMISSION VICE CHAIRPERSON HARRIS: No, I don't
20 think so.

21 COMMISSION CHAIRPERSON SHAPIRO: Why?

22 COMMISSION VICE CHAIRPERSON HARRIS: Somebody
23 wants this --

24 MR. CHILLINGWORTH: Well, they're putting up three
25 and a half million dollars and guaranteeing the Pick-Six.

1 COMMISSIONER ISRAEL: So?

2 MR. CHILLINGWORTH: If you have an automatic
3 payout, as we would on Sunday, you get a lot of additional
4 players.

5 COMMISSION CHAIRPERSON SHAPIRO: But you don't
6 have automatic payout on Sunday. If you have a carryover on
7 Sunday, it goes to Wednesday.

8 MR. CHILLINGWORTH: Well, I mean a mandatory
9 payout, that's the last day of the meet.

10 COMMISSION VICE CHAIRPERSON HARRIS: That's the
11 last day of the meet on Sunday.

12 COMMISSION CHAIRPERSON SHAPIRO: Oh, yes.

13 COMMISSION VICE CHAIRPERSON HARRIS: But I think
14 it really would depend on what TOC, if they would sign into
15 it.

16 COMMISSION CHAIRPERSON SHAPIRO: Well, I don't
17 think it's just TOC. But, again, I want to make sure that
18 we're not disadvantaging our fans that are here day in and
19 day out, and our horsemen.

20 COMMISSION VICE CHAIRPERSON HARRIS: Or confuse
21 them.

22 COMMISSION CHAIRPERSON SHAPIRO: Drew, do you have
23 a comment?

24 COMMISSIONER ISRAEL: Well, they could carry over
25 Sunday to the Friday of next year.

1 (Laughter.)

2 COMMISSIONER ISRAEL: That would be a hell of a
3 long time to --

4 MR. CHILLINGWORTH: I want to get the interest on
5 that money in the bank.

6 COMMISSIONER ISRAEL: Well, cut a deal.

7 MR. COUTO: Drew Couto, Thoroughbred Owners of
8 California.

9 Before I answer the question, I want to see if I
10 understand this correctly. It's being proposed that a
11 carryover on the Thursday, the day prior to the Breeders'
12 Cup, be carried into the Friday of the Breeders' Cup?

13 MR. CHILLINGWORTH: Right.

14 MR. COUTO: Okay. Well, we --

15 COMMISSION CHAIRPERSON SHAPIRO: And applicable
16 against the guarantee, then.

17 MR. COUTO: Yeah, this is the first time --

18 MR. CHILLINGWORTH: Well, there is no guarantee on
19 Friday.

20 MR. COUTO: One, this is the first I'm hearing of
21 it and, two, I think TOC would be opposed to that, given
22 that we receive none of the revenues generated on Breeders'
23 Cup, on the two Breeders' Cup days.

24 And I believe the intent and the spirit of that
25 was that on revenues generated on Breeders' Cup races should

1 be retained by the Breeders' Cup. But that carryover is not
2 generated on Breeders' Cup races and it should be carried
3 forward to the next day of the Oak Tree meet, not the
4 Breeders' Cup meet. That's my initial sense of it, if I
5 understand it correctly.

6 And I'll talk more to Chilly about it, but that's
7 my --

8 MR. CHILLINGWORTH: Well, I have some solutions
9 here so --

10 COMMISSION VICE CHAIRPERSON HARRIS: I think it's
11 confusing for the fans, though, if you'd carry it over from
12 Thursday to Friday. A fan assumes that happens. So maybe
13 there's some financial consideration should be given to the
14 TOC.

15 MR. CHILLINGWORTH: Yes, I'm working on that
16 problem right now.

17 MR. COUTO: Yeah, that's what I said, let Chilly
18 and myself talk about it.

19 COMMISSION CHAIRPERSON SHAPIRO: Yeah, I agree. I
20 think it's premature to deal with this issue and resolve it,
21 when it's just sprung out here, and our not understanding
22 it. So I don't think we want to deal with that.

23 Okay, are there any other comments, questions,
24 about the Oak Tree application?

25 MR. CHILLINGWORTH: There's one thing on the --

1 sorry. But at the bottom of page 1 it says the advance
2 deposit wagering providers are Twin Spires, Youbet, TV, and
3 XpressBet, which is obviously not the case.

4 COMMISSION CHAIRPERSON SHAPIRO: What is the case?

5 MR. CHILLINGWORTH: The case is we anticipated the
6 experiment would continue.

7 COMMISSION CHAIRPERSON SHAPIRO: Right, so you're
8 going to be TVG?

9 MR. CHILLINGWORTH: TVG, right.

10 COMMISSION CHAIRPERSON SHAPIRO: And Youbet?

11 MR. CHILLINGWORTH: And Youbet.

12 COMMISSION CHAIRPERSON SHAPIRO: Okay, because
13 you're still subject to an exclusive agreement.

14 MR. CHILLINGWORTH: That's correct.

15 COMMISSIONER ISRAEL: Which expires when?

16 COMMISSION CHAIRPERSON SHAPIRO: It expires at the
17 end of the year.

18 And is there any -- are there any discussions
19 taking place with respect with TVG, with respect to allowing
20 other ADW providers to take your signal?

21 MR. CHILLINGWORTH: We have had those discussions.
22 And as Drew has already indicated, it's a one-way
23 discussion.

24 COMMISSION CHAIRPERSON SHAPIRO: TVG is not
25 willing to --

1 MR. CHILLINGWORTH: They're not willing to talk
2 about it at all.

3 COMMISSION CHAIRPERSON SHAPIRO: Okay, that's a
4 perfect entre for Greg.

5 Greg, I'm going to mangle name, I'm --

6 MR. BADOVINAC: That's fine, it's Badovinac. Greg
7 Badovinac. I will let my previous comments from the LATC to
8 Golden Gate stand. And since it was brought up, it would be
9 great if whatever arrangement is made between Oak Tree and
10 the Breeders' Cup regarding carryovers would not strictly be
11 between the Oak Tree Association and the TOC, that there
12 would be some public discussion to allow the fans at least
13 the appearance of some input into this, since it is our
14 money that somebody else is deciding where it gets moved to.

15 COMMISSION CHAIRPERSON SHAPIRO: Appreciate the
16 comment and again the Board, if it does hear this, there
17 will be public comment on it.

18 Okay, I'll take a motion to approve this
19 application.

20 COMMISSION VICE CHAIRPERSON HARRIS: So moved.

21 COMMISSION CHAIRPERSON SHAPIRO: Second?

22 COMMISSIONER ISRAEL: Second.

23 COMMISSION CHAIRPERSON SHAPIRO: All those in
24 favor?

25 (Ayes.)

1 COMMISSION CHAIRPERSON SHAPIRO: Thank you. Good
2 luck. It sounds like you're going to have a great meet and
3 thank you very much. And I know, Allen, you've done a great
4 job in working on this legends thing.

5 MR. GUTTERMAN: Thanks, guys.

6 MR. CHILLINGWORTH: Thank you all.

7 COMMISSION CHAIRPERSON SHAPIRO: All right, moving
8 right along. Item Number 5, discussion and action by the
9 Board on the application for a license to conduct a horse
10 racing meeting of the Big Fresno Fair, in Fresno, commencing
11 October 1st, 2008 through October 13th, 2008.

12 And I see you guys dressed up to come here. Man.

13 COMMISSION VICE CHAIRPERSON HARRIS: Fresno's kind
14 of dressy, actually.

15 COMMISSION CHAIRPERSON SHAPIRO: Yeah. Okay, if
16 you haven't been to the Fresno Fair, you've got to go,
17 because it's a great, great fair. And I have been there.

18 And I must tell you, I looked at the material that
19 you sent us, with the improvements that have been made at
20 Fresno.

21 And I'm hoping everybody took a look at this
22 because over the years we have seen some tremendous
23 improvements that Fresno has been making at their facility.
24 And, you know, the infield, the thousands of trees and some
25 of the other things.

1 But I did happen to note that there appeared to be
2 one picture where you took a blank wall, and then you put on
3 a logo, and it looks like -- is that to the bathroom?

4 MR. ALKIRE: No, that's in the -- John Alkire, CEO
5 of the Big Fresno Fair. That's in our restaurant on the
6 backside.

7 COMMISSION CHAIRPERSON SHAPIRO: Okay, it looked
8 like it was the bathroom.

9 MR. ALKIRE: And there's two other logos, one on
10 the outside of the grandstand, and also on the second floor
11 as you come up the escalator.

12 COMMISSION CHAIRPERSON SHAPIRO: Okay. But, no,
13 seriously, and I did -- you guys have done a great job of
14 improving the facility, clearly.

15 I wanted to ask a question, though. In your
16 specific changes, I see that you've increased your clubhouse
17 admission from \$5 to \$10. You preferred parking has gone,
18 in the Chance lot, from \$10 to \$12. To buy a box seat is
19 \$5, if they're available.

20 So right there it's going to cost somebody \$27 and
21 that doesn't include a program or a form.

22 COMMISSION VICE CHAIRPERSON HARRIS: That doesn't
23 include getting in.

24 MR. WHITE: Dan White, Director of Racing, Big
25 Fresno Fair.

1 In response to that, with the Turf Club price
2 going from \$5 to \$10, it was currently \$5 for the past 16
3 years, with the increase to \$10, our sales -- our
4 reservations are still ahead of last year.

5 COMMISSION VICE CHAIRPERSON HARRIS: Because I
6 think you sort of misstated, it says "clubhouse," you don't
7 really have a -- this is what, your top floor Turf Club?

8 MR. WHITE: The Turf Club, yeah.

9 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, so that
10 only holds maybe 200 people or so, anyway.

11 MR. WHITE: About 175. And with the increase in
12 place they also get an appetizer plate.

13 We also have our new VIP deck, which is \$150 a
14 table. So we're offering varieties of areas for people to
15 go to depending --

16 COMMISSION CHAIRPERSON SHAPIRO: I mean, are they
17 getting more -- I mean, look, it's tough out there --

18 MR. WHITE: Right.

19 COMMISSION CHAIRPERSON SHAPIRO: -- and I looked
20 at this and I said, wow, we have to look at it and I mean,
21 are they getting more value or something?

22 MR. WHITE: Well, with every table they receive an
23 appetizer. It's sort of we offer different areas for a
24 different price range, depending on the money they want to
25 spend.

1 We have the luxury deck, which is \$150 a table.
2 If they want something different, if they want to downsize,
3 we have our Turf Club, which is \$10 a person, which also
4 includes an appetizer. Then they can go down to the second
5 floor, where we're giving out 5,000 reserved seats a day on
6 Wednesdays and Thursdays, plus a free admission to the
7 second floor, if they'd like. And then we have the general
8 admission on the ground floor. So we have a variety of
9 areas they can choose to go to, whatever fits their
10 pocketbook, so to speak.

11 COMMISSION CHAIRPERSON SHAPIRO: Well, again, I
12 mean, I've been there and I think it's a great fair. I just
13 am concerned that we're pricing and, you know, at a certain
14 point, and in an economy where, you know, everybody's down
15 to these price increases, I'd rather see people in the
16 stands.

17 MR. WHITE: Well, like I said earlier,
18 reservations are ahead of last year at this time and
19 Fresno's not -- we've never had a problem with our
20 grandstand filling up on the weekends, Fridays, Saturday,
21 and Sundays.

22 We're going after the Wednesday and Thursday
23 crowds now by, like I said, giving out 5,000 admission
24 tickets and reserved seating tickets to try to fill up the
25 stands on those two days.

1 COMMISSION CHAIRPERSON SHAPIRO: Well, John, you
2 know your crown better than we.

3 And in this case the ADW providers are non-
4 exclusive, they're through CARF, so you will have all of the
5 ADW providers; is that correct?

6 MR. WHITE: That's correct. Yes, sir.

7 COMMISSION VICE CHAIRPERSON HARRIS: And this
8 season, basically, you don't overlap what will be Golden
9 Gate on Wednesdays and Thursdays, but Golden Gate gets the
10 whole host fee?

11 MR. WHITE: Correct, and that would be the same as
12 last year, also.

13 COMMISSION CHAIRPERSON SHAPIRO: No, I thought it
14 was supposed to be shared?

15 COMMISSION VICE CHAIRPERSON HARRIS: Is it shared?

16 COMMISSION CHAIRPERSON SHAPIRO: No, no, I thought
17 that the host fee was being split this year.

18 MR. WHITE: I'm sorry, Mr. Shapiro's correct.

19 COMMISSION VICE CHAIRPERSON HARRIS: The total
20 host fee for the whole meet is split.

21 MR. WHITE: Right, for the whole meet, yes.

22 COMMISSION CHAIRPERSON SHAPIRO: Yes, this is the
23 first year.

24 COMMISSION VICE CHAIRPERSON HARRIS: And then next
25 year we transition into the exclusive dates.

1 COMMISSION CHAIRPERSON SHAPIRO: Right, which is
2 an important thing. So we are clear that the host fee
3 during your meet is shared between you and the other
4 Northern California race meet.

5 MR. WHITE: That's correct.

6 COMMISSION VICE CHAIRPERSON HARRIS: Is that for
7 both purses and commissions?

8 MR. WHITE: I would assume so, yes.

9 COMMISSION VICE CHAIRPERSON HARRIS: So your
10 purses should be better this year because --

11 MR. WHITE: Well, our purses, we're still
12 receiving the supplemental purse fund from F&E.

13 COMMISSION CHAIRPERSON SHAPIRO: Okay. Does
14 anybody else have any other comments to this application?

15 Is there anything else you wish to tell us about?

16 MR. WHITE: I'd just like to point out the fact
17 that on the analysis report we're going with the 50 cent
18 pick-four this year, and this is something we took out of
19 Gold Stream's playbook.

20 I noticed that our bettors, our satellite wagers
21 just love this type of wager and we decided to try it at the
22 Fresno Fair this year.

23 COMMISSION VICE CHAIRPERSON HARRIS: I think
24 that's a good idea because it gets somebody into the game
25 without so much up.

1 Which races would that be on?

2 MR. WHITE: That's going to be the first four and
3 the last four of the day.

4 COMMISSION VICE CHAIRPERSON HARRIS: Yeah. Yeah,
5 I think you should publicize that with the ADW players, too,
6 I think they would -- get the ADW people to use that.
7 Sometimes ADW doesn't pick up on every last bet you've got,
8 so it's good if they do that.

9 MR. WHITE: And we're also anticipating in 2009,
10 when we're not overlapping, increasing our Cal bred races
11 and running more Cal bred races at the Fresno Fair.

12 COMMISSION VICE CHAIRPERSON HARRIS: Because this
13 is going to be probably one of the tougher meets because
14 there is a shortage of horses really ready to run in
15 Northern California, and you're like the last fair and
16 they've been running all summer. So I think going forward
17 will be better, but this is going to be kind of a
18 tough -- I'm glad we've got a couple of days we're not
19 overlapping.

20 MR. WHITE: Yeah, Director Der Manouel, a Fresno
21 Fair Board of Director, and myself, have been traveling the
22 fairs talking with the trainers, and we're hoping that we
23 will have a good meet. We're staying very optimistic, very
24 positive.

25 We're sort of facing the same challenge as a

1 couple of years ago, when the industry was in a similar
2 challenge, and we did pull out a positive number. We hope
3 that we can do the same, again, in 2008.

4 COMMISSION CHAIRPERSON SHAPIRO: Okay. Any other
5 comments?

6 COMMISSION VICE CHAIRPERSON HARRIS: I'll move we
7 approve.

8 COMMISSION CHAIRPERSON SHAPIRO: Okay, it's moved.

9 COMMISSION CHAIRPERSON SHAPIRO: I'll second. I
10 do not have a comment card on this, I don't believe.

11 So all those in favor?

12 (Ayes.)

13 COMMISSION CHAIRPERSON SHAPIRO: Good racing.

14 MR. WHITE: Thank you.

15 Okay, Item Number 6, public hearing and action by
16 the Board on the proposed amendment of CHRB Rule 1481,
17 occupational licenses and fees, Rule 1486, term of license,
18 and the addition of CHRB Rule 1504.5, provisional exercise
19 rider, to initiate a provisional exercise rider program. To
20 provide a training program to allow aspiring exercise riders
21 to gain experience before becoming licensed exercise riders.

22 As we will recall, this was brought forward. I
23 believe Leigh Ann Howard was the one that originally
24 proposed this. This would be so that there's a system in
25 place so that we could clearly identify those riders that

1 are new and could provide some experience prior to entering
2 the busy traffic on the racetrack, which can be a problem.

3 I see that Leigh Ann Howard and Ed Halpern are
4 present. Do you want to make some comments?

5 MS. HOWARD: I think that the confusion we have
6 over this is that some people think that this is designed to
7 teach people how to ride, and that's not -- that was not the
8 purpose at all.

9 The purpose was to create an opportunity for
10 people, that are good riders, to become licensed at a CHRB
11 facility. So that's all we're doing here, we're just kind
12 of putting a little preemption on an exercise rider license
13 so that we can be sure, when a person gets an exercise rider
14 license that they have had experience on a CHRB racetrack,
15 galloping in the morning, whether it be at a training center
16 that's licensed, or at a racetrack that's licensed and has
17 offtrack training.

18 COMMISSION CHAIRPERSON SHAPIRO: All right, well,
19 I'm not sure --

20 MS. HOWARD: Do you understand?

21 COMMISSION CHAIRPERSON SHAPIRO: I'm not sure I
22 quite understand that distinction.

23 COMMISSIONER ISRAEL: Is it essentially an
24 apprentice program?

25 MS. HOWARD: I was told that the CHRB doesn't like

1 that word, so that's why we developed the provision --

2 COMMISSIONER ISRAEL: I'm new, I don't know what
3 it likes.

4 COMMISSION CHAIRPERSON SHAPIRO: I'm old, I've
5 never heard that.

6 MS. HOWARD: In Canada they do this. In Eastern
7 Canada they do this and they call it a provisional exercise
8 rider's license.

9 COMMISSION CHAIRPERSON SHAPIRO: Okay, so -- and
10 isn't this in fact to allow riders, who are new to the
11 racetrack, to ease into becoming being out there as
12 participants, in the mornings, so that they do not cause
13 danger to themselves and others?

14 MR. HALPERN: Ed Halpern. I think the purpose of
15 this is not focused on allowing the rider to become
16 sufficiently proficient.

17 I think the focus is more on allowing the
18 outriders to judge whether a person is truly proficient, or
19 proficient enough in each stage that's required, including
20 breaking from the gate, and other things, so that's one part
21 of it. It's not a training program.

22 The other part is that by using the best and such
23 it allows other riders, and other people on the track, to be
24 aware that there is somebody with less experience in close
25 proximity and to act accordingly. So that this gives --

1 it's intended to do what's already done, in the sense of
2 intended to have people come onto the track who already have
3 some proficiency in the ability to exercise horses, but yet
4 to give the other riders and the outriders the ability to
5 judge whether they should be given a permanent license.

6 COMMISSION VICE CHAIRPERSON HARRIS: So this is
7 really a more refined program than what we have now. As I
8 understand it now, there's somewhat of a judgment made, but
9 it's a lot quicker judgment than this would enable.

10 MR. HALPERN: That's correct. And I envision that
11 if somebody came out on the track to ride horses, even
12 wearing a vest, and even under this program, if they were a
13 danger, the outrider would tell them, no, you're not even
14 ready for this.

15 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, it
16 doesn't mean that you're going to be out there forever, it
17 just means until somebody throws you off.

18 MR. HALPERN: Yeah.

19 MS. HOWARD: Exactly. And this gives enough time
20 so that they can be -- so this inexperienced rider, exercise
21 rider, can be out on a track when a horse runs off, or when
22 there are problems, and they can be identified by everyone
23 else, so that they'll -- when they react to the different
24 things that happen on the track, they'll learn from it.

25 They're not going to learn anything about what

1 happens on the track by riding around on a farm.

2 COMMISSION CHAIRPERSON SHAPIRO: So the question
3 is should they have to ride around at San Luis Rey Downs for
4 some period before they ride in the morning, at Del Mar,
5 that has 2,200 horses all on one racetrack?

6 MS. HOWARD: One of the problems is in order to
7 ride at San Luis Rey Downs you have to have an exercise
8 rider's license. So if a green rider comes to San Luis Rey
9 Downs and says -- has already spoken with the stewards and
10 has a little card to get an exercise rider's license, rides
11 around San Luis Rey Downs under the watchful eye of our
12 outrider, and the outrider says, okay, well, this person's a
13 good enough rider, he's not going to fall off a horse.

14 And then this inexperienced rider's going to go to
15 the racetrack, going to get an exercise rider's license and
16 he's going to show up at Del Mar. Because once he has an
17 exercise rider's license, there's no way to stop them from
18 coming on, there's no way to know who they are. So it's --

19 COMMISSION CHAIRPERSON SHAPIRO: Yeah, I'm
20 confused. So -- so -- but are you saying that it would not
21 be better -- if a guy -- I've been riding horses all my
22 life, but I haven't been riding racehorses.

23 MS. HOWARD: Right.

24 COMMISSION CHAIRPERSON SHAPIRO: Okay. Now, I
25 want to get out there and I want to start riding racehorses.

1 So I go to Ed Halpern, the trainer, and I say can I ride Old
2 Betsy, your horse? And he says, sure.

3 Now, would you rather have me riding at San Luis
4 Rey Downs, where I'm learning how it works in a racing
5 environment or should I just go right over to Del Mar and do
6 it?

7 MS. HOWARD: Actually, I think what you should do
8 is you should go through all of the hoops that an exercise
9 rider, a perspective exercise rider goes through to get a
10 license, the outrider will watch you ride, if you want to do
11 it that, and the outrider says, no, you're way too green to
12 be at Del Mar, why don't you go ride at San Luis Rey Downs.

13 COMMISSION CHAIRPERSON SHAPIRO: Okay.

14 MS. HOWARD: Either way you have to be licensed.

15 COMMISSION CHAIRPERSON SHAPIRO: Right.

16 COMMISSIONER ISRAEL: Is this the equivalent of a
17 young driver getting a learner's permit in the months before
18 he gets a driver's license, and having to drive with an
19 adult.

20 MS. HOWARD: I think that's a very good analogy,
21 yes. In fact, I did use that, originally.

22 COMMISSION VICE CHAIRPERSON HARRIS: In other
23 words, the current system, though, as I understand it, is
24 somewhat like this. But can you explain how the current
25 system works, how they guy actually gets a license?

1 COMMISSION CHAIRPERSON SHAPIRO: Yeah, what's
2 different is what I'm failing to see. What's different
3 today versus what you want in the future?

4 MR. HALPERN: Well, as I understand it, currently,
5 the rider would go out to the track and would only be -- as
6 long as he's recognized by the outrider as someone he
7 doesn't know, the question comes up.

8 Theoretically, they have to go to the stewards,
9 first, and get permission to ride before they do that, but
10 it's --

11 COMMISSION VICE CHAIRPERSON HARRIS: Before they
12 go in. But, I mean, there's no real formal testing or
13 anything to get an exercise rider, it's just kind of you
14 just do it, I guess.

15 MR. HALPERN: That's correct.

16 MS. HOWARD: I understand there is a test, a
17 written test up in Northern California. We've never seen it
18 down here, we don't know anything about it.

19 COMMISSION CHAIRPERSON SHAPIRO: Wait a second, if
20 you want to ride a pony, you have to get a license.

21 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, but you
22 don't have to do anything -- he had that problem.

23 COMMISSION CHAIRPERSON SHAPIRO: Okay. So if you
24 want to be an exercise rider, don't you have to get an
25 outrider or a steward to sign something that authorizes you?

1 MR. HALPERN: They do. But in order to get that
2 signature, the person goes out and rides for the outrider.

3 COMMISSION CHAIRPERSON SHAPIRO: For the outrider.

4 MR. HALPERN: But they're not licensed at that
5 point.

6 COMMISSION VICE CHAIRPERSON HARRIS: And it's a
7 fairly brief look, it's not nearly extensive as what you're
8 envisioning here.

9 COMMISSIONER ISRAEL: This is a 60-day program, is
10 that what you're saying?

11 MR. HALPERN: This is. Whether that's the ideal
12 period or not has come up in the questions, and possibly one
13 could say that's too long. Because it's really not -- it's
14 really not a learning period, it's a prove yourself period,
15 and more than a learning period.

16 If it were a learning period, what Commissioner
17 Shapiro said would be ideal, and that would be to have them
18 go to another facility that wasn't so busy. But I don't
19 know practical that is in terms of the number of horses and
20 the number of people we could get to do that. I think this
21 is more practical.

22 This is sort of a natural step forward in what we
23 do now, to identify the person out there.

24 COMMISSION CHAIRPERSON SHAPIRO: Well, I'm
25 personally in favor of having something, I'm just not sure

1 what this something is as it's currently presented. And
2 maybe what it is, is I need to see a chart of here's how
3 it's done today, here's what we're proposing it be, in a
4 more concise way, with more of just those steps, so that we
5 know. Because I still don't understand, really, what the
6 distinctions are here.

7 I'm in total support of there being something in
8 place so that we don't have people out there that are
9 presenting a danger to themselves, to others, to the horses.
10 I just don't understand what we're doing.

11 COMMISSIONER ISRAEL: Well, also, has there been
12 any analysis if there's any expense incurred by the State
13 because now you have to --

14 COMMISSION CHAIRPERSON SHAPIRO: Well, I --

15 COMMISSIONER ISRAEL: -- you have to follow this a
16 little more closely, and establish a little bit of
17 bureaucracy to grant these licenses and all that.

18 EXECUTIVE DIRECTOR BREED: They pay for it.

19 COMMISSIONER ISRAEL: Huh?

20 EXECUTIVE DIRECTOR BREED: They're paying for it.

21 COMMISSIONER ISRAEL: So it will pay for itself?

22 COMMISSION VICE CHAIRPERSON HARRIS: Well, the
23 license --

24 COMMISSION CHAIRPERSON SHAPIRO: Well, and I'm not
25 sure, really, that there's really much of an added cost

1 since the outriders are there, but the stewards are there.
2 I'm not sure we're causing anybody to work more or longer.

3 COMMISSION VICE CHAIRPERSON HARRIS: I mean, we
4 should end up with a safer group of riders, which benefits
5 everybody.

6 COMMISSIONER ISRAEL: Right, that's the concept, I
7 just want to know if there's any expense incurred, that's
8 all.

9 MR. HALPERN: I don't envision that there would be
10 any special expense because they're already required to get
11 a license, so the cost is --

12 COMMISSIONER ISRAEL: But there's really no -- the
13 examination to get the license is simply written, is
14 that --

15 MS. HOWARD: It's only -- I understand it's only
16 written up in Northern California, no written test is used
17 down here.

18 COMMISSIONER ISRAEL: So basically, if a trainer
19 wants to put somebody on a horse, they get put on a horse
20 and then the outrider decides if they're competent to stay
21 on the track?

22 MS. HOWARD: Exactly. And there's a little card,
23 CHRB card that goes to the stewards. And once the outrider
24 signs off on the card, the person that wants the exercise
25 rider's license goes to the stewards, and the stewards

1 interview them and then they go get their exercise rider's
2 license.

3 And this probably happens with one or two trips
4 around the track, that's how it's happening now.

5 COMMISSIONER ISRAEL: And I doubt there's ever
6 been studies. Anybody know if there have been any number of
7 accidents caused by inexperienced, incapable exercise
8 riders?

9 MS. HOWARD: Many anecdotal stories, trust me.
10 Ask any outrider.

11 COMMISSION VICE CHAIRPERSON HARRIS: Has this been
12 out for comment already?

13 EXECUTIVE DIRECTOR BREED: No. No, this hasn't.

14 COMMISSION VICE CHAIRPERSON HARRIS: We need to
15 put it out --

16 MS. HOWARD: I think it was, wasn't it?

17 EXECUTIVE DIRECTOR BREED: It has to go out for
18 comment again.

19 MS. HOWARD: Because we added the starters to sign
20 the card and because we added jockeys to automatically get
21 an exercise rider's license.

22 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, well,
23 maybe we should -- I mean, I'm in favor of it and think it's
24 going to be a good program. But why don't we put it back
25 out for comment and then also get more of a graphic

1 presentation of how it is now.

2 COMMISSION CHAIRPERSON SHAPIRO: Yeah.

3 COMMISSION VICE CHAIRPERSON HARRIS: As I
4 understand it, what we're proposing is a better system than
5 what we have now, so I don't see much down side of approving
6 it, but maybe we should make sure everyone understands it.

7 COMMISSIONER CHOPER: I agree with that, too,
8 because there are at least two other issues that are raised
9 here, that would require some alteration of the proposal
10 that we're going to pass, which they say would require an
11 additional 15-day or an additional 45-day public comment
12 period.

13 EXECUTIVE DIRECTOR BREED: Right.

14 COMMISSIONER CHOPER: So maybe we can handle some
15 of those things at the same time.

16 I think that graph, for someone who's not like the
17 Chairman, out there riding every day on a track, I don't
18 understand it, either.

19 COMMISSION CHAIRPERSON SHAPIRO: Okay.

20 MS. HOWARD: So what, exactly, do you want?

21 COMMISSION CHAIRPERSON SHAPIRO: I think what we
22 need, Leigh Ann, is we need to see here's what is done
23 today, here's what is done -- here's who does what, here's
24 the card, and here's what we're proposing it be under this.
25 That, you know, now there's a card and no vest.

1 Now, there will be a card that has to be signed by
2 this person and, oh, by the way, they have to wear a colored
3 helmet and a colored vest to signify that they're in this
4 period. I mean, we just need to understand the differences.

5 I think we're all in favor of doing something
6 that's best, it's just not clear.

7 MR. HALPERN: I'm sorry, we're seeing that in
8 reverse. Did you want that here and here, or here and here?

9 COMMISSION CHAIRPERSON SHAPIRO: You know what, it
10 really depends on whether you read left to right or right to
11 left, Ed.

12 COMMISSIONER CHOPER: And can I recommend, if
13 we're going to put it out again, that we take a minute to
14 take a look at this exemption of jockeys and apprentice
15 jockeys from the rule which, I guess, the staff -- not I
16 guess, but it's that the staff recommends that this be
17 amended to exclude those people from having to get a
18 license, if they want to get some income on the side.

19 COMMISSION CHAIRPERSON SHAPIRO: Right.

20 COMMISSIONER CHOPER: And then we really haven't
21 talked about this written examination at all and --

22 COMMISSION CHAIRPERSON SHAPIRO: Well, I think
23 there should be.

24 COMMISSIONER CHOPER: I don't know whether or not
25 I'm in favor of it, but if we are, we ought to talk about it

1 and put it out there.

2 COMMISSION CHAIRPERSON SHAPIRO: Honestly, this is
3 one where I think harness racing does a better job. And
4 there was, I think, an extensive test on horsemanship, on
5 bits, on other things that, you know, are all part of
6 getting to become a provisional driver or driver. And I
7 think there should be some written test. You want to make
8 sure these people understand some horsemanship and some of
9 the other issues.

10 COMMISSIONER ISRAEL: Well, how do you account for
11 language and literacy issues in a written test, which will
12 arise with exercise riders.

13 MS. HOWARD: I think if you read in your packet
14 the e-mail from Anne Glasscock, she's your supervising --
15 she talks about the test, and translating it. She says, "we
16 also had it translated into Spanish, so that the Spanish-
17 speaking population has an equal shot at it."

18 COMMISSIONER ISRAEL: But what about literacy
19 issues?

20 MS. HOWARD: She also says, "I would think it
21 could be administered verbally for those who do not read or
22 write."

23 So I think that if you look in the packet, this
24 has been addressed.

25 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

1 EXECUTIVE DIRECTOR BREED: Can I suggest that
2 someone look pretty carefully at that test, who knows
3 something about this.

4 MS. HOWARD: Definitely. I would love to get a
5 hold of it, how would I do that?

6 COMMISSION CHAIRPERSON SHAPIRO: Well, who's
7 giving it?

8 COMMISSIONER CHOPER: Well, you say it's up
9 at -- there's one at Golden Gate.

10 MS. HOWARD: You've got it, Kurt?

11 COMMISSION CHAIRPERSON SHAPIRO: Apply for a
12 license up north to ride.

13 MS. HOWARD: You got it.

14 COMMISSIONER CHOPER: They'd give you a copy of
15 the test, I'm sure.

16 MS. HOWARD: Okay. Then before this goes out for
17 15 days you want this material back, or do we go 15 days or
18 45, and then I bring this material, and then what do we do?

19 COMMISSION CHAIRPERSON SHAPIRO: I think it would
20 be better served so we don't have keep -- well, we're going
21 to have to put it out again if we make any changes. I think
22 we're better served to get all the information and see it
23 and then, once we've seen it, we'll put it out for comment.

24 COMMISSION VICE CHAIRPERSON HARRIS: At the next
25 meeting.

1 COMMISSIONER CHOPER: One more time.

2 MS. HOWARD: Yeah.

3 COMMISSION CHAIRPERSON SHAPIRO: We'll just have
4 it done in a month and then --

5 MS. HOWARD: I figured this would take a year.

6 COMMISSION CHAIRPERSON SHAPIRO: It won't take a
7 year.

8 MS. HOWARD: Thank you.

9 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

10 Okay, Item Number 7, public hearing and action by
11 the Board on the proposed CHRB Rule 1505, qualification for
12 license as horse owner to permit the horse owner, who's
13 license has expired, to qualify for renewal of the license
14 even if they are not the owner of a properly registered
15 racehorse, which is in the care of a licensed trainer at the
16 time of renewal.

17 COMMISSION VICE CHAIRPERSON HARRIS: Can I comment
18 on this?

19 COMMISSION CHAIRPERSON SHAPIRO: Why don't you
20 lead this?

21 COMMISSION VICE CHAIRPERSON HARRIS: Well, I was
22 the one that originally suggested this, after some remarks
23 from several owners that thought there was some inequities
24 in the licensing procedure, now, in that if you have a horse
25 and you -- you qualify for the license and everything is

1 fine, but then your horse gets turned out, or retires, or
2 whatever, and so you don't have a horse in training at the
3 track right now, but you buy another horse that might be at
4 a farm, or out of state, or whatever, and you want to get
5 your license, say you're at Del Mar today, and the CHRB
6 office is over here and it's a convenient time to go by and
7 get your license. When you go in there and say, you know, I
8 want to renew my license, they're going to ask, well, do you
9 have a horse in training at the track, and who's your
10 trainer, and you say I don't -- even if you say, well, so
11 and so's going to be my trainer, but the horse isn't here,
12 you can't get your license.

13 So I think that once a person is licensed they
14 should be able to renew it, it's going to cost them \$150 to
15 do it and I don't think -- in the old days I think there was
16 some concern that people would get licenses just so they
17 could get in the track free. I don't think that's really
18 the problem.

19 But I think we need to welcome people into racing
20 and really make racing something that when you're in, you're
21 an owner, you're proud to be an owner, you want to maintain
22 your license, and not hassle people, which I think our
23 current system does.

24 COMMISSIONER ISRAEL: As a non-owner, I agree.
25 And the only thing I would suggest is maybe some sunset

1 provision whereby you have to prove within some specified
2 period of time that you once again own a horse. So it's not
3 indefinite, so you can't not own a horse for 20 years and
4 still get one.

5 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, you
6 can't go on for 30 years, but maybe you could get one more
7 bite out of the apple or something.

8 COMMISSIONER ISRAEL: Yeah, like every three years
9 or five years.

10 COMMISSION VICE CHAIRPERSON HARRIS: If you renew
11 it for three, you can't renew it again unless you're --

12 COMMISSIONER ISRAEL: Right.

13 COMMISSION CHAIRPERSON SHAPIRO: Mr. Couto?

14 MR. COUTO: Drew Couto, Thoroughbred Owners of
15 California.

16 The TOC takes a very different position on this.
17 Today there is regulation in place that permits an
18 individual, who does not own a horse, to get licensed as an
19 owner, that's an open claim license. There's a difference
20 in --

21 COMMISSIONER CHOPER: That's a what, I'm sorry?

22 MR. COUTO: Open claim.

23 COMMISSION VICE CHAIRPERSON HARRIS: That's only
24 to claim a horse, though.

25 MR. COUTO: No, it's --

1 COMMISSIONER CHOPER: Only if you plan to own a
2 horse that --

3 MR. COUTO: No, you can become licensed without
4 owning a horse if you obtain an open claim license.

5 COMMISSIONER CHOPER: And would you describe that?
6 What's the difference between that and just renewing your
7 license?

8 MR. COUTO: A slightly different fee. What that
9 requires, for an open claim, is that you fill out the
10 application, you go through the process, and then you appear
11 before the stewards and you declare your intent to become an
12 owner or continue as an owner, and the stewards license you.
13 We have that occur regularly, now.

14 And so there's no need to change the regulation
15 that's saying a regular owner's license can be given to one
16 who doesn't have a horse, or re-issued to one who doesn't
17 have a horse, because they have an option right now, so you
18 don't need to change any regulation to accommodate those
19 individuals.

20 COMMISSION VICE CHAIRPERSON HARRIS: Well, it's
21 not that easy, though. You can't get your open claim and
22 then a horse ships in from a farm, how do you convert that
23 into your other license?

24 MR. COUTO: You don't need to. They are one in
25 the same license. One is intended to cover those

1 individuals who do not own a horse at the time they are
2 licensed, and the other is for those who in fact do own a
3 horse at the time they are licensed. So you don't have to
4 convert anything. It has the same period of time, it has
5 the same rights associated with it, it's just reserved for
6 those who do not own a horse.

7 COMMISSIONER CHOPER: So you're saying I can --
8 whether or not I ever had a license, I can come in, if I had
9 a license, I don't have a horse anymore, say I'd like to
10 renew my license. They say, well, do you own a horse? No.
11 So what they say what you can do is get an open claim
12 license.

13 MR. COUTO: Correct, you can get the owner's
14 license with the open claim on it.

15 COMMISSION VICE CHAIRPERSON HARRIS: Well,
16 according to the --

17 COMMISSIONER CHOPER: You're saying the whole
18 thing is there?

19 COMMISSION VICE CHAIRPERSON HARRIS: According to
20 the write-up, though, it says, "the Board currently has a
21 class of occupational license for persons who do not own
22 racehorses. The horse owner, by open claim license, allows
23 a person who does not own a horse to become licensed and to
24 claim a horse. Once a horse is claimed, the new owner will
25 receive a horse owner license without paying additional

1 fees."

2 But this doesn't address my situation, where he
3 doesn't want to claim a horse, he just has a horse that's
4 going to come in and --

5 MR. COUTO: Well, at the time a horse comes in,
6 he's entitled to be licensed as an owner.

7 COMMISSION VICE CHAIRPERSON HARRIS: Yeah.

8 MR. COUTO: Until that horse comes in, there's no
9 purpose in licensing that individual as an owner.

10 COMMISSIONER CHOPER: Are you saying that --

11 COMMISSION CHAIRPERSON SHAPIRO: That's the
12 difference, though.

13 COMMISSION VICE CHAIRPERSON HARRIS: Well, I wish
14 you guys would have commented. This thing's been out for 45
15 days and we didn't get any comments.

16 MR. COUTO: But these are the same comments I made
17 when it came up the first time, at the hearing.

18 COMMISSIONER CHOPER: Can I ask you this, if
19 Commissioner Harris's hypothetical is real, right, could I
20 just go down and say I want an open claimer. You play to
21 claim? No, I don't really plan to claim anything, but I'm
22 going to bring a horse in from out. They can get the open
23 claiming license?

24 MR. COUTO: Right. When an individual gets the
25 open claiming license, they don't necessarily have a horse

1 targeted to claim. They have the right to be licensed as an
2 owner and the right to make a claim should they so choose.
3 That's what the open claim license permits them to do.

4 Otherwise, what is a requirement of a horse owner
5 is that you actually own a horse, a licensed thoroughbred,
6 you actually own a horse that is at a licensed facility.

7 COMMISSION CHAIRPERSON SHAPIRO: But, Drew, here's
8 the issue -- here's the issue that Harris was saying, okay.
9 He says to me, hey, look, you know, I got this great
10 yearling or two year old, be my partner. So I say, okay,
11 I'm going to be a horse owner.

12 So now we own a horse together and it's at his
13 farm. But I can't be licensed as an owner at that point.

14 MR. COUTO: Well, what is the purpose of being
15 licensed?

16 COMMISSION CHAIRPERSON SHAPIRO: Because I'm part
17 of the industry. The point --

18 COMMISSION VICE CHAIRPERSON HARRIS: He's trying
19 to get his --

20 COMMISSION CHAIRPERSON SHAPIRO: Wait a second.

21 MR. COUTO: That's exactly.

22 COMMISSION CHAIRPERSON SHAPIRO: The reason to do
23 that is for me to say, wow, I'm now an owner, I'm now part
24 of this industry. Unfortunately, I can't get licensed as
25 one because he hasn't shipped -- we haven't shipped the

1 horse to Joe Trainer.

2 So I'm denied to be part of the family, so to
3 speak, except on the farm.

4 MR. COUTO: That's not the situation you're
5 talking about. What you're talking about, what gave rise to
6 this is an individual who didn't own a horse at all, at a
7 farm or elsewhere. This is what you had put in front of the
8 Board, not the situation where the individual owns a horse
9 and --

10 COMMISSIONER ISRAEL: As I understand it, being a
11 neophyte, it's a situation where someone has owned a horse,
12 has lost the horse either because it was claimed, or turned
13 out, or for whatever reason, their license expires, but they
14 intend at some point, in the relatively near future, to
15 acquire a different horse and they just want to keep their
16 license current. I'm having a hard time understanding the
17 nature of your objections to that, what's wrong with that?

18 MR. COUTO: Well, do you know, in fact, that they
19 are going to acquire a horse in the near future?

20 COMMISSIONER ISRAEL: Well, I don't know that
21 Wednesday's going to occur. I mean, that's -- you're
22 objecting to someone getting a driver's license because they
23 don't own a car today.

24 MR. COUTO: No, that's not what we're doing,
25 that's a very different situation.

1 What you have here is a regulation that permits an
2 individual, who does not own a horse, to get licensed. That
3 exists, you don't have to change anything, that's the open
4 claim license.

5 COMMISSIONER ISRAEL: Right.

6 MR. COUTO: Because what you're saying is this
7 individual is licensed and they intend to get another horse,
8 that's the open claim license.

9 And what you're doing is modifying the existing
10 ownership license in a way that TOC, as the owners'
11 representative, does not agree with.

12 COMMISSIONER ISRAEL: For what reason?

13 MR. COUTO: Because it dilutes the membership. We
14 have a membership of valid horse owners that have a right to
15 vote and elect their representatives. If you create a class
16 that in fact does not own horses, but may or may not
17 purchase one in the future, you're creating a very different
18 situation.

19 COMMISSION VICE CHAIRPERSON HARRIS: See, you're
20 worried about this from a voting stand point, which is sort
21 of off the wall, I think.

22 COMMISSIONER ISRAEL: Yeah, I mean, look, that's
23 you're --

24 MR. COUTO: No, no, no, no, that's one.

25 COMMISSIONER ISRAEL: Drew, that's your

1 bureaucratic problem. Unions have active memberships and
2 inactive memberships. And if you haven't earned money
3 within a certain period of time, as a member of that union,
4 you're not allowed to vote in its elections. Once you go
5 back to work, you get active status again.

6 So you just need to establish two levels of
7 ownership within --

8 MR. COUTO: Can't do it, it's set by statute.

9 COMMISSION VICE CHAIRPERSON HARRIS: Well, the
10 statute can be changed.

11 MR. COUTO: No, no, no, now you're talking about a
12 legislative process to correspond with a regulation that's
13 not necessary, because there's already a solution for those
14 individuals.

15 COMMISSION VICE CHAIRPERSON HARRIS: You're not
16 going to get that many people doing this, really. I mean,
17 your total membership is not going to be impacted by this.
18 If you think you can't win an election unless you --

19 MR. COUTO: Well, in fact, you're right. There's
20 only one individual, I'm aware of, who has raised this
21 issue, and yet we're talking --

22 COMMISSION VICE CHAIRPERSON HARRIS: There are
23 several, I've got a dozen individuals I can point out.

24 MR. COUTO: -- about changing the whole regulatory
25 process for one individual.

1 COMMISSION VICE CHAIRPERSON HARRIS: This is not
2 one individual, this is -- I've got dozens of people that
3 have come to me with this problem.

4 EXECUTIVE DIRECTOR BREED: Kirk Breed, with the
5 Horse Racing Board.

6 The analysis is remiss here in the fact that
7 on -- where it talked about the comments during the 45-day
8 period, we did have five comments in support of this and we
9 had no comments against it. So during that, there were
10 written comments. It's probably my fault for not getting
11 them to the person doing the analysis. But there were
12 comments in support of the changes here.

13 COMMISSION VICE CHAIRPERSON HARRIS: Yeah.

14 MR. COUTO: Sure. Again, and I understand, when
15 this was raised we voiced our objections to it at that time.
16 We're just simply repeating those objections, so they
17 shouldn't come as a surprise to anybody.

18 COMMISSIONER CHOPER: Your membership requirements
19 are regulated by statute?

20 MR. COUTO: Correct.

21 COMMISSION CHAIRPERSON SHAPIRO: All right, can I
22 ask a question? Let's say that I own a horse, I own a
23 couple horses and they're claimed, one's hurt and one's
24 claimed, okay.

25 Now, I have a three-year license, so I'm still an

1 owner in good standing. But let's say that that happens and
2 it's within the six months -- I owned a horse within six
3 months or something within when my license would come up.
4 Would you have an objection if I was able to renew it, so
5 long as I owned a horse that was under the care of a trainer
6 within a time frame, either before or it has to be with --
7 or my license could be revoked if I don't own a horse within
8 a certain period of time?

9 MR. COUTO: You lost me on that.

10 COMMISSION CHAIRPERSON SHAPIRO: You understand
11 the period that --

12 COMMISSION VICE CHAIRPERSON HARRIS: Well, I mean,
13 according to them, they think you should lose your license
14 they day you lose the horse.

15 COMMISSION CHAIRPERSON SHAPIRO: Well, no, no, I
16 don't hear them saying that. That's not fair, I don't hear
17 them saying that.

18 I mean, you understand the issue here, okay. And
19 what I'm saying is I'm sympathetic to the notion that a guy
20 gets this license, he's never really going to buy a horse,
21 he wants to get the free tickets to the track --

22 COMMISSION VICE CHAIRPERSON HARRIS: He doesn't
23 get free tickets.

24 COMMISSION CHAIRPERSON SHAPIRO: He wants all the
25 benies -- yeah, he does.

1 MR. COUTO: He's free admission.

2 COMMISSION VICE CHAIRPERSON HARRIS: You don't get
3 free tickets.

4 COMMISSION CHAIRPERSON SHAPIRO: Pardon me?

5 COMMISSION VICE CHAIRPERSON HARRIS: You don't get
6 free tickets. You might be able to talk some guard into
7 letting you in with your --

8 COMMISSION CHAIRPERSON SHAPIRO: No, he's got his
9 license. Okay, he's got his license so he can go in and he
10 can get stuff.

11 COMMISSION VICE CHAIRPERSON HARRIS: Well, like we
12 really -- it's pretty crowded at the track, so it's a good
13 idea.

14 COMMISSION CHAIRPERSON SHAPIRO: Well, he sees
15 some benefit in having the God damned thing, okay.

16 All right. But let's say -- would you have an
17 objection, though, that as long as he owned a horse that was
18 at the track within a certain period of time, and he has one
19 within another period after being re-licensed, would you
20 have a problem?

21 MR. COUTO: Well, what's the mechanism to ensure
22 that? When we go --

23 COMMISSIONER ISRAEL: Well, the mechanism is we
24 can authorize a change in the ruling that requires that in
25 order to maintain this license you have to have owned a

1 horse within the last 90, 180, or 365 days, or you need to
2 own a horse going forward sometime in the next six months,
3 year, or two years, whatever's a reasonable amount of time
4 to assure that.

5 But one of the things this does is it encourages
6 participation in the sport at a time when participation is
7 in decline.

8 MR. COUTO: I concur. But they have the ability
9 to participate, anyway, with the open claim license, it
10 covers this individual.

11 COMMISSION CHAIRPERSON SHAPIRO: But the problem
12 there is, and maybe it's because we're so familiar with the
13 word "claim" --

14 MR. COUTO: Well, what -- I'm sorry.

15 COMMISSION CHAIRPERSON SHAPIRO: -- you know, that
16 it sounds like if you're not going to claim a horse, then
17 you're being told to lie. That's what it sounds like. I'm
18 going to buy a horse, I'm not going to claim one.

19 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, I
20 think, too, that if people are -- there's nothing really
21 wrong with being licensed. They're fingerprinted, we know
22 who they are. That way we've got jurisdiction over them.
23 That way, if the guy does something or another, you can do
24 something about it.

25 COMMISSIONER ISRAEL: Yeah, you have a

1 bureaucratic record of something going on, yeah.

2 COMMISSION VICE CHAIRPERSON HARRIS: But I think
3 it's better. I mean, I just don't see where this is a
4 problem and it makes life easier for people that happen to
5 be here and they want to get their license.

6 I mean, if it gets out of control where, I mean,
7 thousands of people suddenly decide they want to come get an
8 owner's license to fix elections, or something, then we can
9 take another look at it.

10 COMMISSIONER CHOPER: Well, how many --

11 COMMISSIONER ISRAEL: Look at the State budget
12 deficit.

13 COMMISSIONER CHOPER: -- how many California
14 owners are there now, roughly?

15 MR. COUTO: Approximately 10,000.

16 COMMISSIONER CHOPER: So, I mean --

17 MR. COUTO: And that changes by about a thousand
18 every year.

19 COMMISSIONER CHOPER: -- it doesn't seem to me you
20 have much to worry about in terms of voting procedures.

21 MR. COUTO: Well, it changes about --

22 COMMISSIONER CHOPER: I mean, I'm not
23 unsympathetic to your problem on the one hand. On the other
24 one it doesn't seem to be a problem, I don't understand it,
25 really.

1 MR. COUTO: There's about a thousand people, I'd
2 say, on average that don't renew each year.

3 COMMISSIONER ISRAEL: And then how many new owners
4 do you get each year?

5 MR. COUTO: Someplace close to a thousand, it's
6 pretty steady.

7 COMMISSIONER ISRAEL: So there's a balance of
8 10,000.

9 COMMISSION VICE CHAIRPERSON HARRIS: But,
10 basically, don't you agree, we're losing owners. I mean, we
11 need owners in this game because that's what fuels the game,
12 to front the check to pay the bills. And I don't think
13 we -- maybe this is a small step, but I think anything we
14 can do to encourage people to own horses, that are licensed,
15 is good. I mean, I think it's just so counter intuitive to
16 say, oh, let's make it really tough to get a license.

17 MR. COUTO: But what you're concerned about isn't
18 people being licensed, you're concerned about people owning
19 horses.

20 COMMISSION VICE CHAIRPERSON HARRIS: Well, it's a
21 step though.

22 MR. COUTO: That's inherent in the definition of a
23 horse owner's license is that you, in fact --

24 COMMISSION VICE CHAIRPERSON HARRIS: Well, I'll
25 call the question.

1 COMMISSIONER ISRAEL: All right, I'll second.

2 COMMISSION CHAIRPERSON SHAPIRO: Well, okay, is
3 there any other comment, from anybody else in the audience,
4 on this matter?

5 COMMISSIONER CHOPER: My only question is do you
6 want to have any sunset period on this. Because as I read
7 the current proposal --

8 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, I think
9 David's point is good that we could -- I think we could go
10 ahead and pass this now, and come back with a subsequent
11 rule that this -- that anyone's license could not be renewed
12 a second time unless at that point they had --

13 COMMISSIONER ISRAEL: Right, so that's, in fact, a
14 three-year sunset period; right?

15 COMMISSION VICE CHAIRPERSON HARRIS: Yes.

16 COMMISSIONER CHOPER: That's fine, that will work.

17 COMMISSIONER ISRAEL: Yeah, do we need to do that
18 on a different day?

19 COMMISSIONER CHOPER: Yes.

20 COMMISSION VICE CHAIRPERSON HARRIS: That would be
21 a different deal, yeah.

22 COMMISSIONER ISRAEL: Okay.

23 COMMISSION VICE CHAIRPERSON HARRIS: But I'd like
24 to get this out of the way just to get it done.

25 COMMISSIONER ISRAEL: Okay.

1 COMMISSION CHAIRPERSON SHAPIRO: Okay. There's a
2 motion and there's a second.

3 COMMISSIONER ISRAEL: Right.

4 COMMISSION CHAIRPERSON SHAPIRO: Okay. There
5 being no -- I'll call for the question, all those in favor?

6 (Ayes.)

7 COMMISSION CHAIRPERSON SHAPIRO: Any opposed?

8 There is none, the motion passes.

9 Okay, Item Number 8. Gee, here's a subject we've
10 never talked about before. Public hearing and action by the
11 Board on the proposed amendment of CHRB Rule 1606, coupling
12 of horses, to allow the uncoupling of thoroughbred horses,
13 if the horses are owned by different partnerships, with at
14 least one owner in common, but whose ownership is not a
15 mirror image, and the horses are trained by different
16 trainers.

17 It is my understanding this is what we're doing
18 today; is that correct?

19 EXECUTIVE DIRECTOR BREED: Yes.

20 COMMISSION VICE CHAIRPERSON HARRIS: We're doing
21 that by an executive order, I think.

22 COMMISSION CHAIRPERSON SHAPIRO: Correct. So now
23 we would be adopting the rule here. Does anybody have any
24 comment to this? Otherwise, I mean, it's working, it seems
25 to be --

1 COMMISSION VICE CHAIRPERSON HARRIS: There is a
2 debate on how uncoupled entries should be in general, and
3 there's some train of thought that completely uncoupled
4 entries are better for a lot of different reasons, and some
5 people feel the other extreme.

6 But this is kind of a small step that does get rid
7 of some inequities where you've got completely different
8 partners in two different horses, and different trainers,
9 and yet they still have to be coupled.

10 So I think this is a sound rule and maybe should
11 go further.

12 COMMISSIONER CHOPER: Or you have these companies
13 or these groups that are trying to assemble a group of
14 owners, and you have some overlap, and to couple the horse
15 is not a good idea.

16 COMMISSION CHAIRPERSON SHAPIRO: We can go through
17 them, but this is what's in front of us today, it's been
18 working. And, therefore, I'll entertain a motion to approve
19 this.

20 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, I'll
21 move that we approve this.

22 COMMISSIONER CHOPER: Second.

23 COMMISSION CHAIRPERSON SHAPIRO: Second.

24 All in favor?

25 (Ayes.)

1 COMMISSION CHAIRPERSON SHAPIRO: Okay, it passes.
2 Finally.

3 Okay, Item Number 9, discussion -- what did you
4 say?

5 COMMISSION VICE CHAIRPERSON HARRIS: We might not
6 have to break for lunch.

7 COMMISSION CHAIRPERSON SHAPIRO: We're going to
8 try to go.

9 COMMISSION VICE CHAIRPERSON HARRIS: Okay.

10 COMMISSION CHAIRPERSON SHAPIRO: Discussion and
11 action by the Board on the proposed written -- proposed
12 waivers of CHRB rules for the 2008 Breeders' Cup. Rule
13 1481, occupational licenses and fees, to issue a special
14 120-day license to expire 12/31/08, for the sole purpose of
15 participating in the 2008 Breeders' Cup for one-third of the
16 fee of that license classification. Rule 1554, duties of
17 horse identifier, to allow foreign horses to race without an
18 identification tattoo. C, Rule 1692, control of horses and
19 jockeys on entering the track, to allow human attendants to
20 escort horses onto the track until the finish of the post-
21 parade and, if requested, that those attendants be allowed
22 to be present at the starting gate. And, D, Rule 1685,
23 equipment required, to allow any European jockey to carry
24 the approved European flat whip, as specified by the DHA,
25 whatever the heck that is, with specifications rule 149.

1 So why don't we take them one by one, which is
2 Rule 1481, occupational licenses and fees to issue a special
3 120-day license to expire at the end of the year, for the
4 sole purpose of participating in the Breeders' Cup for one-
5 third of the fee for the licenses classification.

6 It's my understanding that we're basically saying
7 they're not going to need this license for the full
8 duration, so it's cutting it on a partial basis.

9 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, I can't
10 see -- I think I did vote for this last time in 2003, but
11 I'm older and wiser now. And it seems to me that the
12 wealthiest group of owners in the world are the ones, for
13 the most part, racing on Breeders' Cup day. I don't see why
14 we should give them a break in license fees over our average
15 owner.

16 And I don't know if other countries -- I haven't
17 raced in that many other countries, but in Japan they don't
18 give you any break if you're just going to be there for one
19 race.

20 COMMISSION CHAIRPERSON SHAPIRO: Well, I guess my
21 question is -- would be, when a guy ships here from New York
22 and he's going to run in one race, and he has to get
23 licensed, do we give him a break?

24 COMMISSION VICE CHAIRPERSON HARRIS: No. So it
25 just doesn't make sense. I could see if there's some -- the

1 main thing I think we need to do is give them good service,
2 make sure they get -- they don't get hassled around and a
3 lot of problems getting their license. But as far as the
4 fee, I don't think we should compromise the fee because
5 that's no different than the guy shipping from out of state,
6 or somebody that just has one horse that starts once.

7 COMMISSIONER CHOPER: Is the fee 150?

8 COMMISSION CHAIRPERSON SHAPIRO: Yeah.

9 COMMISSIONER CHOPER: And we're talking about 50
10 or 150?

11 COMMISSION VICE CHAIRPERSON HARRIS: Yeah.

12 COMMISSION CHAIRPERSON SHAPIRO: I mean, to be
13 honest with you, it's not --

14 COMMISSION VICE CHAIRPERSON HARRIS: A hundred's
15 not going to --

16 COMMISSIONER ISRAEL: Yeah, it's crazy.

17 COMMISSION CHAIRPERSON SHAPIRO: Okay. And I'm
18 going to take them down by four separate votes for this
19 issue. Therefore, I will -- does anybody want to make a
20 motion for A? Otherwise, we'll leave it the way it is.

21 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, I just
22 move that we don't --

23 COMMISSIONER ISRAEL: Well, we have to vote no, I
24 think.

25 COMMISSION VICE CHAIRPERSON HARRIS: We don't

1 accept the --

2 COMMISSION CHAIRPERSON SHAPIRO: Well, we don't
3 have to vote on it, we're not waiving it.

4 COMMISSION VICE CHAIRPERSON HARRIS: We don't.
5 I'm basically told that you not waive the fees.

6 COMMISSION CHAIRPERSON SHAPIRO: No, we don't have
7 to vote on it because we're not going to do it.

8 COMMISSIONER ISRAEL: Okay.

9 COMMISSION CHAIRPERSON SHAPIRO: So unless anybody
10 wants to make a motion, and I don't hear one, and so A we'll
11 bye because of no motion.

12 MR. CHILLINGWORTH: Well, are you taking a vote,
13 now?

14 COMMISSION CHAIRPERSON SHAPIRO: We just -- we're
15 not going to vote on A.

16 COMMISSION VICE CHAIRPERSON HARRIS: Well, he
17 might want to comment on it.

18 COMMISSION CHAIRPERSON SHAPIRO: Do you want to
19 comment on A?

20 MR. CHILLINGWORTH: Yeah.

21 COMMISSION CHAIRPERSON SHAPIRO: Okay.

22 MR. CHILLINGWORTH: This would be the only racing
23 jurisdiction in the United States that hasn't made this
24 provision for Breeders' Cup.

25 COMMISSION VICE CHAIRPERSON HARRIS: This State

1 has probably the biggest deficit of any state in the nation,
2 too.

3 COMMISSION CHAIRPERSON SHAPIRO: Chilly?

4 MR. CHILLINGWORTH: Yeah.

5 COMMISSION CHAIRPERSON SHAPIRO: You know what,
6 we're talking about a hundred bucks and we don't give a
7 break to the guy that ships from New York to run in any one
8 of your graded stakes, and he doesn't have a horse here, he
9 has to pay the full boat, why should we not do the same with
10 the --

11 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, it's
12 just an equity thing. I think it came along as kind of a
13 nice idea, but I think, today, I don't know if it makes a
14 lot of sense.

15 MR. CHILLINGWORTH: Anyway, we got Breeders' Cup
16 for two years in a row here, in California, it brings in a
17 hundred million dollars of recognized benefits --

18 COMMISSION VICE CHAIRPERSON HARRIS: That's the
19 beautiful thing, they get their licenses for two years.

20 MR. CHILLINGWORTH: Anyway, we're talking about
21 getting 180 bucks out of some owner, maybe.

22 COMMISSIONER ISRAEL: So, basically, it's only
23 costing them 50 bucks if they come two years in a row.

24 MR. CHILLINGWORTH: Yeah.

25 COMMISSIONER ISRAEL: Because they're getting a

1 three-year license.

2 COMMISSION CHAIRPERSON SHAPIRO: Yeah, that's
3 true, too.

4 COMMISSION VICE CHAIRPERSON HARRIS: Well, it just
5 seems inequitable that we're -- some poor old guy at
6 Ferndale that's got one horse, he's paying 150 to run his
7 horse twice, and somebody ships in to win a \$5 million race
8 and they get a break.

9 COMMISSIONER ISRAEL: Well, can I ask you actually
10 a question that may be more pertinent, if Jess Jackson ships
11 Curl in to Paris, to run in New York, does he get a break on
12 his French license?

13 MR. CHILLINGWORTH: Well, I don't know for sure,
14 but I'd imagine they'd be so delighted to have him, they'd
15 give it to them for nothing.

16 COMMISSION VICE CHAIRPERSON HARRIS: Well, I doubt
17 it.

18 COMMISSIONER ISRAEL: And he has to pay in Euros
19 and not dollars. In fact, with the currency exchange rates,
20 these guys are getting even a bigger bargain.

21 (Laughter.)

22 MR. CHILLINGWORTH: Hey, we're tossing nickels
23 around on a hundred million dollar game.

24 COMMISSION CHAIRPERSON SHAPIRO: Chilly, we're
25 going to move on to Item Number 2. Duties of Horse

1 Identifier, to allow foreign horses to race without an
2 identification tattoo.

3 I would make a motion that we approve this. I
4 don't think it's right to make a foreign horse have to go
5 through the tattoo process. There are means of
6 identification. So I would make a motion to approve that.

7 Is there a second?

8 COMMISSIONER ISRAEL: Second.

9 COMMISSION VICE CHAIRPERSON HARRIS: I agree,
10 except we do have -- has somebody done some due diligence in
11 the way that we are? Because I don't think that people are
12 purposely going to mix up a horse, but it can happen
13 accidentally.

14 COMMISSIONER ISRAEL: Well, how do they identify
15 horses overseas?

16 COMMISSION CHAIRPERSON SHAPIRO: There are other
17 markings.

18 COMMISSION VICE CHAIRPERSON HARRIS: I think
19 they've got like these chips or something.

20 EQUINE MEDICAL DIRECTOR ARTHUR: Excuse me, Dr.
21 Arthur, Equine Medical Director. They're all microchipped.

22 COMMISSIONER ISRAEL: Oh, they are.

23 EQUINE MEDICAL DIRECTOR ARTHUR: Yeah.

24 COMMISSIONER ISRAEL: And you would have the
25 access to --

1 EQUINE MEDICAL DIRECTOR ARTHUR: We can get the
2 access if we want to. It's just that our rule says they
3 have to be branded or tattooed, and they use -- they're a
4 little bit ahead of us on that issue.

5 COMMISSIONER ISRAEL: Will you get a microchip
6 reader and --

7 EQUINE MEDICAL DIRECTOR ARTHUR: We have microchip
8 readers, we can do that.

9 COMMISSIONER ISRAEL: Okay.

10 COMMISSION VICE CHAIRPERSON HARRIS: So, actually,
11 what the --

12 COMMISSION CHAIRPERSON SHAPIRO: Which brings to
13 mind, since you brought it up, can you give us an update on
14 what's happening with our microchip program in the near
15 future? You don't have to do it now.

16 EQUINE MEDICAL DIRECTOR ARTHUR: Oh, in the
17 future.

18 COMMISSION CHAIRPERSON SHAPIRO: Yeah, in the
19 future. I mean --

20 MR. CHILLINGWORTH: Also, in addition to Dr.
21 Arthur's comment on the chipping, you still have -- these
22 are outstanding, unique horses. That you could mix them up,
23 as you might a \$10,000 claimer in Ferndale, isn't going to
24 happen.

25 COMMISSION CHAIRPERSON SHAPIRO: We appreciate

1 that.

2 There's a motion on the table. Is there a second?

3 COMMISSIONER ISRAEL: Second.

4 COMMISSION CHAIRPERSON SHAPIRO: All in favor?

5 (Ayes.)

6 COMMISSION CHAIRPERSON SHAPIRO: Okay, the next
7 one is Control of Horses and Jockeys on entering the Track.
8 This would allow human attendants to escort horses on the
9 track, and including at the gate.

10 It's my understanding in the past that we allowed
11 them to go onto the track, but they were not allowed at the
12 gate to have their attendants. That's my understanding of
13 what was permitted in prior Breeders' Cups. Because we have
14 gate crew, unlike what is used in Europe or other places, is
15 what I've been told.

16 MR. CHILLINGWORTH: Yeah, they don't load the
17 horses, they bring them up to the gate.

18 COMMISSION CHAIRPERSON SHAPIRO: Yeah, but I don't
19 think they walk them all the way around, I think --

20 MR. CHILLINGWORTH: No, no, the assistant
21 starter's taking over at that point.

22 COMMISSION CHAIRPERSON SHAPIRO: Okay.

23 COMMISSIONER ISRAEL: Well, what did they do at
24 Arlington, when they had -- I know they let the attendants
25 on the track, did they let them go up to the gate?

1 COMMISSION VICE CHAIRPERSON HARRIS: They can take
2 them up to the gate --

3 COMMISSIONER ISRAEL: It was a couple of weeks
4 ago, all of the European -- they had a lot of European
5 horses and they were allowed out without outriders, I was
6 watching, and they made a point of it. Did they go to the
7 gate?

8 MR. CHILLINGWORTH: They go to the gate and then
9 the assistant starters take over.

10 COMMISSIONER ISRAEL: At Arlington?

11 MR. CHILLINGWORTH: At Arlington.

12 COMMISSIONER ISRAEL: Okay.

13 COMMISSION VICE CHAIRPERSON HARRIS: Are there
14 some kind of safety standards there, too, where they've got
15 a helmet and safety vest, and stuff, when they do that?

16 COMMISSION CHAIRPERSON SHAPIRO: Our assistant
17 starters for thoroughbreds are not using helmets, they have
18 vests.

19 COMMISSION VICE CHAIRPERSON HARRIS: No helmets.

20 COMMISSION CHAIRPERSON SHAPIRO: Our starter crew
21 here does not wear helmets, they wear safety vests.

22 COMMISSIONER ISRAEL: Gary doesn't wear anything.

23 COMMISSION CHAIRPERSON SHAPIRO: Pardon me?

24 COMMISSIONER ISRAEL: Gary just wears a cowboy
25 hat.

1 COMMISSION CHAIRPERSON SHAPIRO: Well, he's not
2 one of the assistant starters.

3 COMMISSIONER ISRAEL: I know, but he's standing
4 there right in front of them so --

5 COMMISSION CHAIRPERSON SHAPIRO: Okay. You know,
6 I don't know if anybody has any strong feelings on this.

7 COMMISSION VICE CHAIRPERSON HARRIS: I think it's
8 probably okay. It's just I hope it would be reciprocal
9 where, if we take a horse to Europe, we can take the pony,
10 too, or whatever. Which I guess you couldn't.

11 COMMISSION CHAIRPERSON SHAPIRO: Okay, so is there
12 a motion where people -- does anybody want to make a motion
13 to approve this?

14 COMMISSIONER ISRAEL: Moved.

15 COMMISSION CHAIRPERSON SHAPIRO: It's moved. Is
16 there a second?

17 COMMISSION VICE CHAIRPERSON HARRIS: Second.

18 COMMISSION CHAIRPERSON SHAPIRO: All in favor?

19 (Ayes.)

20 COMMISSION CHAIRPERSON SHAPIRO: Okay, it passes.

21 Rule D, the D, which is the equipment required, to
22 allow the European jockey to carry the approved European
23 flat whip, as specified by the BHA. Okay, who know what BHA
24 is?

25 MR. MARTEN: It's a British whip.

1 COMMISSION CHAIRPERSON SHAPIRO: Oh, British Horse
2 Racing Authority.

3 COMMISSION VICE CHAIRPERSON HARRIS: You know, the
4 thing I didn't like about this was it should be where
5 anybody can use -- I mean, because basically we've got two
6 types of approved whips, but I don't think we can say that
7 only the Europeans can use the European whip. I think we
8 can say anybody can use the European whip, or they can use
9 the American whip, to keep it consistent.

10 COMMISSION CHAIRPERSON SHAPIRO: I agree, because
11 their whips have different dimensions than our whip and
12 different weights. Because there's has a maximum length of
13 70 centimeters, okay, and I would ask that -- I would ask
14 staff if they --

15 COMMISSION VICE CHAIRPERSON HARRIS: Show us the
16 shorter. Is that the American or --

17 COMMISSION CHAIRPERSON SHAPIRO: I would ask that
18 staff would next time convert the European standards to the
19 American standards, so that we can understand what the
20 differences are. If you look at the write-up here?

21 MR. MARTEN: Right.

22 COMMISSION CHAIRPERSON SHAPIRO: I mean, I don't
23 know what 160 grams is?

24 COMMISSION VICE CHAIRPERSON HARRIS: Mike has a
25 show and tell her.

1 MR. MARTEN: Here's the one we're talking about,
2 right here.

3 COMMISSIONER ISRAEL: That's the European, the
4 shorter whip is European?

5 COMMISSION VICE CHAIRPERSON HARRIS: This is
6 European?

7 MR. MARTEN: It's softer, more flexible.

8 COMMISSIONER ISRAEL: Can you pass those around?

9 MR. HAIRE: Darrell Haire, Western Regional
10 Manager --

11 COMMISSION CHAIRPERSON SHAPIRO: Hi, Darrell.

12 MR. HAIRE: Hello, Richard.

13 COMMISSION CHAIRPERSON SHAPIRO: This is the
14 European?

15 MR. HAIRE: Yes, that's from Ireland and that's
16 what the BHA --

17 COMMISSION CHAIRPERSON SHAPIRO: This is the whip
18 we approved at this meeting last year?

19 MR. HAIRE: Yes, sir.

20 COMMISSION CHAIRPERSON SHAPIRO: Okay. And this
21 is our more standard whip, which has the feathers and all?

22 MR. HAIRE: Yes, sir. The material is a little
23 different. The one in the middle, that Aaron Grider, Mike
24 Smith, and a number of riders are using now, the gentleman
25 from New Jersey, Jack Walter, he makes the one in the

1 middle. It's a little better or durable material.

2 The Irish made whip, it hasn't held up real well,
3 it's not real durable. They just basically race on grass
4 over there, so they've had problems with the wear and tear
5 on the Pro Cush, that's what it's called, and that is
6 approved in England and Europe.

7 COMMISSION CHAIRPERSON SHAPIRO: Okay, but for
8 what we're talking about here, today, the question is to
9 allow any European jockey to carry the approved European
10 flat whip as specified.

11 I agree with Commissioner Harris. I think we
12 should allow them to use that or the whip we use, and our
13 riders to use our whip or the whip they use.

14 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, that
15 would be fair.

16 COMMISSION CHAIRPERSON SHAPIRO: And that's fair,
17 that's equal. And, therefore, I'll make a motion that we
18 allow the use of either -- either whips to be used during
19 the Breeders' Cup by all jockeys.

20 Is there a second?

21 COMMISSION VICE CHAIRPERSON HARRIS: Second.

22 COMMISSIONER ISRAEL: Second.

23 COMMISSION CHAIRPERSON SHAPIRO: All in favor?

24 (Ayes.)

25 COMMISSION CHAIRPERSON SHAPIRO: It's passed.

1 Okay, thank you.

2 Item Number 10, discussion and action by the Board
3 on the proposal to add Rule 2066, minisatellite wagering, to
4 allow for approval of an additional 15 minisatellite
5 wagering facilities per racing zone, as authorized by
6 Business and Professions Code.

7 Okay. These are the rules and regulations that
8 would pertain to the licensing of new minisatellite
9 locations within the State.

10 And I should point out that I spoke to
11 Commissioner Moss about this, and we've had a number of
12 discussions about this, and the question really is while we
13 can authorize these and we now have some rules and
14 regulations that have to go into anybody being licensed, the
15 question is the economics are still a challenge as to why
16 anybody would make the significant investment to open one of
17 these, given they make two percent of the wagering.

18 I also note that the term of the minisatellite
19 wagering facility is two years. I think it would be -- I
20 would be hard pressed to see anybody that would make a
21 significant investment and only have a two-year license.

22 But I open this up for a discussion.

23 COMMISSIONER ANDREINI: I agree.

24 COMMISSION CHAIRPERSON SHAPIRO: Pardon me?

25 COMMISSIONER ANDREINI: I agree.

1 COMMISSION CHAIRPERSON SHAPIRO: Yeah, I mean,
2 who's going to make that capital investment and know that
3 they're only going to have a two-year license?

4 Now, that's no different from a racetrack,
5 frankly, they get a one-year license, so I'm very, you know,
6 understanding that that doesn't really make a lot of sense.
7 I think we have to look at it.

8 But I'd like to hear public comment. Ron, do you
9 have something to say?

10 MR. CHARLES: I do.

11 COMMISSION CHAIRPERSON SHAPIRO: Okay.

12 MR. CHARLES: Ron Charles, MEC. We've actually
13 been contacted by a couple of groups, who are interested in
14 putting up a satellite, minisatellite at very attractive
15 locations, at the two percent. So, you know, we would
16 certainly like to pursue it. Had a lot of discussions with
17 Commissioner Moss to discuss the possibility of seeing how.

18 I understand George Karkorian has made a
19 presentation here, and getting to four percent is quite a
20 challenge. But we have had some people here that they're
21 very interesting in putting in a minisatellite at some of
22 these facilities that truly might be outstanding. And so I
23 think it's something we definitely need to look at.

24 I need the authority to start talking to these
25 people to actually move forward. I mean, to this point I'm

1 not sure we're far enough along that I can actually meet
2 with them and tell them exactly that we're prepared to go
3 in.

4 COMMISSION CHAIRPERSON SHAPIRO: I don't know why
5 you say that, the law's been enacted. Now, in terms of the
6 rules, what's in front of you today is, in fact, the
7 proposed licensing requirements to move forward. And once
8 these are enacted, there's nothing to inhibit you.

9 COMMISSION VICE CHAIRPERSON HARRIS: I presume
10 that some of the new people might be card clubs, which would
11 be a good place, probably, to go.

12 But is there anything in here that would hinder
13 their ability to move forward?

14 COMMISSION CHAIRPERSON SHAPIRO: Right.

15 MR. CHARLES: And that's what I'm asking today
16 and, actually, two of them are not card clubs or casinos. I
17 mean, these are people who actually think the traffic coming
18 to them would be well worth it, and they're are sites that,
19 you know, to be honest with you, we're pretty excited about.

20 COMMISSION CHAIRPERSON SHAPIRO: All right. Well,
21 then, here's what I suggest, and that is that you
22 disseminate to those interested parties the material that's
23 in our book, which is basically the license they would have
24 to -- they would have to fill out and complete, and provide
25 comments to that, so that we can in fact adopt these

1 regulations and they can get licensed.

2 MR. CHARLES: And so, roughly, what type of time
3 period are we looking at for something like that?

4 COMMISSION CHAIRPERSON SHAPIRO: It provides that
5 within 90 days of completion of the license, the Board would
6 take action. I believe that's what it says.

7 EXECUTIVE DIRECTOR BREED: Well, yeah, 45 plus 30.

8 COMMISSION CHAIRPERSON SHAPIRO: No, no, no, no,
9 I'm talking about when they complete this license.

10 EXECUTIVE DIRECTOR BREED: Right, 90 days.

11 COMMISSION CHAIRPERSON SHAPIRO: It's 90 days. So
12 assuming that the Board had adopted this --

13 MR. CHARLES: Correct.

14 COMMISSION CHAIRPERSON SHAPIRO: -- our Board, our
15 staff's required to complete this, if they've done a
16 complete job, within 90 days they'd be licensed.

17 MR. CHARLES: What's preventing us from adopting
18 this now?

19 COMMISSION CHAIRPERSON SHAPIRO: Well, we have to
20 put out for comment. It's just this is the first time we've
21 gotten these.

22 MR. CHARLES: And that's my question, David, are
23 we there --

24 COMMISSION CHAIRPERSON SHAPIRO: Forty-five days.

25 MR. CHARLES: Are we there? It says discussion

1 and action, so it's never been out for comment?

2 COMMISSION CHAIRPERSON SHAPIRO: No.

3 COMMISSION VICE CHAIRPERSON HARRIS: We've got to
4 get it back. But we need to make sure we put it out, and
5 we've got it out the way we want it out.

6 COMMISSION CHAIRPERSON SHAPIRO: We have to take
7 action to put it out for comment. That's what we would be
8 doing today.

9 MR. CHARLES: Okay, then you need to adopt it?

10 COMMISSION CHAIRPERSON SHAPIRO: Then we adopt it.
11 Once it's adopted, now you can come in and whoever can --

12 COMMISSIONER CHOPER: I think it would be probably
13 helpful if they -- if the people who are interested in
14 getting one of these licenses took a look at this, and we
15 got their feedback, so that we can make any appropriate
16 changes, anyway, before we adopt it.

17 MR. CHARLES: Well, I agree. And that's what I
18 plan on doing, I plan on taking -- exactly.

19 COMMISSIONER CHOPER: That's a great group of
20 people to determine whether we're doing the right thing.

21 MR. CHARLES: That's right.

22 COMMISSION VICE CHAIRPERSON HARRIS: It's good if
23 even before the end of the 45 days we could re-do the thing
24 at the next meeting because they --

25 MR. CHARLES: Right, because they may have

1 comments.

2 COMMISSION CHAIRPERSON SHAPIRO: Did you
3 review -- did you review this application?

4 MR. CHARLES: Yes, I looked, yes.

5 COMMISSION CHAIRPERSON SHAPIRO: Okay. So if you
6 or others have comments, did I miss the humor in there?

7 MR. CHARLES: Very little.

8 COMMISSION CHAIRPERSON SHAPIRO: Little humor?

9 MR. CHARLES: Yeah.

10 COMMISSION CHAIRPERSON SHAPIRO: Okay. Again, if
11 you look at it and make any changes or corrections, and
12 anybody else, that we can adopt this as soon as possible.

13 MR. CHARLES: Well, you know, we're comfortable
14 with it, but I think Commissioner Choper's comment about
15 showing it to the potential people who are interested in
16 providing this, that's what we need to do.

17 COMMISSIONER CHOPER: They count.

18 MR. CHARLES: And that's what I need to do.
19 Because if they have some suggestions during this 45 days,
20 we'd like to get it implemented so we can move ahead on
21 this. This has just been dragging for years, and all I'm
22 trying to do is expedite this.

23 COMMISSIONER ISRAEL: Well, it appears by October,
24 all things being equal, we could approve it and you can move
25 ahead.

1 COMMISSION CHAIRPERSON SHAPIRO: That's correct.

2 COMMISSION VICE CHAIRPERSON HARRIS: Okay, but
3 when it gets tricky is we start making amendments to it, and
4 then you got to put that out for comment, again.

5 COMMISSION CHAIRPERSON SHAPIRO: Right.

6 COMMISSION VICE CHAIRPERSON HARRIS: But if we get
7 a draft we really like then --

8 COMMISSION CHAIRPERSON SHAPIRO: That's why send
9 it to them, let's get the intelligent comments now, so we
10 only have to do it one time, and get it done.

11 MR. CHARLES: Okay.

12 COMMISSION VICE CHAIRPERSON HARRIS: It would be
13 good, too, if we could get somebody to come up with sort of
14 a pie chart of where all the money goes on these things, as
15 far as what goes where.

16 COMMISSION CHAIRPERSON SHAPIRO: I think TOC
17 already does that.

18 COMMISSION VICE CHAIRPERSON HARRIS: But this
19 would be the same that --

20 COMMISSION CHAIRPERSON SHAPIRO: Didn't you do a
21 whole study?

22 MR. COUTO: Yeah, but I'm not sure we done a --

23 MR. REPORTER: Go by the mike, please.

24 COMMISSION CHAIRPERSON SHAPIRO: Okay, sorry. He
25 said, yes, but he's not sure the study went to these

1 minisatellites.

2 Okay, do you have anymore comments?

3 Okay, John Bukalow?

4 MR. BUKALOW: Yes, sir.

5 COMMISSION CHAIRPERSON SHAPIRO: John, how did I
6 do on your name?

7 MR. BUKALOW: Real good, thanks. John Bukalow,
8 Barona Casino, off-track betting. I just wanted to be sure
9 that when we do -- or if this does get moved forward, that
10 they stay within, as the rule says, 20 miles. We'd like the
11 Board's protection from another, existing facility.

12 We, at Barona, have worked very hard to build our
13 business up. In fact, when others are seeing drastic
14 decreases in their handle, we're down only 1.6 percent, and
15 our goal is to be up in a positive number during the Del Mar
16 race season, at the conclusion of it.

17 But we work hard, giving our promotional items and
18 spending monies to gain our racing fans, and we bring them
19 to the racetrack, in hopes to introduce them to live racing,
20 which I feel builds a stronger player.

21 But if a facility were to open within a ten-mile
22 radius, as an example, from us, either -- there's only two
23 roads getting up to us, one from the Ramona side, and one
24 from the Lakeside side, which is north, the north end and
25 south end, it would totally devastate our business.

1 So if the rule stays at 20 miles, and we hope the
2 Board would protect us on this, and that's what we're
3 asking.

4 COMMISSION CHAIRPERSON SHAPIRO: John --

5 COMMISSIONER ISRAEL: Twenty miles from what?

6 MR. BUKALOW: Twenty miles from an existing
7 facility.

8 COMMISSION VICE CHAIRPERSON HARRIS: I think the
9 legislation talked about 20 miles from a racetrack, but not
10 20 miles from an indian casino.

11 MR. BUKALOW: No, I've check the rule.

12 EXECUTIVE DIRECTOR BREED: No, it says satellite
13 facility and travel casinos.

14 COMMISSION CHAIRPERSON SHAPIRO: No, it is 20
15 miles.

16 COMMISSION VICE CHAIRPERSON HARRIS: Oh, it is.

17 COMMISSION CHAIRPERSON SHAPIRO: John, but I have
18 to be honest with you and tell you I don't -- I think there
19 are circumstances where, personally, I wouldn't -- I would
20 want to see it less than 20 miles.

21 It may not be in your circumstance, and I believe
22 that the law, as it was rewritten, actually allowed for the
23 parties within that period to make it a smaller
24 circumference than the 20 miles.

25 You have to understand, again, in your case maybe

1 20 miles is justified.

2 But let's take the Bay Area, where there's a big
3 difference in 20 miles. And so for -- I don't think we're
4 going to sit here today and tell you that in your
5 circumstance you're protected, but it takes all of the
6 parties within that period that they could -- within that
7 area that they could agree and it could be less. And I,
8 personally, would favor that.

9 MR. BUKALOW: Well, I hope maybe you'd take into
10 consideration at least the San Diego County. The card club
11 that's near Del Mar -- while I'm not here speaking for Del
12 Mar, but just using them as an example, is within an 18-mile
13 radius and that would put a big damper, would be my opinion,
14 a big dent in their handle, as well, being so close to them,
15 if you do reduce that 20-mile radius.

16 COMMISSION CHAIRPERSON SHAPIRO: Well, again,
17 we're not talking about any specific area, but I just want
18 to be up front with you that the law, that's enacted, has
19 allowed that the parties could, if they were all in
20 agreement I think it was, reduce the area to less than 20
21 miles.

22 COMMISSIONER CHOPER: You know, I think you got to
23 be assured that this Board doesn't want to see you go out of
24 business and we're interested in the overall amount of
25 handle generated by these clubs -- by these satellites, on

1 the one hand. On the other hand, that encompasses making
2 sure that no satellite is mistreated in the process.

3 COMMISSION CHAIRPERSON SHAPIRO: Well,
4 Commissioner Choper, Barona may do a great job and they
5 should be protected. But there may be some people --

6 COMMISSIONER CHOPER: No, you're right.

7 COMMISSION CHAIRPERSON SHAPIRO: -- that have a
8 satellite and do a lousy job, and yet they're able to
9 exclude others that would come in and do a really good job.

10 COMMISSIONER CHOPER: No, I agree with you, we
11 ought to take them one at a time.

12 COMMISSION VICE CHAIRPERSON HARRIS: I think
13 Barona does a good job, but keep in mind they don't pay a
14 State -- all these other satellites are paying a two percent
15 State license fee, but I don't think Barona is, so it's not
16 exactly a level playing field.

17 COMMISSION CHAIRPERSON SHAPIRO: All right.

18 COMMISSIONER ISRAEL: And you do have slot
19 machines.

20 MR. BUKALOW: Well, we do have slot machines, yes,
21 sir. Yeah.

22 COMMISSION CHAIRPERSON SHAPIRO: Okay.

23 COMMISSIONER ISRAEL: That should help attract the
24 business.

25 MR. BUKALOW: But we are big promoters of horse

1 racing and as long as I'm there, we always will continue to
2 be.

3 COMMISSION CHAIRPERSON SHAPIRO: Well, thank you
4 and keep promoting it.

5 Richard Castro, you have a comment?

6 MR. CASTRO: I brought my fan club with me.

7 Richard Castro, representing Pari-Mutuel Employees Guild.

8 I just want a point of clarification. When I read
9 "pari-mutuel clerks must be available to service the tote
10 machines and cash wagering vouchers on a regularly scheduled
11 basis," I'm assuming, when I read that language, it means
12 that they have to have a collective bargaining agreement
13 with us before they can go forward with the minisatellite
14 parlor.

15 And before you answer that, I'm going to give you
16 some help. If you go to another place in your application
17 it says, "attached a proposed staffing plan for the facility
18 and/or minisatellite wagering site, to include the number of
19 security personnel and the number of pari-mutuel clerks
20 pursuant to Business and Professions Code," blah, blah,
21 blah, which kind of underlines to me, saying that you do
22 license us, as pari-mutuel clerks, and we work with a
23 collective bargaining agreement. And I'm assuming that a
24 collective bargaining agreement will be in place when you
25 authorize these locations. Can I assume that?

1 COMMISSION CHAIRPERSON SHAPIRO: That would be my
2 assumption.

3 COMMISSION VICE CHAIRPERSON HARRIS: I think
4 we -- you may, but I don't know if we're in a position to
5 make any assurances on that, I think we need a legal opinion
6 on it.

7 MR. CASTRO: Well, I'm concerned about the
8 assurances because of what happened with ADW. I don't want
9 to go down that road, let's cover these bases now.

10 COMMISSIONER ISRAEL: Do we have any statutory
11 authority to demand that union representation be agreed to
12 by somebody who owns any business at all?

13 MR. CASTRO: I think there's provisions in your
14 rules and regulations, and horse racing law, that bind us as
15 the wagering entity, you must have a bonafide collective
16 bargaining agreement, blah, blah, blah, blah.

17 COMMISSIONER ISRAEL: Is that true?

18 STAFF COUNSEL MILLER: Yes, I believe so.

19 COMMISSIONER ISRAEL: And so we have the authority
20 over the satellite wagering facilities to require that?

21 COMMISSION VICE CHAIRPERSON HARRIS: Not -- just
22 the pari-mutuel portion of them, I think.

23 COMMISSIONER ISRAEL: Just the pari-mutuel.

24 STAFF COUNSEL MILLER: Yeah.

25 COMMISSION VICE CHAIRPERSON HARRIS: But, I mean,

1 I don't think we want to come across as making any
2 assurances now, until we get a legal opinion on exactly what
3 we can do.

4 COMMISSION CHAIRPERSON SHAPIRO: So why don't we
5 ask our counsel to give an opinion on that, if you would?

6 STAFF COUNSEL MILLER: Very well.

7 COMMISSION CHAIRPERSON SHAPIRO: And that way we
8 can inform you properly.

9 MR. CASTRO: That's more than fair.

10 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

11 MR. CASTRO: As far as the status of negotiations
12 that we've had with the employer, we have made an effort. I
13 think we've made some progress. But based on the economics
14 of it, we've run into a number of stumbling blocks. And I'm
15 just mentioning that as an update.

16 COMMISSION CHAIRPERSON SHAPIRO: Oh.

17 MR. CASTRO: I'm not throwing a quick wall up.

18 COMMISSION CHAIRPERSON SHAPIRO: I'm not sure what
19 you're commenting on. On this?

20 MR. CASTRO: On the minisatellite, yes. We've
21 tried to have --

22 COMMISSION CHAIRPERSON SHAPIRO: Oh, oh.

23 MR. CASTRO: I'm telling you that there have been
24 discussions with the union regarding manning the
25 minisatellite parlors. That's a positive.

1 COMMISSION CHAIRPERSON SHAPIRO: Oh, great. Okay.

2 MR. CASTRO: Thank you.

3 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

4 Vito Francesco?

5 MR. FRANCESCO: Thank you. Vito Francesco, I'm
6 just representing myself. I'm interested in making
7 application for a minisatellite location. And is it my
8 understanding that if you approve Item Number 10, that you
9 will have an application in place?

10 COMMISSION CHAIRPERSON SHAPIRO: No, we are moving
11 forward to put the application in place that will conform
12 with the law that was passed, so that once we have both
13 pieces, we can then give you an application, you can
14 complete the application and it can -- we can go through the
15 licensing process.

16 MR. FRANCESCO: Okay. But the first step will be
17 for you to approve Item Number 10 and then perform the
18 application?

19 COMMISSION CHAIRPERSON SHAPIRO: Yeah, the first
20 step is getting the law. The law is now in place. Now,
21 we've got to get the license application approved, and the
22 rules and the regulations that go with that. That's what
23 this is doing.

24 COMMISSIONER CHOPER: And this goes out for a
25 comment period, now. That the proposal is that this be the

1 application.

2 MR. FRANCESCO: Correct.

3 COMMISSIONER CHOPER: But we cannot adopt it
4 today, until there's been a comment period. So it will
5 probably be the -- I guess more than the next meeting, if
6 it's 45 days.

7 But what I think you want to do is take a look at
8 this, and I hope you have a copy of it or, if you don't, you
9 should, and see what you think about it and let us know.

10 MR. FRANCESCO: Okay.

11 COMMISSIONER ISRAEL: The answer to your question
12 is, yes, we take your comments and then within two months,
13 hopefully, you'll be able to do this.

14 MR. FRANCESCO: Then the application will be
15 available in about two months?

16 COMMISSIONER ISRAEL: It will be legal and
17 available.

18 MR. FRANCESCO: Okay. And how do you go about
19 getting the application.

20 COMMISSION CHAIRPERSON SHAPIRO: Well, again,
21 everything is on our website. You can go to our website and
22 you should download this material. You should then write,
23 send your comments to our staff. And track it. And as it
24 is amended, and the next time we hear this, which will be at
25 our October meeting, then you can -- if it's in a form that

1 we can adopt, we'll adopt it at that point.

2 But, again, you can work with staff and follow it
3 that way.

4 MR. FRANCESCO: Now, with regard to the two-year
5 period, is that something that's set in stone or --

6 COMMISSION CHAIRPERSON SHAPIRO: No. At this
7 point, again, that is all part of what you should comment
8 and say, look, I'm willing to do this, but I want -- I think
9 it should be a five-year license. Okay, we need all those
10 comments.

11 MR. FRANCESCO: All right.

12 COMMISSION CHAIRPERSON SHAPIRO: All right?

13 MR. FRANCESCO: Well, when I had my liquor
14 license, the license was good unless you messed up and they
15 took the license away from you because you violated the law.
16 So that was -- I mean, that's just one option.

17 COMMISSION CHAIRPERSON SHAPIRO: Again, you can
18 comment on any part of the application, the rules and the
19 regulations. We're in that process.

20 MR. FRANCESCO: All right, thank you very much.

21 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

22 All right, I would entertain a motion to approve
23 this, let's put it out for comment and let's get the process
24 started.

25 COMMISSIONER ISRAEL: Moved.

1 COMMISSIONER CHOPER: So moved.

2 COMMISSION CHAIRPERSON SHAPIRO: Second?

3 COMMISSION VICE CHAIRPERSON HARRIS: Second.

4 COMMISSION CHAIRPERSON SHAPIRO: Okay.

5 MR. COUTO: Mr. Shapiro, I think I had a card.

6 COMMISSION CHAIRPERSON SHAPIRO: No, you have a
7 card that says if needed.

8 MR. COUTO: Okay.

9 COMMISSION CHAIRPERSON SHAPIRO: You're not
10 needed.

11 (Laughter.)

12 MR. COUTO: Bravo. Bravo.

13 COMMISSION CHAIRPERSON SHAPIRO: Okay, Mr. Couto,
14 do you need to say something?

15 MR. COUTO: I need to say something.

16 COMMISSION CHAIRPERSON SHAPIRO: Okay.

17 COMMISSIONER ISRAEL: Aren't you a member of his
18 organization?

19 COMMISSION CHAIRPERSON SHAPIRO: Pardon me?

20 COMMISSIONER ISRAEL: Aren't you a member of his
21 organization?

22 COMMISSION CHAIRPERSON SHAPIRO: Yeah, I am, but
23 that has no bearing on it.

24 Okay, what is it that you need to say, Mr. Couto?

25 MR. COUTO: I'd like to ask the Horse Racing Board

1 to coordinate with the ABC regarding this minisatellites at
2 restaurants.

3 One of the intents of the --

4 COMMISSION CHAIRPERSON SHAPIRO: Isn't that the
5 Michael Jackson song -- this is a different thing.

6 MR. COUTO: No.

7 COMMISSION CHAIRPERSON SHAPIRO: Over your head.
8 Go on.

9 MR. COUTO: Yeah, over my head, sorry.

10 COMMISSIONER ISRAEL: He's just showing his age.

11 MR. COUTO: Yeah, okay.

12 COMMISSION CHAIRPERSON SHAPIRO: You got it.

13 MR. COUTO: One of the primary intents of this was
14 to enable us to go ahead, where appropriate, and open these
15 in restaurants, or bar, or other well-suited facility. On a
16 two percent basis we do have, in fact, an owner of 24
17 franchise locations that's very willing to open one or two,
18 as an experiment, to get us through at the two percent,
19 that's not a problem.

20 However, he's being told by the ABC that this type
21 of operation could put in jeopardy his alcohol, beverage
22 control license. So to the extent that the Horse Racing
23 Board can coordinate with the ABC to see that it doesn't
24 place at jeopardy his alcohol license, that would be very
25 helpful.

1 COMMISSION CHAIRPERSON SHAPIRO: Okay, you know,
2 that was actually a good comment.

3 COMMISSION VICE CHAIRPERSON HARRIS: That is a
4 good comment. The head of the ABC, now, is the guy that
5 used to be --

6 COMMISSION CHAIRPERSON SHAPIRO: You know who it
7 is, it's Hardy.

8 MR. COUTO: It's Steve Hardy.

9 COMMISSION VICE CHAIRPERSON HARRIS: Hardy.

10 COMMISSION CHAIRPERSON SHAPIRO: And he'll be very
11 receptive.

12 COMMISSION VICE CHAIRPERSON HARRIS: But they've
13 got -- I mean, Hollywood Park has served drinks and
14 they're --

15 COMMISSION CHAIRPERSON SHAPIRO: You know what,
16 it's a very good comment. And Kirk, you know Steve --

17 EXECUTIVE DIRECTOR BREED: Yeah.

18 COMMISSION CHAIRPERSON SHAPIRO: -- will you make
19 contact with him and let's try to flesh this out so we make
20 sure it's --

21 COMMISSION VICE CHAIRPERSON HARRIS: I think
22 that's good, because every satellite facility has alcohol.

23 COMMISSIONER ISRAEL: There's a sign right there
24 that says "cocktails." So my eyes aren't that good, but I'm
25 pretty sure that's what it says.

1 MR. COUTO: I recognize that. But, unfortunately,
2 the ABC's a bureaucracy and I get different opinions.

3 COMMISSION CHAIRPERSON SHAPIRO: You're right.
4 But, fortunately for us, we have a guy that's a fan there.

5 MR. COUTO: Thank you.

6 COMMISSION CHAIRPERSON SHAPIRO: So thank you.
7 Thank you, Drew.

8 Okay, moving on. Item Number 11, discussion and
9 action by the Board regarding the update on the legislative
10 bills concerning California's horse racing industry.

11 Why this is an action item, I don't know. I don't
12 really think it is.

13 We have here --

14 EXECUTIVE DIRECTOR BREED: It's just for
15 information.

16 COMMISSION VICE CHAIRPERSON HARRIS: Just for
17 info, yeah.

18 COMMISSION CHAIRPERSON SHAPIRO: Okay, this was
19 information. Is there really anything for us to comment on
20 here, I mean --

21 COMMISSION VICE CHAIRPERSON HARRIS: The only one
22 I saw, which I wasn't exactly sure on our work, is that \$40
23 million one, where the license fees have to generate 40
24 million --

25 MR. FRANCESCO: Excuse me. Excuse me, Mr.

1 Chairman, excuse me.

2 COMMISSION VICE CHAIRPERSON HARRIS: Yeah.

3 MR. FRANCESCO: Did the Board take any action on
4 Item Number 10?

5 COMMISSION CHAIRPERSON SHAPIRO: Yeah, we voted
6 and we approved it.

7 COMMISSION VICE CHAIRPERSON HARRIS: We put it out
8 for comment.

9 MR. FRANCESCO: Oh, so you don't have to approve
10 it today or anything?

11 COMMISSION CHAIRPERSON SHAPIRO: We just did.

12 COMMISSION VICE CHAIRPERSON HARRIS: The thing is
13 it goes out for comment and then when it comes back we would
14 officially approve it or change it and put it out for
15 comment again, so we need to get everybody --

16 COMMISSIONER CHOPER: Excuse me, we cannot approve
17 it until it goes out for comment.

18 COMMISSION CHAIRPERSON SHAPIRO: It is out, the
19 process is starting. You should get it, you should comment
20 on it, and submit comments to staff. Okay?

21 MR. FRANCESCO: Thank you. I apologize.

22 COMMISSION CHAIRPERSON SHAPIRO: Thank you. No
23 problem.

24 Okay, you're talking about the Evans Bill, I think
25 it was AB 2258?

1 COMMISSION VICE CHAIRPERSON HARRIS: Yeah,
2 something like that.

3 COMMISSION CHAIRPERSON SHAPIRO: Here.

4 COMMISSION VICE CHAIRPERSON HARRIS: Yeah.
5 Because it's signed, it's law, and I'm not sure if we are
6 complying with that or how we're keeping books.
7 Essentially, as I understood it, the racing industry has to
8 raise \$40 million a year from the license fees. But if they
9 don't raise 40 million, there's a way to go back and assess
10 everybody.

11 And I think that the Board, unfortunately, has to
12 take a look at how we're going to physically do that.

13 EXECUTIVE DIRECTOR BREED: Mr. Chairman, Kirk
14 Breed.

15 What the law has said, since we did the ADW
16 language -- what is that, two years ago? What the law says
17 was that it refers to the 40 million as the total amount
18 paid to the State.

19 What this bill does is changes -- it changes that
20 language as total amount paid to the State, to the license
21 fees paid to the State.

22 And, basically, whether it was that intent or just
23 bad drafted language, the total amount paid to the State
24 included license fees and the amount paid in the fees and
25 fines, sales tax, everything that went into horse racing.

1 COMMISSION VICE CHAIRPERSON HARRIS: So with that
2 we way over.

3 EXECUTIVE DIRECTOR BREED: With that, we were
4 over. But the problem is we couldn't collect it. And what
5 this bill does is allows us, if the license fee is beneath
6 the 40 million, to collect the difference from the industry,
7 and it spells out exactly how that's to be done.

8 This is good because the F&E fund, which is where
9 these monies go, is what supports the 81 some fairs in the
10 State of California, and without that money they are running
11 a deficit. Like the last three years with ADW, and the
12 problem here is that ADW pays no license fees.

13 And as that goes up and the other off-track/on-
14 track goes down, basically the F&E fund is losing money.

15 COMMISSION VICE CHAIRPERSON HARRIS: I thought,
16 though, the 40 million -- that 40 million would first go to
17 pay the CHRB budget, and then F&E gets the residual, which
18 is about 30 million.

19 EXECUTIVE DIRECTOR BREED: Right. And that's the
20 way -- we get our money, first.

21 COMMISSION VICE CHAIRPERSON HARRIS: First. But
22 that's the problem. But, I mean, longer term what needs to
23 happen is figure some other pot of money to take care of the
24 fairs.

25 EXECUTIVE DIRECTOR BREED: That would -- I think

1 everybody agrees with that. But it's the way we -- we've
2 been doing it this way since 1933, so I guess it's hard to
3 change that.

4 COMMISSION VICE CHAIRPERSON HARRIS: Yeah.

5 COMMISSION CHAIRPERSON SHAPIRO: Okay. Is there
6 any other comments on any of the bills here, that are in
7 front of us?

8 I think what we ought to probably do is have a
9 Legislative Committee meeting.

10 COMMISSION VICE CHAIRPERSON HARRIS: Yeah.

11 COMMISSION CHAIRPERSON SHAPIRO: And I did submit
12 new committee assignments, which I assume you got?

13 EXECUTIVE DIRECTOR BREED: Right, and which we
14 failed to put in the --

15 COMMISSION CHAIRPERSON SHAPIRO: I see they're not
16 in the book here, but the new Legislative Committee will be
17 Harris, myself, and Israel will be on the Legislative
18 Committee.

19 COMMISSIONER ISRAEL: And in committee we will
20 take a position on the bill?

21 COMMISSION CHAIRPERSON SHAPIRO: Well, we will
22 discuss them. We never take a position. I mean, we --

23 COMMISSION VICE CHAIRPERSON HARRIS: Well, we
24 might.

25 COMMISSION CHAIRPERSON SHAPIRO: We may want to

1 take a position on each of these bills.

2 COMMISSION VICE CHAIRPERSON HARRIS: Because the
3 Governor's office usually does want to know where the Racing
4 Board is.

5 COMMISSIONER ISRAEL: Right.

6 COMMISSION VICE CHAIRPERSON HARRIS: And I think
7 we need to have somewhat of a position of what they're
8 proposing --

9 COMMISSION CHAIRPERSON SHAPIRO: Right. But we
10 have to do a write-up and then we have to coordinate with
11 the Governor's office.

12 COMMISSION VICE CHAIRPERSON HARRIS: But we need
13 to go through it and take some time, and see the whole
14 thing.

15 COMMISSION CHAIRPERSON SHAPIRO: I agree.

16 COMMISSION VICE CHAIRPERSON HARRIS: But I think
17 the tracks all have lobbyists. I think if there's anything
18 that any of the folks out there have, they need to get it in
19 play.

20 But there's some of the different frustrations is
21 that racing has a lot of little things that need fixing,
22 that they never seem to get fixed. Like being able to
23 import more races was debatable, and having more satellite
24 locations in Southern California, which I guess did get
25 fixed.

1 COMMISSIONER ISRAEL: Well, the import and -- the
2 more races of thoroughbred is in the suspension file, which
3 means it's not being considered.

4 COMMISSION VICE CHAIRPERSON HARRIS: And it might
5 come back or something. But the problem there is that
6 there's a limit, now, on how many races can be imported, and
7 it -- originally, it was concerned that that would
8 cannibalize, you know, our live races.

9 But I think going forward it may be that it needs
10 to be fewer live races, not drastically fewer, but maybe
11 some four-day weeks, and if you could import more races, you
12 could still give some life to the game.

13 COMMISSIONER ISRAEL: Now, I don't think we're
14 going to meet again before this legislative session is over.
15 Will we? And if they approve a budget, aren't they done
16 in --

17 COMMISSION CHAIRPERSON SHAPIRO: They were
18 supposed to be done August 31st.

19 COMMISSIONER ISRAEL: Right, so they'll be done by
20 Labor Day if they --

21 COMMISSION VICE CHAIRPERSON HARRIS: I think we
22 could make -- I think our role would be not so much to
23 influence legislation, as to recommend or --

24 COMMISSION CHAIRPERSON SHAPIRO: On the signature.

25 COMMISSIONER ISRAEL: Yeah, to act as a

1 responsible analyst, basically.

2 COMMISSION VICE CHAIRPERSON HARRIS: Yeah.

3 COMMISSION CHAIRPERSON SHAPIRO: Okay. I will
4 then -- Mr. Couto, are you needed on this one? No. Okay,
5 thanks.

6 We'll move on to Item Number 12. Discussion by
7 the Board regarding the Sacramento Harness Association's
8 uncashed tickets and the amount of money generated from the
9 California Harness Horsemen's Association from the uncashed
10 tickets for the subsidized funding of California Harness
11 Horsemen's Backstretch and Welfare Insurance Program.

12 Mr. Perez, how are you?

13 MR. PEREZ: Good. Good afternoon, Commissioners.

14 It's unfortunate that this is not an action item.
15 We have the same, similar situation in June of '06, where
16 staff analysis recommended that the dollars that are being
17 held, back then they were held by Scotwinc, be directed
18 right to the association for the Backstretch and Welfare
19 Fund, not to the operator, as it usually happens.

20 We're in the same situation, now. We have Sac
21 Harness is the operator, or was the operator in 2007. We
22 have -- I spoke to Notwinc just this past week, we have
23 \$137,000 up there in outs money. And we use the outs money
24 for our Backstretch and Welfare Fund.

25 It usually runs -- we subsidize that for the poor

1 people on the backside, the grooms, trainers, some drivers.
2 That fund usually lasts a good year. Well, we usually get
3 it in June.

4 We are days away, not weeks or months, days away
5 from canceling that program completely down and leaving
6 these children and these families without health insurance
7 on the backside, because Sac Harness refused or did not pay
8 this Disher Accounting, who also does the accounting for
9 CARF, to pay in for the reports for last year.

10 Since then I've been in contact with Gary, he's
11 willing to do the accounting --

12 COMMISSION CHAIRPERSON SHAPIRO: Gary?

13 MR. PEREZ: Disher Accounting.

14 COMMISSION CHAIRPERSON SHAPIRO: Okay.

15 MR. PEREZ: I'm sorry. He's willing to do --

16 COMMISSION VICE CHAIRPERSON HARRIS: Disher
17 Accounting?

18 MR. PEREZ: Disher Accounting, yes. I asked him
19 this question, if we are willing to pay for the accounting
20 and the reports for the outs, out of the backstretch fund,
21 will he do them for us? Absolutely, he said.

22 Then he come back and he said, well, I would need
23 permission from SHA, because it's their reports.

24 Since then he spoke to Ivan Axelrod, President of
25 SHA, and Ivan told him, hang on a minute, give us a couple

1 of --

2 COMMISSIONER CHOPER: Told him what?

3 MR. PEREZ: Hold on a minute, give us a couple of
4 weeks. We don't have a couple of weeks. And this was a
5 few -- this was like maybe two months ago. We don't have a
6 couple of weeks, especially now.

7 Since then SHA has spoken to Francisco, and your
8 staff, and told them go ahead, let them do the reports.
9 Therefore, we have agreed with Gary Disher to pay for the
10 reports out of the backstretch fund account, and he can
11 continue to bill SHA. And whatever monies he gets from SHA,
12 if any, will go back to us, so he's not going to double dip.

13 The problem we have is we need Notwinc to release
14 those funds directly to us. We know there's a lot of
15 parties looking at SHA for monies, and we can't, as an
16 organization, pay for it and then not get anything back.

17 COMMISSION CHAIRPERSON SHAPIRO: So, Jimmy, what
18 are you asking of us, okay?

19 MR. PEREZ: We're asking the same thing we did in
20 '06, to have staff work with us and with Notwinc, look at
21 the reports and have Notwinc issue the check for the
22 backstretch.

23 COMMISSION CHAIRPERSON SHAPIRO: Yeah, but are
24 there other parties? The difference than in 2006 is that we
25 have a racing association that is close to, if not going to

1 be entering into bankruptcy. There are many other parties
2 making claim for funds. We didn't have that in 2006.

3 MR. PEREZ: Correct.

4 COMMISSION CHAIRPERSON SHAPIRO: It was a simple
5 issue of, hey, these are the outs, let's expedite Notwinc,
6 or whoever, to get the money to them.

7 Okay, I understand that you've worked through to
8 get Disher to do the work, and that you'll pay for it and
9 they're not going to double dip. But the issue then comes
10 into we're going to have to get legal guidance here, as to
11 whether or not there are other parties that are going to
12 make claim for these funds. And we don't want to be in the
13 position of directing somebody to issue money, when that
14 money could be part of a bankruptcy or the creditors.

15 Now, it's the same kind of -- similar to what
16 we've been dealing with for months.

17 MR. PEREZ: Sure, I understand. I understand.

18 COMMISSION CHAIRPERSON SHAPIRO: So while, again,
19 we're doing all we can to take care of the people on the
20 backside, which I think you know.

21 MR. PEREZ: Sure.

22 COMMISSION CHAIRPERSON SHAPIRO: We're doing our
23 best here. But I think that Bob, Mr. Miller is going to
24 have to give us guidance as to what rights we have with
25 which to direct Notwinc, or anybody, with respect to the

1 disposition of any of these monies.

2 MR. PEREZ: Okay.

3 COMMISSION CHAIRPERSON SHAPIRO: Because of the
4 legal issues that you're dealing with. And Mr. Miller's
5 clearly aware and involved of what those circumstances are.

6 So I would suggest that this Board look to help
7 you in every way that we can, but within the confines of
8 what the laws are.

9 STAFF COUNSEL MILLER: And the matter will be
10 taken up in closed session.

11 MR. PEREZ: Okay.

12 STAFF COUNSEL MILLER: Sacramento Harness.

13 MR. PEREZ: I believe -- the only thing is, I
14 believe the 137 gets split, I'm not sure what percentage of
15 it, to the backstretch account and to the State. I'm not
16 sure, because that money's being held from Notwinc. Maybe
17 somebody else can clarify that, but I believe that's where
18 it splits. From the '06 meeting we had, I think that's
19 where it was split back then, it was held by Scotwinc, and
20 now it's Notwinc.

21 And, like I say, all we ask is that we can
22 hopefully move this along as soon as possible.

23 I spoke to Gary this morning, the accountant, and
24 he said he could have it done in two days.

25 COMMISSION CHAIRPERSON SHAPIRO: Well, I can

1 assure you this Board has shown great effort to try and
2 help, and expedite resolution of this.

3 MR. PEREZ: No, absolutely.

4 COMMISSION CHAIRPERSON SHAPIRO: We will use that
5 same zeal to do this, as well.

6 MR. PEREZ: Okay. Okay.

7 COMMISSION CHAIRPERSON SHAPIRO: All right?

8 MR. PEREZ: Thank you.

9 COMMISSIONER CHOPER: I do think that if you have
10 any view as to how that money should be distributed, all
11 right, then you ought to communicate with Mr. Breed, who
12 will turn it over to the -- to counsel.

13 MR. PEREZ: Okay.

14 COMMISSIONER CHOPER: Because you want to make
15 sure your position's represented here.

16 MR. PEREZ: Sure. Well, if counsel could go back
17 to 2006, also, in the June 2006 meeting, Mr. Shapiro has a
18 copy of, actually, of the transcript and part of the minutes
19 on there, it would kind of -- I could handle it the same
20 exact way, basically, where staff would work with Notwinc
21 and us, and then we'd see that the money goes out.

22 COMMISSION VICE CHAIRPERSON HARRIS: It is clear
23 that this money is at Notwinc, it's not at Sacramento
24 Harness?

25 MR. PEREZ: Yes. No, I spoke to Notwinc just the

1 other day.

2 COMMISSION VICE CHAIRPERSON HARRIS: So, it's
3 basically it's like, theoretically, as we were going through
4 this other thing, that was money that was really held in
5 trust for you.

6 MR. PEREZ: Right, right.

7 COMMISSION VICE CHAIRPERSON HARRIS: And it's not
8 like it's just a trade receivable or something.

9 MR. PEREZ: No. This is outs money that's held at
10 Scotwinc, they currently have 137,000 up there, and that's
11 what we need.

12 COMMISSION CHAIRPERSON SHAPIRO: Okay.

13 COMMISSIONER ISRAEL: The truth is Richard's
14 right, we don't have any authority to impose our will on
15 anybody in this case; right?

16 COMMISSION CHAIRPERSON SHAPIRO: Well, we don't
17 know. We may have.

18 COMMISSIONER ISRAEL: Oh, really?

19 COMMISSION CHAIRPERSON SHAPIRO: We may have
20 authority. But, again, our problem is this is all
21 complicated because there are a variety of parties making
22 claims for funds, and we need to make sure that this is not
23 going to be something where there's other creditors who are
24 going to make claim for this money. But it's been
25 specifically authorized to go to you, and if counsel deems

1 that it was basically money that was held in trust for you,
2 and we can -- we can direct it to you, to the backside
3 workers.

4 MR. PEREZ: Right.

5 COMMISSION CHAIRPERSON SHAPIRO: But we need to
6 find that out.

7 MR. PEREZ: But it is by statute, also, that that
8 money goes to the backstretch account.

9 COMMISSION CHAIRPERSON SHAPIRO: I understand.

10 MR. PEREZ: All right, thank you very much.

11 COMMISSION CHAIRPERSON SHAPIRO: Item Number 13,
12 discussion and action by the Board on the distribution of
13 race charity proceeds from Bay Meadows Racing Association in
14 the amount of \$33,360 to four beneficiaries.

15 It's been outlined in the book who those
16 beneficiaries are.

17 Does anybody have any comments? If not, I would
18 move that we approve the --

19 COMMISSION VICE CHAIRPERSON HARRIS: Second.

20 COMMISSION CHAIRPERSON SHAPIRO: Second.

21 All in favor?

22 (Ayes.)

23 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

24 Okay, Item Number 14, staff report on the
25 concluded race meeting of the Los Angeles Turf Club at Santa

1 Anita, from December 26th, 2007 through April 20th, 2008.

2 I believe that in our book we have statistics, and
3 I'm not sure why this is here, to be honest, other than it
4 got delayed, I think, from prior meetings and we're behind
5 schedule.

6 And, therefore, unless there's something that
7 needs to be added, I would recommend that Commissioners all
8 look at the statistics.

9 In hindsight, today, they're not so bad, compared
10 to where we're seeing what's happening nationally. So when
11 you look at, you know, that average daily attendance on-
12 track was off 5.56 percent, you know, that's not the worst
13 thing in the word, unfortunately. And the handle was up
14 2.77.

15 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, I think
16 the main problem they had was they lost those days and that
17 was the loss that never came back.

18 COMMISSIONER ISRAEL: For the total, certainly.

19 COMMISSION CHAIRPERSON SHAPIRO: Yeah. They lost
20 a total of eight days.

21 COMMISSION VICE CHAIRPERSON HARRIS: The totals
22 are distorted. There probably should be a footnote that
23 that is not apples and apples.

24 COMMISSIONER ISRAEL: Yeah. Well, they raced 77
25 days instead of 85 days.

1 COMMISSION VICE CHAIRPERSON HARRIS: Yeah.

2 COMMISSION CHAIRPERSON SHAPIRO: All right.

3 COMMISSIONER CHOPER: The thing that sticks out is
4 this average daily ADW handle, way up.

5 COMMISSION CHAIRPERSON SHAPIRO: Well, and that's
6 what's so interesting --

7 COMMISSION VICE CHAIRPERSON HARRIS: That was the
8 experiment, too.

9 COMMISSIONER ISRAEL: That was four providers.

10 COMMISSION CHAIRPERSON SHAPIRO: That was the
11 first year of the experiment, four providers, and yet if you
12 look at ADW today, at this meeting, down.

13 COMMISSION VICE CHAIRPERSON HARRIS: Yeah.

14 COMMISSION CHAIRPERSON SHAPIRO: And I don't think
15 we've seen down in a long time. I don't ever think we've
16 seen down.

17 Has anybody ever seen ADW down?

18 COMMISSIONER ISRAEL: We haven't seen an economy
19 this bad since the advent of ADW.

20 COMMISSION CHAIRPERSON SHAPIRO: Right.

21 COMMISSION VICE CHAIRPERSON HARRIS: Well, that's
22 true, but still we could do a -- I mean, the economy's
23 probably been this bad for 60 days or so. You could take
24 the last month of Hollywood with the experiment, and the
25 first month here without, and then --

1 COMMISSIONER ISRAEL: Yeah, there's no question
2 that you're reaching twice as many people, potentially.

3 COMMISSION CHAIRPERSON SHAPIRO: Okay. All right,
4 I'll move on to Item Number 15, report to and discussion by
5 the Board on the policy and regulations related to the
6 redistribution of purses as a result of post-race positive
7 medication violations.

8 This item, as you may recall, was carried over
9 from last time.

10 This issue is one where we have sufficient rules
11 on our books to dictate and I don't think the practice
12 adheres, actually, to the rules that we have.

13 And the rules say that once tests have cleared,
14 the monies will be distributed.

15 However, in practice what is done is that once the
16 races are concluded monies are distributed to the winning
17 parties and not --

18 COMMISSION VICE CHAIRPERSON HARRIS: I think it's
19 72 hours, now.

20 COMMISSION CHAIRPERSON SHAPIRO: Okay, let -- it
21 may be 72 hours, but the monies are being distributed prior
22 to results from the tests coming back.

23 And what has happened on occasion and, again, you
24 know, 95 percent or more, Dr. Arthur could probably tell us,
25 of the tests come back clean.

1 COMMISSION VICE CHAIRPERSON HARRIS: More than
2 that, I think.

3 COMMISSION CHAIRPERSON SHAPIRO: Okay, 99 percent
4 of the tests. But in a few circumstances what we have is we
5 have a test that comes back, we find that it's a class one,
6 two, three, and there's a purse redistribution. The parties
7 have already gotten their money.

8 Now, we have to go back and we say give back your
9 money. And in some cases that is difficult to get. It is a
10 problem, people don't want to give it back. Some of these
11 cases can go on for years.

12 Then you get into the issue with the riders. The
13 riders say I did my job, I shouldn't have to give back my
14 money, and so they don't want to give it back, the rider.

15 And the owner, who's responsible for returning all
16 the money could, in fact, be stuck having to pay two fees
17 because he has to pay -- because he's the one that has to
18 collect the money from the rider who he, theoretically
19 contracted with, other than for the minimum amount fee.

20 COMMISSIONER ISRAEL: Who is the pay agent,
21 technically?

22 COMMISSION CHAIRPERSON SHAPIRO: Pardon me?

23 COMMISSIONER ISRAEL: The pay agent, who's
24 responsible for cutting the checks?

25 COMMISSION CHAIRPERSON SHAPIRO: The paymaster of

1 purses, at each track.

2 COMMISSIONER ISRAEL: At each track. Now, is
3 there -- could a mechanism be put in place whereby if a
4 person were -- if the money were paid out prematurely, and
5 then a reimbursement were required -- and a jockey would be
6 much easier. But could they make a correction the next time
7 he's about to be paid, the money goes in a fund and then
8 it's paid properly to the --

9 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, because
10 I think there's an account -- everyone has an account.

11 COMMISSION CHAIRPERSON SHAPIRO: Right, right, you
12 can debit somebody's account and so forth.

13 COMMISSIONER ISRAEL: Right. And then so -- and
14 that would require us to act, though, is that not the case?
15 And with the owner and the trainer, too.

16 COMMISSION CHAIRPERSON SHAPIRO: Keep in mind what
17 happens, though, what happens to the guy that comes out
18 here, he's not a regular.

19 COMMISSIONER ISRAEL: Right.

20 COMMISSION CHAIRPERSON SHAPIRO: He wins a stake,
21 and let's say some rider comes out here --

22 COMMISSIONER ISRAEL: No, I see.

23 COMMISSION CHAIRPERSON SHAPIRO: Edgar Prada, I'm
24 just picking a name, he wins \$50,000 or something and finds
25 out it's positive, and he says, I'm not giving the money

1 back, I don't care, and now you have to fight for it.

2 And, unfortunately, we have cases that go back
3 years, trying to fight for get the money from owners who
4 aren't around anymore, from jockeys --

5 COMMISSIONER ISRAEL: Oh, no, this is a repo man
6 case that's just really hard to --

7 COMMISSION VICE CHAIRPERSON HARRIS: Yeah. I'd
8 like to see the list of who we have. I question if there's
9 that many owners that aren't paying back. I think it's more
10 of a jockey problem. And the jockeys are capable of paying
11 it back, but the jockeys are claiming that that's not a fair
12 situation, is their deal.

13 COMMISSIONER ISRAEL: Yeah, I mean, it's absurd
14 that the purses get paid in violation of our recommendation,
15 isn't it?

16 COMMISSION CHAIRPERSON SHAPIRO: Well, it's
17 not -- it's been a practice, that's been adopted, to simply
18 not wait for the test to clear.

19 COMMISSIONER ISRAEL: But that's a violation of
20 our recommendation.

21 COMMISSION CHAIRPERSON SHAPIRO: I don't know if
22 it's a violation. It's clearly not what the rule says.
23 It's not being adhered to strictly by the rule.

24 COMMISSIONER ISRAEL: Then it's a violation.

25 COMMISSION CHAIRPERSON SHAPIRO: Okay.

1 COMMISSIONER ISRAEL: Is there any punishment that
2 can be levied upon the track for not abiding by the
3 regulation?

4 COMMISSION CHAIRPERSON SHAPIRO: Well, I don't
5 know if there's punishment against the track. The truth is
6 the tracks are doing it --

7 COMMISSIONER ISRAEL: Or the paymaster, whoever
8 the hell it is.

9 COMMISSION CHAIRPERSON SHAPIRO: They are -- the
10 tracks are actually trying to help the horsemen, the
11 jockeys, and the trainers because what they're saying is,
12 look, it can take a while to get tests back. They're acting
13 as -- they're advancing the money and they are the ones who
14 could be hurt by holding the bag.

15 COMMISSIONER ISRAEL: I understand. But once that
16 lag is made up the first day, in other words it's a seven-
17 day lag, so for that seven days no one gets paid, then
18 everybody starts getting paid, and you're getting paid on
19 the same, regular basis as you were. So the only real
20 difficult period is the makeup period the first week or ten
21 days, however long it is.

22 Other than that, you're getting paid every day, on
23 a regular schedule. So for a week you get screwed.

24 COMMISSIONER ANDREINI: It takes longer than that
25 for the tests to come back.

1 COMMISSIONER ISRAEL: Well, how long does it take
2 for the tests to come back?

3 COMMISSION VICE CHAIRPERSON HARRIS: Well, the
4 thing is, too, the tests don't really come back, but they
5 can be a field --

6 COMMISSIONER ISRAEL: Be challenged, right. But
7 you're dealing with such a small --

8 COMMISSION CHAIRPERSON SHAPIRO: But 90 percent of
9 the tests come back in 72 hours.

10 COMMISSIONER ISRAEL: In 72 hours, okay, so you're
11 dealing with a three- or four-day lag.

12 COMMISSION VICE CHAIRPERSON HARRIS: I'm not sure,
13 is that right? Is Scott Stanley still here?

14 EQUINE MEDICAL DIRECTOR ARTHUR: No, it's 90
15 percent can be cleared in -- Dr. Arthur. Let me stand up.

16 COMMISSION VICE CHAIRPERSON HARRIS: Let's make
17 sure we've got the regimen right.

18 COMMISSIONER ISRAEL: Yeah.

19 EQUINE MEDICAL DIRECTOR ARTHUR: I think it's
20 actually on page 3 of your packet. The 90 percent of the
21 tests can be cleared within 72 hours. The problem's getting
22 the samples to the tests, to the laboratory, and sometimes
23 that's a delay.

24 COMMISSION VICE CHAIRPERSON HARRIS: Well, that's
25 also not counting holidays or weekends, which is about half

1 the time.

2 EQUINE MEDICAL DIRECTOR ARTHUR: That's right.
3 Not half the time.

4 COMMISSION VICE CHAIRPERSON HARRIS: Because the
5 problem is that the timing is a lot more strung out than
6 just 72 hours.

7 COMMISSIONER ISRAEL: But once that first, initial
8 lag occurs, then there's a regular payment, on a regular
9 basis every day that there's racing.

10 EQUINE MEDICAL DIRECTOR ARTHUR: And that's the
11 way it used to be.

12 COMMISSIONER ISRAEL: And so just to accept that
13 one week in the racing schedule there's going to be a lag in
14 2008, or 2009, whatever, and then you're back up to speed,
15 seems reasonable. I mean, it's hard for me to imagine
16 somebody's going to lose their business or their ability to
17 keep preparing for races over one week.

18 COMMISSION CHAIRPERSON SHAPIRO: Well, I think
19 we're going to the same place, okay. My view is that we
20 ought to go -- we should not be distributing money until the
21 tests are cleared.

22 Since 90 -- Dr. Arthur, I'm sorry to do this to
23 you. What percentage of the tests would you say come back
24 as clear, 99 percent, 98 percent?

25 EQUINE MEDICAL DIRECTOR ARTHUR: Over 98 percent.

1 COMMISSION CHAIRPERSON SHAPIRO: Fine.

2 EQUINE MEDICAL DIRECTOR ARTHUR: So 90 percent are
3 cleared in 72 hours, 98 percent are cleared within five
4 days.

5 COMMISSION VICE CHAIRPERSON HARRIS: So 90 percent
6 of the time it's not a problem in 72 hours.

7 COMMISSION CHAIRPERSON SHAPIRO: So my view is
8 what we should be doing, because I think it will help the
9 paymasters, I think it helps our jobs a lot easier, is until
10 the law is changed we should go back -- unless the law is
11 changed, we should go back and say that tests must clear
12 before there are any payments made.

13 COMMISSIONER ISRAEL: But, apparently, we already
14 have that law in place.

15 COMMISSION CHAIRPERSON SHAPIRO: Yeah, we have
16 that.

17 COMMISSIONER ISRAEL: But nobody's enforcing it.
18 So the question is how do you enforce the law?

19 COMMISSION CHAIRPERSON SHAPIRO: Well, by doing
20 exactly what we're doing right here.

21 COMMISSION VICE CHAIRPERSON HARRIS: Well, I don't
22 understand why we can't -- I mean, I don't think there's
23 that many cases where somehow it is a bad test, and the guy
24 has taken the money, and he's not giving it back. I mean,
25 we've got jurisdiction over him, and I don't see anything in

1 the stewards' minutes where somebody didn't pay it back and
2 they did anything about it.

3 COMMISSIONER ISRAEL: Well, one of you said, in
4 the case of a jockey who comes to New York and rides one
5 race --

6 COMMISSION VICE CHAIRPERSON HARRIS: The jockey
7 part is different. The jockey deal opens a whole 'nother
8 can of worms, as opposed to the owner.

9 COMMISSION CHAIRPERSON SHAPIRO: Yeah, but if you
10 read the rule and, technically, it's the owner who's
11 responsible for the jockey part.

12 EQUINE MEDICAL DIRECTOR ARTHUR: Right.

13 COMMISSION CHAIRPERSON SHAPIRO: And we get
14 involved and we get in the middle of a jockey and an owner
15 fighting over who owes the money. And then the jockeys come
16 in and say I did my job.

17 I can just tell you that at the Hollywood Park
18 meeting I went in, and there's a case that's involving a
19 local rider, who has refused to give the money back, and
20 this has gone on for over a year, and I said to the
21 stewards, suspend him.

22 COMMISSION VICE CHAIRPERSON HARRIS: But back to
23 David's point, though, I can't see how a jockey, that's a
24 local rider, can refuse, it's just his account got debited.
25 I mean, is he going back and saying I'm going to get an

1 injunction from debiting my account or something?

2 COMMISSION CHAIRPERSON SHAPIRO: They haven't been
3 debiting accounts.

4 COMMISSIONER ISRAEL: Well, that's the problem.

5 COMMISSION CHAIRPERSON SHAPIRO: And I'm agreeing
6 that we need to clean it up.

7 COMMISSIONER ISRAEL: Who employs the paymaster?

8 COMMISSION CHAIRPERSON SHAPIRO: Pardon me?

9 COMMISSIONER ISRAEL: Who employs the paymaster.

10 COMMISSION VICE CHAIRPERSON HARRIS: The track.

11 COMMISSIONER ISRAEL: Okay, Ron, can you explain
12 why the payments are made before the -- before the clearance
13 of the test, as required by the --

14 MR. CHARLES: Okay, be glad to. Ron Charles, MEC.

15 That's the way we used to do business. We used to
16 wait until all the tests were cleared and then we disbursed
17 the money.

18 It's my recollection, whether it's how many years
19 ago it was, that we were requested -- the racetracks were
20 requested, by the horsemen, to pay on -- as I think, it's 48
21 hours.

22 COMMISSION VICE CHAIRPERSON HARRIS: It's 72.

23 MR. CHARLES: It's 72 hours, okay.

24 COMMISSION VICE CHAIRPERSON HARRIS: Sometimes
25 it's more than 72 because the office is closed in 72.

1 MR. CHARLES: But right now we're supposed
2 to -- we are paying because, basically, the horsemen asked,
3 and apparently the Board at that time agreed, that we would
4 pay within 72 hours. The money would be available to the
5 owner and the trainer in 72 hours.

6 COMMISSIONER ISRAEL: What hardship -- and Drew,
7 you may want to address this. What significant hardship
8 would be incurred by any of the parties getting paid, if we
9 just instituted the process whereby payment, probably, was
10 delayed 120 hours.

11 COMMISSION CHAIRPERSON SHAPIRO: We just stuck to
12 our rule.

13 COMMISSIONER ISRAEL: Yeah, and so that first week
14 that this were instituted, that the rules were abided by
15 there would be some delay, but then payment would start
16 coming in on a regular basis for the races five or seven
17 days preceding, and somebody would get paid every week. So
18 you'd have a hardship for, obviously, those first five or
19 seven days. Is there any other hardship that would be
20 incurred?

21 MR. CHARLES: No, I think the point that was made
22 by the horsemen, both owner and trainer, was that they
23 wanted access to their money sooner. So we're willing
24 to -- we're willing to get that money out --

25 COMMISSIONER ISRAEL: Well, technically, it's not

1 their money until the tests have cleared.

2 MR. CHARLES: That's correct.

3 COMMISSIONER ISRAEL: That's the law, it's not
4 their money.

5 MR. CHARLES: That's correct.

6 COMMISSIONER ISRAEL: You know, so they want
7 access to somebody else's money, apparently.

8 COMMISSION CHAIRPERSON SHAPIRO: And, David, just
9 so you know, and there's a little bit of a flaw in your
10 logic, although I totally agree with you, in that the money
11 is not -- it's not just a five- or six-day delay, or
12 whatever a week, because the money is not coming in on a
13 regular basis in a normal stream. It may be that they don't
14 win money for a week or two, and then they win some money
15 and it's, oh, I got to get my money.

16 COMMISSIONER ISRAEL: I understand that. But
17 that's a management issue on the receiver's end. You have
18 to manage assuming that you're not going to win every race
19 and you're not going to have money.

20 COMMISSION CHAIRPERSON SHAPIRO: Okay, all I'm
21 saying is they're not -- because of the type of work they
22 do, it's like commission work, they make some and
23 they --

24 COMMISSIONER ISRAEL: No, I understand.

25 COMMISSION VICE CHAIRPERSON HARRIS: On your money

1 part, I think technically you're right, but 98 percent of
2 the time it really is. It's not like we've got a lot of
3 tests that are bad tests.

4 COMMISSIONER ISRAEL: And I understand, and for
5 those people, after that initial one-week lag, or if it's a
6 catch up, it's the law, then they're going to be paid and
7 then they'll have a regular cash flow provided they have
8 horses -- well, if they enter horses, they're going to get
9 400 bucks so --

10 COMMISSION VICE CHAIRPERSON HARRIS: Well, some of
11 the jockeys maybe only enter and win one race a week or
12 something.

13 COMMISSIONER CHOPER: What I don't understand is
14 that you say that it's three to five days under the present
15 system; is that right, Ron?

16 MR. CHARLES: Yeah, we're paying --

17 COMMISSIONER CHOPER: Pardon?

18 MR. CHARLES: Yeah, we're paying --

19 COMMISSIONER CHOPER: So what are we talking about
20 here, we're not even talking about a week anymore, we're
21 talking about a couple days more.

22 COMMISSIONER ISRAEL: Yeah, it's only two or three
23 days just to catch up.

24 COMMISSIONER CHOPER: I guess I don't -- maybe I'm
25 missing something.

1 MR. CHARLES: Well, certain days we're closed, we
2 certainly can't pay the money that day.

3 COMMISSIONER CHOPER: I understand.

4 COMMISSION CHAIRPERSON SHAPIRO: So, Ron, or
5 anybody, I would like to see us go back to what the rule
6 book says, because it will simply eliminate a lot of issues
7 that the stewards are having to deal with, that are constant
8 problems for us and our system.

9 Our rules say that when the tests clear is when
10 the money will be distributed. Is there anybody that has a
11 serious objection to doing that?

12 COMMISSION VICE CHAIRPERSON HARRIS: Well, I'd
13 like to make it a finite time, make it ten days or
14 something.

15 COMMISSION CHAIRPERSON SHAPIRO: Well, that's
16 where we get into trouble.

17 COMMISSIONER ISRAEL: Then you've got to rewrite
18 statute then, John, I mean --

19 COMMISSION VICE CHAIRPERSON HARRIS: Well, it's
20 when the test clear. Well, the problem is how do you
21 consider -- if there's a dispute, if a guy gets a split
22 sample, before we really know for sure that a guy is going
23 to lose his purse, even to the first remedy, you know, even
24 before he even goes to the stewards it might be a month.

25 MR. CHARLES: So you're talking about holding up

1 the entire purse for potentially years, no one would be
2 paid.

3 COMMISSION CHAIRPERSON SHAPIRO: No. No, no, no,
4 no.

5 COMMISSION VICE CHAIRPERSON HARRIS: That's the
6 extreme. But if you really take it to the extreme, that
7 would really be --

8 COMMISSION CHAIRPERSON SHAPIRO: But again, the
9 point of this is, I mean, we've had cases go for years and
10 years.

11 EXECUTIVE DIRECTOR BREED: We have one right now.

12 COMMISSION CHAIRPERSON SHAPIRO: Okay, and we're
13 talking about one percent of the purses.

14 COMMISSION VICE CHAIRPERSON HARRIS: And those
15 cases were jockey cases, weren't they?

16 COMMISSION CHAIRPERSON SHAPIRO: No. No.

17 COMMISSIONER ISRAEL: First of all it would only
18 be on if a horse tested dirty. So on that one dirty --
19 let's say the horse tested dirty and --

20 COMMISSION VICE CHAIRPERSON HARRIS: They have to
21 get their money back --

22 COMMISSIONER ISRAEL: No, John, let me just -- it
23 would only be if the horse tested dirty. Let's say that
24 horse won the race. So that particular portion of the
25 purse, that winner's portion of the purse would be held up

1 until all the appeals are exhausted. But the second, third
2 and fourth, subsequent finishers would get paid their
3 portion of the purse.

4 COMMISSION CHAIRPERSON SHAPIRO: Absolutely.

5 COMMISSIONER ISRAEL: And then if they get moved
6 up --

7 MR. CHARLES: They get reimbursed the additional
8 amount.

9 COMMISSIONER ISRAEL: And if, out of fairness,
10 maybe that purse money's put into an escrow account, where
11 it earns interest, as specified by some kind of regulation
12 we can pass, and the interest is then paid out to the
13 winning owners, whether it's the owner that wins the appeal
14 or loses the appeal.

15 COMMISSIONER CHOPER: That sounds absolutely right
16 to me. That's the way systems work, I mean, in terms of
17 claims to money.

18 MR. CHARLES: We are totally comfortable with what
19 you're saying, believe me.

20 I think we need to hear from the horsemen, I wish
21 Ed Halpern was here, but I think we need to hear from the
22 horsemen because I think it was this -- the fact that we
23 moved the timeframe up was due to the horsemen, they wanted
24 to get --

25 COMMISSION VICE CHAIRPERSON HARRIS: Well, that's

1 the thing, I think it can be anything we want it to be, but
2 I think we need to make sure the horsemen, and the jockeys,
3 and the tracks all feel this is the best system.

4 COMMISSION CHAIRPERSON SHAPIRO: You know, I
5 appreciate that, but I think in this case I abdicate we go
6 toward what our rule says --

7 COMMISSION VICE CHAIRPERSON HARRIS: According to
8 our rule, yeah.

9 COMMISSION CHAIRPERSON SHAPIRO: -- and not what
10 the jockeys may think is right or what the trainers may
11 think is right.

12 MR. CHARLES: Well, I agree with you, Richard, but
13 you have to have a method for enforcing the rule, if it's
14 violated.

15 COMMISSION CHAIRPERSON SHAPIRO: But we do.

16 MR. CHARLES: Which is what?

17 COMMISSION CHAIRPERSON SHAPIRO: It's in our
18 rules, which is that we hold the money, we hold the money
19 until the tests have cleared. I believe it's spelled out
20 very clearly here, which gives the stewards -- and in
21 meeting with the stewards, they had said, our lives would be
22 a lot simpler if we simply adhere to what the rules now
23 provide. And that's all I'm trying to do.

24 COMMISSION VICE CHAIRPERSON HARRIS: But the
25 problem you've got, though, which apparently is the case you

1 mentioned, which apparently is Tommy Town, who has the
2 wherewithal to pay -- I'm just trying to separate if the
3 issue is they don't want to pay it back or they are
4 appealing the whole concept of why they have to pay it back.

5 So they're easy to collect from, so I don't see
6 why we've got a problem there.

7 COMMISSION CHAIRPERSON SHAPIRO: Well, there were
8 some cases that hung around for six and seven years, that
9 included a gypson weed -- what was it?

10 What was it? I'm trying not to use any trainers'
11 names.

12 COMMISSION VICE CHAIRPERSON HARRIS: Well, that's
13 okay, it's all public.

14 EQUINE MEDICAL DIRECTOR ARTHUR: Scopolamine.

15 COMMISSION CHAIRPERSON SHAPIRO: But scopolamine.
16 Six and seven years, those cases.

17 EQUINE MEDICAL DIRECTOR ARTHUR: Right. And one
18 guys was so long it took ten years and he died.

19 COMMISSION CHAIRPERSON SHAPIRO: Right.

20 COMMISSION VICE CHAIRPERSON HARRIS: But those
21 cases weren't based on we didn't get the tests back in 72
22 hours and versus -- I mean, it had no thing to do with how
23 fast the tests came back. The whole debate was on the
24 fairness of the ruling.

25 COMMISSIONER ANDREINI: You know, in the quarter

1 horse business, some of those big purses are held up for
2 three weeks.

3 COMMISSIONER ISRAEL: Is that pro forma, John,
4 just as a regular course of business?

5 COMMISSIONER ANDREINI: As a regular course of
6 business those purses are held up --

7 COMMISSION VICE CHAIRPERSON HARRIS: That's
8 probably the testing, yeah.

9 COMMISSIONER ANDREINI: -- they're held up for
10 three weeks. They pay through ten places and everybody has
11 to wait for their money.

12 COMMISSIONER ISRAEL: And those big races
13 are --

14 COMMISSION VICE CHAIRPERSON HARRIS: Well, it gets
15 a little tricky because we have random testing, too, so even
16 though the horse didn't win, it might have ran third and
17 been a random test.

18 MR. CHARLES: Just to the Board understands, and
19 Eualie's here from Hollywood, speaking for Santa Anita and
20 Golden Gate, we certainly would abide by whatever decision
21 you make here. It doesn't matter to us. You know, we're
22 fine.

23 But this was brought on by the horsemen, and we
24 expedited because of the horsemen, so we're more than
25 willing to enforce whatever you guys decide.

1 COMMISSION VICE CHAIRPERSON HARRIS: Yeah. Well,
2 I don't if we really have to make a decision. The problem
3 is, if we've got a rule, we should be enforcing the rule, or
4 waiving the rule. If we haven't formally waived the rule,
5 we probably should --

6 COMMISSIONER ISRAEL: Well, was it waived when you
7 went to 72 hours?

8 MR. CHARLES: I don't know.

9 COMMISSIONER CHOPER: He doesn't know.

10 COMMISSIONER ISRAEL: How did it happen then, they
11 just started doing it?

12 COMMISSION VICE CHAIRPERSON HARRIS: I thought
13 there was some decision made that changed it, but maybe it
14 wasn't. When they did that, they should have changed the
15 rule.

16 COMMISSIONER ISRAEL: It's not here, that's for
17 sure.

18 MR. MARTEN: Yeah, this is Mike Marten, CHRB
19 staff. My recollection is many years ago it came before
20 this Board and the Board agreed that it could go be
21 distributed early, that's my recollection.

22 COMMISSIONER ISRAEL: So payment was allowed
23 earlier?

24 MR. MARTEN: Yeah.

25 COMMISSIONER ISRAEL: So we just have to reverse

1 the action of that Board?

2 EQUINE MEDICAL DIRECTOR ARTHUR: Yeah, I can tell
3 you, that was so long ago I was actually on the HBPA when
4 this was discussed, and the horsemen actually promised to
5 give the money back if there was any -- any dispute.

6 I will say -- I will say that when you talk about
7 purse redistribution, you're really talking about less than
8 one percent, you're talking about probably about a half to a
9 third of one percent who really get into the ones, twos, or
10 threes, where purse redistributions are necessary.

11 The biggest problem is getting the sample to the
12 laboratory, not getting the issue out.

13 And just like Commissioner Andreini was talking
14 about with the quarter horse races, Breeders' Cup doesn't
15 give any of their money out for those big purses at the end
16 of Oak Tree, until after those tests come back. Because,
17 you know, once it's gone, it's hard to get back.

18 COMMISSIONER ISRAEL: So there's plenty of
19 precedent to --

20 COMMISSION CHAIRPERSON SHAPIRO: Oh, yeah.

21 EQUINE MEDICAL DIRECTOR ARTHUR: Absolutely.

22 COMMISSIONER CHOPER: And as you pointed out, it's
23 only a few days.

24 COMMISSIONER ISRAEL: Yeah, I mean, once you get
25 back on a cycle, everybody's getting paid on a regular

1 basis, anyway.

2 MR. HAIRE: Darrell Haire, Jockey's Guild.

3 COMMISSION CHAIRPERSON SHAPIRO: Well, it's only a
4 few days that the difference is that the way people make
5 money and earn money, they want to get their hands on their
6 money right away. But, I mean, I just think it's time we go
7 back to way the rules require, which is let's get these
8 tests cleared.

9 COMMISSIONER ISRAEL: Well, look, everybody wants
10 to get paid everyday on every job. But you have to wait,
11 sometimes you have a two-week payroll, sometimes you have a
12 one-month payroll, that's just the way it is.

13 MR. HAIRE: And I agree that I firmly believe it
14 should go back to the way it used to be, because the riders,
15 although they don't like having to give their money back,
16 because they think they did their job and they're not
17 responsible for the actions of the trainer, they're problem
18 is when six months down the line, or two months down the
19 line, where they've already paid their agent, who isn't
20 their agent anymore, or their valets, so they've staked
21 everybody, I mean -- or even paid taxes on the money, then
22 they have to give it back and they lose all the way around.

23 So I believe that they -- and I've talked to these
24 riders, and Richard knows, when we had that meeting at
25 Hollywood, they -- it's just a small percentage, most of the

1 test clear within, you know, a week. So I believe the
2 riders would rather wait until it clears and get their
3 money, and keep it, than have to have a problem with giving
4 it back when it's already spent.

5 COMMISSIONER ANDREINI: That's the way it should
6 be, and I agree.

7 COMMISSION VICE CHAIRPERSON HARRIS: Yeah.

8 COMMISSION CHAIRPERSON SHAPIRO: Good. So go
9 ahead, Dick.

10 MR. GRAYCO: Richard Grayco, I'm an attorney. All
11 of your good intentions are going for naught unless somebody
12 informs the Board of Stewards that these forfeited purses
13 should be paid back pursuant to the regulation, which says
14 the purse shall forfeited. It doesn't say the owner will
15 pay back the whole thing.

16 And there are rulings out there, by the stewards,
17 ordering the owner to pay the entire purse back, even though
18 the jockey has received his ten percent or whatever.

19 And I think you should inform the stewards that
20 that flies in the face of the law. The law provides one
21 instance where the jockey gets to keep that fee on a
22 disqualified horse, and that's where there's a wanton and a
23 reckless disregard.

24 COMMISSION CHAIRPERSON SHAPIRO: Right.

25 MR. GRAYCO: Otherwise, the purse is forfeited.

1 Well, implicit in that is who forfeits it? Who's holding
2 it? The people that are holding it should forfeit it in
3 most cases, which you're wrestling with now, and that would
4 be the owner and the jockey.

5 And, yet, the stewards are ordering the owner to
6 pay back the entire purse, which is a clear penalty.
7 Presume that the Breeders' Cup, you have a disqualification,
8 \$3 million in the Classic went into the paymaster, the jock
9 got 300,000 and the owner got 2,700,000.

10 According to what your stewards are doing, they're
11 ordering the owner to pay back the entire \$3 million. It
12 clearly flies in the face of both the statute and the
13 regulation, in my opinion.

14 COMMISSIONER CHOPER: But if we waited to pay it
15 in the first place, and put it in escrow, as someone
16 suggested, where it would get any interest, then you avoid
17 all those problems.

18 MR. GRAYCO: You will if the stewards understand
19 that when the ruling comes down it has to be that both the
20 jockey and the owner forfeit. And all I'm calling your
21 attention to is there are cases pending out there, which
22 shouldn't be pending, because the stewards have interpreted,
23 or misinterpreted both the law and the regulation.

24 COMMISSIONER ANDREINI: And who do those people
25 work for?

1 COMMISSION VICE CHAIRPERSON HARRIS: Us.

2 COMMISSIONER ANDREINI: Mr. Chairman, who do those
3 people work for?

4 COMMISSION CHAIRPERSON SHAPIRO: Well, they
5 work -- again, jockeys technically work for the owner.

6 COMMISSIONER ISRAEL: No, we're talking about the
7 stewards.

8 COMMISSION CHAIRPERSON SHAPIRO: Oh, the stewards
9 work for the Board, you're correct. And I'm in total
10 agreement with what Dick is saying -- or Richard is saying.
11 And that's why we have to give clear direction to the
12 stewards, so that we do this, and the best way to do that is
13 to enforce the rules, and hold onto the money until these
14 tests have cleared. And then we won't have this problem.

15 And that's what brought all this to light is
16 because we do have this problem.

17 EQUINE MEDICAL DIRECTOR ARTHUR: Yeah, and just to
18 add onto it, part of the confusion, and Mr. Grayco's right
19 on this, some stewards rule one way, some stewards rule the
20 other way, and it's caused a tremendous amount of confusion
21 right now.

22 MR. GRAYCO: I think it would be very helpful if
23 your Executive Director would simply notify the stewards
24 that when there is a purse forfeiture then it should come
25 from the parties that hold the purse, namely the owner and

1 the jockey.

2 COMMISSIONER ISRAEL: Well, what we're trying to
3 do is rectify the situation so that the purse is held by the
4 paymaster until such time as it's ordered released by the
5 CHRB; is that correct?

6 MR. GRAYCO: And I agree that would solve the
7 problem in the future. But you've got cases out there
8 pending, which really shouldn't be pending, in my judgment.

9 COMMISSION CHAIRPERSON SHAPIRO: Okay. Well, I
10 believe that our Executive Director and our counsel should
11 look at this and they should direct accordingly

12 STAFF COUNSEL MILLER: Very well.

13 COMMISSION CHAIRPERSON SHAPIRO: So that we can
14 try to clean this up.

15 I would also suggest -- well, let me finish.
16 Drew, you have a comment on this?

17 MR. COUTO: I only have a -- Drew Couto,
18 Thoroughbred Owners of California.

19 I have an obligation I have to fulfill to Mr.
20 Halpern, who had to leave, and that was just simply to state
21 that the CTT -- not TOC -- CTT is opposed to any change in
22 when the payments are made.

23 COMMISSION CHAIRPERSON SHAPIRO: Appreciate your
24 doing that, thank you.

25 MR. COUTO: Okay.

1 COMMISSION CHAIRPERSON SHAPIRO: Okay, I would
2 propose that we move forward -- where did my agenda go?
3 Sorry, I've got too many things here.

4 I would move that we direct our staff to advise
5 the parties that we distribute money -- make sure everybody
6 is well aware of this, but that we distribute money pursuant
7 to our current rules and regulations, which require that
8 tests clear, money be held until such time, and that they be
9 distributed pursuant to the rules and regulations of the
10 Board.

11 Is there any objection from anybody?

12 COMMISSIONER CHOPER: No. But could I add this, I
13 understand that if the purse money is held for a long period
14 of time --

15 COMMISSION CHAIRPERSON SHAPIRO: It be invested in
16 an interest-bearing account?

17 COMMISSIONER CHOPER: I'm told it is. But the
18 question then is where does the interest go? And John says
19 that it goes into the general purse fund and not --

20 COMMISSION CHAIRPERSON SHAPIRO: He's right.

21 COMMISSIONER CHOPER: -- and not to the claimant.
22 So, I mean, you hold someone up, like you say, a couple of
23 years in litigation, and that's not unusual, just the little
24 time I've been here, to see these things go on and on.

25 COMMISSION CHAIRPERSON SHAPIRO: I think that what

1 we'll have to do is likely promulgate a rule change to be
2 able to do that.

3 COMMISSIONER CHOPER: Yeah.

4 COMMISSION CHAIRPERSON SHAPIRO: I'm agreeing it's
5 what should be done.

6 COMMISSIONER CHOPER: I'm suggesting maybe we
7 should think about that, yeah.

8 COMMISSION CHAIRPERSON SHAPIRO: But we should
9 then look to promulgate a new rule so that any interest that
10 is -- these monies are held and they accrue to the benefit
11 of the ultimate beneficiary of the funds.

12 COMMISSIONER CHOPER: If you prevail, that's
13 right.

14 COMMISSION CHAIRPERSON SHAPIRO: I agree. Okay.
15 All right?

16 COMMISSIONER CHOPER: Yes.

17 MR. WYATTE: Could I make a comment, sir?

18 COMMISSION CHAIRPERSON SHAPIRO: Yes.

19 MR. WYATTE: Hi, we're totally on board with that.

20 Eual Wyatte, at Hollywood Park.

21 THE REPORTER: Excuse me, sir?

22 MR. WYATTE: Yes?

23 THE REPORTER: Could you give your name and
24 organization, please?

25 MR. WYATTE: Yes, I was just trying to do that.

1 Eual Wyatte, at Hollywood Park. We're perfectly
2 agreeable to that.

3 The one thing I would suggest is that you consider
4 some mechanism so that the bookkeeper can be notified when
5 the tests clear.

6 COMMISSION CHAIRPERSON SHAPIRO: Oh, I
7 totally -- you're absolutely right, Eual.

8 MR. WYATTE: Okay.

9 COMMISSION CHAIRPERSON SHAPIRO: And we will have
10 to put in place a way in which we give official notice to
11 each of the paymaster, which funds are cleared to go and
12 which ones aren't.

13 MR. CHARLES: And Ron Charles, MEC. Just to
14 clarify, we're talking now that the money will be free to
15 the owner, trainer, jockey sometime between a three- and
16 five-day period, no longer than five?

17 COMMISSION CHAIRPERSON SHAPIRO: No, we're
18 saying --

19 COMMISSIONER CHOPER: No.

20 COMMISSION CHAIRPERSON SHAPIRO: No, we're not
21 putting between three, five, or seven, we're saying --

22 COMMISSIONER CHOPER: Test clears.

23 COMMISSION CHAIRPERSON SHAPIRO: -- until the
24 tests clear.

25 MR. CHARLES: Okay, but I thought I heard --

1 COMMISSION CHAIRPERSON SHAPIRO: And what we heard
2 is 90 percent of the tests clear within 72 hours upon
3 receipt at the lab.

4 MR. CHARLES: Okay. So what you're -- what this
5 Board is now telling us is that we, our paymaster, is going
6 to get a ten -- you know, how many phone calls, informing us
7 every time that a race has been cleared?

8 COMMISSION VICE CHAIRPERSON HARRIS: Well, I think
9 you get the e-mail for that day, that you'd get, saying that
10 all races for, you know, July 30th have cleared today.

11 MR. CHARLES: Do they come in that way, Rick?

12 COMMISSIONER ISRAEL: Or on October 12th you'll
13 get, you know, races one through nine clear, or whatever.

14 COMMISSION VICE CHAIRPERSON HARRIS: I guess. But
15 the thing is, too, if one didn't clear, then that race would
16 be held, but there might be appeals and all kind of stuff,
17 so that might be held a long time. But if they clear, they
18 clear.

19 EQUINE MEDICAL DIRECTOR ARTHUR: Dr. Stanley had
20 to leave, but he and I have discussing this since this issue
21 came up, and we can -- you know, it's going to take some
22 coordination with CHRB, because the laboratory only has
23 numbers. They have to report numbers as being cleared, and
24 whose numbers those are are held at the CHRB. So all those
25 logistics have to be worked out. But they can be worked

1 out.

2 The laboratory can release samples as they are
3 cleared on a daily basis.

4 COMMISSION VICE CHAIRPERSON HARRIS: But they
5 could do it by -- I mean, could the laboratory have access
6 to what number that was, that was race one, or two, or
7 whatever?

8 EQUINE MEDICAL DIRECTOR ARTHUR: No, they don't
9 know whether it's one, two, three. All they know is it's
10 Del Mar number 756, and then they report number Del Mar,
11 DM756 is cleared.

12 COMMISSIONER ANDREINI: Well, why don't they just
13 call the paymaster at Los Alamitos and see how they do it?
14 I mean, wouldn't that be the same thing?

15 EQUINE MEDICAL DIRECTOR ARTHUR: Well, they'd have
16 to do it -- it will work the same way, we'll talk to them
17 about it.

18 COMMISSION CHAIRPERSON SHAPIRO: We need to make
19 sure that the Maddy Laboratory, the AMD, our staff are
20 working together with all of the different participants,
21 stakeholders, to make sure that we put out uniform policy,
22 and so it's done the same way throughout the State, and so
23 we clearly can educate all segments of the industry, so that
24 they know what to expect and what the procedures are, so
25 that the tracks aren't blamed, so nobody's being blamed.

1 We're trying to do what's right to protect all in the
2 industry.

3 COMMISSIONER ISRAEL: Well, the simplest system
4 would be for somebody at the lab to be responsible for
5 informing somebody at CHRB, and then CHRB, as the body with
6 the authority, would then have to disseminate the
7 information to the tracks.

8 COMMISSION CHAIRPERSON SHAPIRO: And that's what
9 we're saying will be worked out between the laboratory, our
10 staff, and the various tracks.

11 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, it
12 would be good if we get a protocol on how it's to be done.

13 MR. CHARLES: Yeah, that's critical.

14 COMMISSION CHAIRPERSON SHAPIRO: We need an SOP.

15 MR. CHARLES: How this is going to be designated
16 and how the procedure's going to be done, we're going to
17 leave things as they are right now until you come back to us
18 and explain --

19 COMMISSION CHAIRPERSON SHAPIRO: Until we can put
20 the procedures in place --

21 MR. CHARLES: Absolutely.

22 COMMISSION CHAIRPERSON SHAPIRO: -- we'll leave
23 things in place. But as soon as the staff and the
24 laboratory can work out how the mechanisms will work, we're
25 going to leave things the way they are.

1 But once that's done, then we will implement this,
2 and staff will have the authority to do that.

3 MR. CHARLES: That's fine. Can we request that
4 the staff try to implement this in time for the Oak Tree
5 meeting, and for Golden Gate's opening? Is that enough time
6 for you, Kirk?

7 EXECUTIVE DIRECTOR BREED: No.

8 MR. CHARLES: No, it's not enough time?

9 (Laughter.)

10 COMMISSION CHAIRPERSON SHAPIRO: We'll expedite it
11 as quick as possible.

12 COMMISSIONER ISRAEL: Yeah, by 2009, whatever.

13 COMMISSION CHAIRPERSON SHAPIRO: Okay.

14 MR. CHARLES: Yeah, and believe me, I mean, we
15 will follow out whatever -- how you want us to distribute
16 the money. We just need to know for sure that we've been
17 informed when we can hand the money out. That's the
18 problem.

19 COMMISSION CHAIRPERSON SHAPIRO: All right, I'll
20 tell you what, you know what, we would hope to hear that
21 this is in place by our next Board meeting.

22 EXECUTIVE DIRECTOR BREED: Yeah, I think it's
23 possible.

24 COMMISSION CHAIRPERSON SHAPIRO: Okay, that gives
25 you almost 30 days, you've got all those people up there

1 working?

2 EXECUTIVE DIRECTOR BREED: That's right.

3 MR. CHARLES: That's in time for Oak Tree.

4 EXECUTIVE DIRECTOR BREED: They're working on it
5 right now.

6 COMMISSION CHAIRPERSON SHAPIRO: All of you are
7 working on it, okay. All right, thank you.

8 COMMISSIONER ISRAEL: Are they listening to this
9 live?

10 COMMISSION CHAIRPERSON SHAPIRO: Yeah, it's on the
11 web.

12 COMMISSIONER CHOPER: So I take it you have a
13 system for the Breeders' Cup, which doesn't pay out until
14 it's cleared; right? So if that system works pretty well,
15 that might be a beginning, right?

16 COMMISSION CHAIRPERSON SHAPIRO: Okay, I'm going
17 to move on to public comment.

18 COMMISSION VICE CHAIRPERSON HARRIS: I might make
19 a comment just to -- that one thing we need to do, this
20 brings into mind, is over the years it appears that there
21 have been different waivers of rules that this Board has
22 enacted, maybe some previous Board. We need to maybe get a
23 list of any rule we've waived, and revisit that and say,
24 well, does that waiver really make sense in what all we're
25 doing here or what?

1 I mean, I think waiving rules is a nice little
2 thing to have in the toolbox, but it shouldn't -- something
3 like this probably shouldn't happen and just go on forever.
4 We should either change the rule, or whatever. I don't
5 think a waiver should go on forever.

6 COMMISSION CHAIRPERSON SHAPIRO: Yeah, you're
7 right.

8 COMMISSIONER ISRAEL: Yeah, well, who's the
9 institutional memory in the place? I guess that's a naive
10 question, I suppose, but --

11 COMMISSION CHAIRPERSON SHAPIRO: I don't have an
12 answer for that.

13 COMMISSIONER ISRAEL: Oh, there isn't that --
14 we're all pretty new. John?

15 COMMISSION CHAIRPERSON SHAPIRO: That would be Mr.
16 Harris would be the longest sitting member on this board.

17 COMMISSION VICE CHAIRPERSON HARRIS: Well, some of
18 these, I mean, this rule --

19 COMMISSIONER ISRAEL: Yeah, but this predates his
20 time.

21 COMMISSION VICE CHAIRPERSON HARRIS: -- was way
22 back. That I think the thing is what we should have is the
23 rule is a rule, unless it's very obvious that that rule has
24 been waived and it's, you know, very known, it's not just
25 some kind of an urban legend that that rule was waived.

1 COMMISSION CHAIRPERSON SHAPIRO: Well, I think
2 that's a good point and perhaps we can go back and somebody
3 can ask Jackie, or somebody, and see if they keep a record
4 of which rules have been waived and --

5 COMMISSION VICE CHAIRPERSON HARRIS: Well, yeah,
6 it should be where we -- we've got, you know, we got sort of
7 nice like little laws, whatever, you got to have the rules.
8 And if the rule's not there, let's change the rule.

9 COMMISSION CHAIRPERSON SHAPIRO: I agree.

10 All right, public comment. Drew, are you standing
11 there for public comment?

12 MR. COUTO: Yes.

13 COMMISSION CHAIRPERSON SHAPIRO: Okay, go ahead.

14 MR. COUTO: Well, maybe I'm on the wrong public
15 comment point, but I'd like to request that the next Board
16 meeting -- is this an appropriate time to hear that, or
17 would you like me to come up -- that you put an agenda item
18 on for the next meeting?

19 COMMISSION CHAIRPERSON SHAPIRO: You can do that,
20 or you can do it the way you normally do, which is send in a
21 letter.

22 MR. COUTO: Well, I'll do it, now. I'd like the
23 Board to calendar, as an agenda item for its next meeting,
24 the jock amount -- the fee discrepancy that's currently
25 pending on the implementation of AB 649, in particular B&P

1 Code Section 19501(b)(2). I think there's an error that we
2 need to address, either by agenda item or on the phone.

3 COMMISSION CHAIRPERSON SHAPIRO: Okay. More than
4 willing to put it on the agenda. I had a conversation with
5 Barry Broad, and I thought with you, and it was my
6 understanding that you guys were going to get together, and
7 with staff, to try and reconcile and resolve that.

8 If that has occurred and it hasn't been
9 successful, of course we'll hear it at the Board.

10 If that hasn't occurred and it can be resolved
11 amongst the parties, that would also be great.

12 MR. COUTO: That would be great. I wasn't aware
13 that it was being done.

14 COMMISSION CHAIRPERSON SHAPIRO: Yeah, there was a
15 discussion.

16 MR. COUTO: Okay, great. We'll try that, first,
17 and if we don't succeed --

18 COMMISSION CHAIRPERSON SHAPIRO: Okay. And,
19 again, if we need to bring it to the Board, we will.

20 MR. COUTO: Okay, thank you.

21 COMMISSION CHAIRPERSON SHAPIRO: Yeah, sure.
22 Richard Castro.

23 MR. CASTRO: Richard Castro, Pari-Mutuel Employees
24 Guild. I'm sorry I missed Item Number 11. That's really
25 the legislative stuff, I meant to make a comment about that.

1 Our organization really wants to help all you guys
2 get your wagers down, we really do want to serve you.

3 On the other hand, we find it very difficult to
4 advocate adding more races to the terminals, simply because
5 of the tote problems that we're having.

6 Also, in light of that, under AB 2408, I'd like to
7 read, "due to a decrease in handle at several satellite
8 wagering facilities, the California Horse Racing Board shall
9 review the regulations governing the operation of satellite
10 wagering facilities and attempt to reduce the cost of
11 operating these facilities."

12 You know, the first thing that I would think of if
13 I were looking at this, would be to cut labor. And I would
14 strongly encourage you not to do that, simply for the reason
15 of the tote issues.

16 We're the people that are dealing with these
17 issues with the customer, and I think that the customer gets
18 much better service when you've got a clerk.

19 I wish the problems weren't there. I don't want
20 to make a public issue of all the different problems.
21 You've gotten some things from our organization. We're
22 working very closely with the federation and the tote
23 companies to try to resolve these.

24 But just recently, two weeks ago, we had a meeting
25 down here at Del Mar, a general membership meeting, and the

1 question was asked, is the tote system running better down
2 here, at Del Mar, than it was at Hollywood Park? And half
3 the hands went up and said it's not running better.

4 We are all, in earnest, working together to try
5 and resolve these problems, but I just want you to be
6 sensitive to that. That's all I have to say, thank you.

7 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

8 Okay, I don't have any other cards -- do
9 you --

10 MR. BADOVINAC: I dropped four off before you
11 came, sir, and one of which I wasn't called on.

12 COMMISSION CHAIRPERSON SHAPIRO: Okay, my bad.
13 Okay, hold on. It doesn't matter whether I have the card or
14 not, please go ahead.

15 MR. BADOVINAC: My name is Greg Badovinac, I'm a
16 racing fan.

17 First of all, you have stated that you plan on
18 addressing ADW the next meeting. I have a business
19 engagement for my full time job, that will prevent me from
20 attending. But I do want you to know that the Fans
21 Committee encourages the Board to do everything in its power
22 to allow full access to California players, for all
23 California licensed ADWs.

24 A couple of moments ago you addressed why did ADW
25 fall here at Del Mar? I'll tell you one reason. When TVG

1 exercised its contractual right to limit who has access, I
2 closed my account, I have not placed a bet on the Del Mar on
3 the 30 something days it has run.

4 As long as ADW is controlled by the ADW players
5 and not the Horse Racing Board, then Southern California
6 racing today, and when the time comes in Northern California
7 racing, is going to hurt.

8 I spent an hour and a half in the Sacramento
9 Airport Sunday afternoon, playing on the two platforms I
10 like, because they give me the service I want. Neither one
11 allowed me to bet on Del Mar. Therefore, I did not bet on
12 Del Mar. I bet on other venues, California, Canada,
13 Arlington Park, and Southern California racing lost.

14 If that's what it's going to take to get full ADW
15 access to all the players, then I'm going to suffer the loss
16 of not betting on Del Mar. And, more importantly, that
17 hurts me, is not the ability to bet on Los Alamitos. They
18 have an exclusive, I can't bet on anybody else, therefore,
19 Los Alamitos doesn't get my money.

20 You know, all of this is great. I mean, the
21 tracks have a place, the owners have a place, the trainers
22 have a place, the agency has a place, but we always seem to
23 forget the fans, who pay the majority of the bills. Thank
24 you very much.

25 COMMISSION CHAIRPERSON SHAPIRO: Well, let me just

1 add on to what I said earlier. I want you to know that I
2 believe this Board is very receptive to your comments. We
3 have asked -- or I have asked our counsel to look at all of
4 the rules and regulations, including his review of the ADW
5 law, to advise this Board, so at the next meeting we can
6 look at every way possible to provide a non-exclusive
7 wagering program to all of our fans, to all of the people
8 interested in wagering on California racing.

9 There's no doubt in our minds that we want to find
10 a way, when we license these companies again, that we are
11 doing what's in the best interest of the tracks, the
12 horsemen, the fans, and of course we want to encourage every
13 ADW platform to accept wagers on our product, and get the
14 widest distribution possible.

15 So I assure you, this Board is committed to that.
16 We have been saying it for a long time. We worked very hard
17 to get the experiment that was approved at the beginning of
18 this year. We had hopes and visions that it would continue.

19 But there were existing contractual agreements in
20 place, that we did not or could not alter or interfere with.

21 COMMISSIONER CHOPER: Which end this year.

22 COMMISSION CHAIRPERSON SHAPIRO: Pardon me?

23 COMMISSIONER CHOPER: Which end this year.

24 COMMISSION CHAIRPERSON SHAPIRO: Which end now.

25 So it's a new day. It will be a new day. We appreciate

1 your patience, hang with us and help us, because we want to
2 do what's best for the fans and for all the participants in
3 California racing.

4 MR. BADOVINAC: Yeah, I do wish to let the
5 Chairman know that I was in the original public session that
6 dealt with the ADW regulations. I was the only member of
7 the public who flew to UC Davis to testify, after submitting
8 public comments. So it isn't like I'm a Johnny-Come-Lately
9 to this issue. I understand your hands have been tied.

10 But you asked the question 15 minutes ago, why is
11 ADW down at Del Mar?

12 COMMISSION CHAIRPERSON SHAPIRO: No, I wasn't
13 asking the question, I knew -- I was noting it is down,
14 look, for the first time. I know why it's down, we agree.
15 You and I are in agreement.

16 MR. BADOVINAC: And I absolutely wanted to let you
17 know, and as I said, this has nothing to do with Del Mar,
18 personally, but I'm not going to let some company tell me
19 that I have to use their platform, at their fees, and the
20 level of service they provide me. And as a consumer, I'm
21 choosing not to.

22 COMMISSION CHAIRPERSON SHAPIRO: Well, it is very
23 unfortunate that ADW wagers are not even being accepted in
24 states where the current exclusive provider doesn't accept
25 wagers.

1 So, I mean, I can go on.

2 MR. BADOVINAC: Yeah.

3 COMMISSION CHAIRPERSON SHAPIRO: We agree. We
4 need to move on and move forward, and that's what I hope
5 this Board is going to do. And we appreciate your
6 involvement and your help.

7 MR. BADOVINAC: Thank you. And I will ask that
8 I'm assured that comments that were submitted by e-mail will
9 reach the Board in the future, because I did submit public
10 comments through the request of the e-mail, and neither one
11 appeared before the Board today.

12 COMMISSION CHAIRPERSON SHAPIRO: Well, then,
13 please, we -- I will ask that our Public Information Officer
14 makes sure, and our Executive Director makes sure that all
15 comments are presented to the Board.

16 COMMISSION VICE CHAIRPERSON HARRIS: Yeah, that
17 has been frustrating. Because we're getting comments to the
18 Board that never get to the Commissioners. Any comments on
19 any of these rule changes, or whatever, should come to us.
20 And I don't know where in the heck they're going, but
21 they're not coming to us.

22 COMMISSION CHAIRPERSON SHAPIRO: Yeah, they need
23 to be transmitted to us.

24 Okay, is there anything else that needs to come
25 before the Board? If not, I'll adjourn the meeting -- no, I

CERTIFICATE OF REPORTER

I, TROY A. RAY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing Meeting of the California Horse Racing Board; that thereafter the recording was transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of August, 2008.

Troy A. Ray

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