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CALIFORNIA HORSE RACING BOARD

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REGULAR BOARD MEETING

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AUGUST 21, 2003

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10:10 A.M.

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HELD AT:

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DEL MAR SATELLITE WAGERING FACILITY

19

2260 JIMMY DURANTE BOULEVARD

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DEL MAR, CALIFORNIA

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Reported by: Leslie A. Todd, CSR 5129 and RPR

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Job No.: 03-25427

1 COMMITTEE MEMBERS PRESENT:

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3 ROGER H. LICHT, CHAIRMAN

4 JOHN C. HARRIS, VICE CHAIRMAN

5 WILLIAM A. BIANCO, MEMBER

6 SHERYL L. GRANZELLA, MEMBER

7 ALAN W. LANDSBURG, MEMBER

8 MARIE G. MORETTI, MEMBER

9 JOHN C. SPERRY, MEMBER

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11 ROY C. WOOD, JR., EXECUTIVE DIRECTOR

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DEL MAR, CALIFORNIA
THURSDAY, AUGUST 21, 2003
10:10 A.M.

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EXECUTIVE OFFICER WOOD: Good morning, Ladies and Gentlemen, and welcome to the regularly scheduled meeting of the California Horse Racing Board. This meeting is being conducted on August the 21st, 2003, and we are in the Del Mar Satellite Wagering facility in Del Mar, California.

Present at today's meeting are Chairman Roger Licht, Vice-Chairman John Harris, Commissioner William Bianco, Commissioner Sheryl Granzella, Commissioner Alan Landsburg, Commissioner Marie Moretti, and Commissioner John Sperry.

Before we go forward with this morning's meeting, I would respectfully request that if you give testimony in front of the Board that you please provide our court reporter with your name and your organization before you begin to speak. Also, if you have

1 a business card to provide her, that would be
2 very helpful.

3 With that, I would like to turn
4 the meeting over to our chairman, Mr. Roger
5 Licht.

6 CHAIRMAN LICHT: Good morning,
7 everybody. The first item on the agenda is
8 the application for the Fresno Fair to run
9 their meet during 2003.

10 MS. WAGNER: Good morning. Jackie
11 Wagner, CHRB staff.

12 The Fresno District Fair has filed
13 its application to run its race meeting in
14 Fresno. They are proposing to race from
15 October 1st through October 13th, 2003, or 11
16 days, which is one more than they ran in
17 2002. They will be racing five days the first
18 week and six days the second week, with eight
19 races per day on Mondays, Wednesdays and
20 Thursdays, ten races on Friday and Saturday,
21 and eleven races on Sunday. Their first post
22 time is 12:37 p.m. on Saturday, and a Sunday
23 post time of 12:45 p.m., Fridays, and a 1:37
24 p.m. post time on Mondays, Wednesdays and
25 Thursdays.

1 Their racing program will be
2 utilizing the CHRB rules of racing, and the
3 only thing missing from this application is
4 the fire clearance, and staff would recommend
5 that the Board adopt the application,
6 contingent upon us receiving that fire
7 clearance.

8 MS. RIANDA: Good morning. Stacy
9 Rianda, Fresno Fair. I do have the fire
10 clearance with me.

11 MS. WAGNER: Then all the items
12 have been received. Staff would recommend
13 that the Board adopt the application as
14 presented.

15 CHAIRMAN LICHT: I have a question
16 in light of what is going on with the
17 out-of-state wagering systems, and I don't
18 mean to make Fresno a sacrificial lamb here,
19 but I question whether Racing Services should
20 remain as a viable recipient of our signal,
21 and maybe you are not prepared to answer that,
22 but possibly Bernie Thurman or somebody from
23 one of the other tracks would let us know if
24 there are any problems with collections and
25 that.

1 MR. KORBY: Chris Korby,
2 California Authority of Racing Fairs. We've
3 been monitoring that situation, and are ready
4 to work with the Board and take any action
5 that is required, either mandated by the Board
6 or that's driven by business considerations.

7 CHAIRMAN LICHT: Well, I certainly
8 wouldn't want to just make it Fresno that was
9 excluded from taking Racing Services, but I
10 know T. Pat's back there. Could you give us
11 an update of what is happening with Del Mar
12 with Racing Services?

13 MR. STUBBS: T. Pat Stubbs, Del
14 Mar Thoroughbred Club.

15 Racing Services' handle has
16 dropped dramatically. Their players have gone
17 to other sites; namely, Holiday Beach, RGS,
18 and a couple of other sites in the system.

19 CHAIRMAN LICHT: But are they
20 current in settlement with you and so forth?

21 MR. STUBBS: Yes, they are
22 absolutely current.

23 CHAIRMAN LICHT: Then I guess
24 there is no reason not to continue with them.

25 VICE-CHAIRMAN HARRIS: Except all

1 of these things need to be monitored, though,
2 and I'm not sure there is even a mechanism in
3 place that people can assure that they are
4 current.

5 CHAIRMAN LICHT: Well, I think
6 that -- I know TOC is undergoing with some of
7 the tracks right now a major investigation of
8 several of these sites, but as far as if they
9 are current now, I don't see any reason at
10 this point to exclude them from Fresno's
11 application.

12 Any other comments?

13 VICE-CHAIRMAN HARRIS: I'm always
14 supportive of Fresno since I live near there,
15 and it does help racing to have them be in
16 Fresno by bringing in a lot of new fans.

17 One thing I was disappointed in,
18 but it's probably just a fact of life, is they
19 are down to one stakes race. Fresno had over
20 like a \$101,000 stakes race last year that
21 was supported with the sponsorship of a local
22 family there which apparently has been lost,
23 but I would urge you to try to at least at
24 some level reestablish your stakes program
25 going forward.

1 With that, I will move the
2 approval of their license application.

3 COMMISSIONER MORETTI: Seconded.

4 CHAIRMAN LICHT: Moved by
5 Commissioner Harris; seconded by Commissioner
6 Moretti.

7 All in favor?

8 (All board members voted
9 affirmatively.)

10 CHAIRMAN LICHT: Opposed?

11 It's unanimous.

12 The next item is --

13 MR. KORBY: May I -- it's not
14 germane to the agenda item except
15 peripherally. I would just like to invite you
16 to come to Fresno to see the dramatic
17 improvement that's been made to the saddling
18 pad up there. A major change. There's been a
19 masonry block wall removed at the south end of
20 the grandstand, opening up a view of the whole
21 racetrack from the plaza area, right in front
22 of the grandstand; the paddock has been
23 greatly expanded in size. It will be safer
24 and much more attractive and create a new
25 entrance to the grandstand. So I wanted to

1 let you know about that.

2 Thank you.

3 CHAIRMAN LICHT: The second item
4 on the agenda is the application by Oak Tree
5 to race one additional day. That will be the
6 same day as the closing day of the Fairplex
7 meet.

8 MR. REAGAN: Commissioners, John
9 Reagan, CHRB staff.

10 Yes, this is the item we spoke of
11 earlier in the year. Because of Breeder's
12 Cup, Oak Tree wanted to run a couple of extra
13 days for prep races. After a couple of months
14 of discussion, we all agreed upon the
15 additional one day, September 28th. That
16 would require legislation. The legislation
17 was taken care of with AB 1128, Chapter 8, of
18 this year, and that allows in the legislation
19 specifically that one additional day,
20 September 28th, 2003, for prep races.

21 Given that all that's been in order,
22 we recommend that the Board approve this
23 additional day, allocate this additional day
24 to Oak Tree.

25 COMMISSIONER LANDSBURG: I would

1 like to note that -- has any plan been made
2 for the kinds of races and purses that will be
3 offered on that day?

4 MR. REAGAN: I'm sure they have.
5 Maybe Mr. Chillingworth --

6 COMMISSIONER LANDSBURG: If
7 Mr. Chillingworth would fill us in.

8 MR. CHILLINGWORTH: Sherwood
9 Chillingworth, Oak Tree Racing.

10 Mr. Landsburg, yes, we're having
11 four graded stakes that day, two of which will
12 be nationally televised, and we've got a very
13 major promotional effort going on; KNX is
14 involved, and we have a lot of different
15 promotional items that we think will generate
16 a very large crowd. And, as you know, we have
17 had to work with Fairplex to -- we are
18 overlapping, and that's been a seamless
19 problem -- not a problem -- a seamless
20 arrangement, so I think we are all set, and I
21 think it's going to be a great racing day.

22 COMMISSIONER LANDSBURG: With four
23 graded stakes, I would agree.

24 MR. CHILLINGWORTH: And a little
25 added notice, D. G. Van Cleeve, who is the

1 president of the Breeder's Cup, is coming out
2 on that day to present a trophy for Lady's
3 Secret, so we are getting a little help from
4 the East Coast.

5 CHAIRMAN LICHT: No problem with
6 labor, I mean, enough mutuel clerks?

7 MR. CHILLINGWORTH: No. No. We
8 have worked all of that out. Obviously, we
9 are getting more machines in, and we are
10 training something like 125 additional clerks
11 to be used that day and for Breeders' Cup
12 Day.

13 CHAIRMAN LICHT: Any comments or
14 additional --

15 VICE-CHAIRMAN HARRIS: I assume
16 that -- how did you actually work out the
17 split of the purses and all between Pomona and
18 Oak Tree?

19 MR. CHILLINGWORTH: Well, to be
20 very generic about it, we are putting
21 everything in the pot -- everything they earn
22 and everything we earn and all the expenses --
23 and then we guarantee Pomona that they will
24 get not less than what they earned in the
25 prior year, subject to the fact that if their

1 first 16 days are down, for example,
2 10 percent, then our guarantee is reduced by
3 that amount.

4 CHAIRMAN LICHT: Motion to approve
5 this?

6 COMMISSIONER GRANZELLA: I will
7 move.

8 COMMISSIONER LANDSBURG: Second.

9 CHAIRMAN LICHT: Moved by
10 Commissioner Granzella; second by Commissioner
11 Landsburg.

12 All in favor?

13 (All Board members voted
14 affirmatively.)

15 CHAIRMAN LICHT: Opposed?

16 Unanimously adopted. The next
17 item is the application of Oak Tree to race
18 during the fall.

19 MS. WAGNER: Jackie Wagner, CHRB
20 staff.

21 The Oak Tree Racing Association
22 has filed its application to conduct its
23 thoroughbred race meeting at Santa Anita.
24 They are proposing to race September the 28th
25 through November the 9th, which is 32 days,

1 six more days than they ran in 2002. They are
2 proposing to race a total of 273 races, or 8.5
3 races per day. They meet the 10-percent
4 requirement for the stakes' purses paid for
5 Cal bred. They will be racing five days per
6 week, Wednesday through Sunday, with eight
7 races on weekdays, nine on opening day,
8 weekends and Monday, October 13th, and 12
9 races on Saturday, October the 25th, Breeders'
10 Cup Day. Their first post time is a 1:00
11 o'clock post time on weekdays and a 12:30 p.m.
12 post time on weekends and holidays. Breeders'
13 Cup Day will have a 12:40 p.m. post time.

14 Their wagering program will
15 utilize CHRB rules. The analysis indicates
16 that the horsemen's agreement is outstanding.
17 We have received the horsemen's agreement.
18 The only outstanding application is the fire
19 clearance. And staff would recommend that the
20 Board adopt the application, contingent upon
21 us receiving the fire clearance.

22 CHAIRMAN LICHT: Jackie, does
23 everything that we have in this application
24 apply to Breeders' Cup as well, or does
25 Breeders' Cup have its own set of issues and

1 so forth?

2 MS. WAGNER: Everything applies to
3 Breeders' Cup as well.

4 CHAIRMAN LICHT: So all the people
5 that are in these positions on this
6 application will serve for Breeders' Cup as
7 well?

8 MS. WAGNER: Correct.

9 COMMISSIONER HARRIS: Same
10 stewards.

11 CHAIRMAN LICHT: So, Chilli, I
12 would ask you to pay particular attention to
13 this Racing Services as the meeting goes on,
14 because we certainly don't want any problems
15 with clearing a large amount of money that is
16 going to be bet on Breeders' Cup Day.

17 MR. CHILLINGWORTH: Mr. Chairman,
18 we are very aware of their problems.

19 I wanted to make one small change
20 of what Jackie said. Our post time for
21 Breeders' Cup, she said it was going to be
22 12:40 or something like that --

23 MS. WAGNER: 9:40.

24 MR. CHILLINGWORTH: 9:40. Okay.
25 That is correct.

1 VICE-CHAIRMAN HARRIS: What time
2 will you finish that day?

3 MR. CHILLINGWORTH: Around 4:30.

4 VICE-CHAIRMAN HARRIS: What -- the
5 Breeders' Cup races, what time will they
6 actually start on TV?

7 MR. CHILLINGWORTH: The first
8 Breeders' Cup race is 10:20, and their last
9 race is over at 3:15, and we are adding three
10 additional races onto that under the classic
11 with a Pick 4.

12 VICE-CHAIRMAN HARRIS: One issue
13 apparently is the assurance that adequate
14 mutuel clerks be available for this day all
15 over California.

16 Is that a concern or do you have
17 some programs going to --

18 MR. CHILLINGWORTH: Well, it was a
19 concern, but we solved it. We have sent
20 applications out to out-of-state people,
21 Northern California people, and so far we have
22 had something like 180 responses from people
23 interested, and we are setting up a training
24 session here beginning, I think,
25 September 15th to bring these people in and

1 train them not only for Breeders' Cup day but
2 for September 28th when we have the overlap.

3 CHAIRMAN LICHT: One of the
4 suggestions I had, and I discussed it with the
5 union people, and they may want to comment on
6 it, is that these new people may be directed
7 to the old fashioned typed win, place and show
8 and voucher windows, only because it has been
9 my experience at other tracks on these days
10 that you get clerks, and they just don't know
11 what is a Superfecta or a Pick 4 is, and I
12 don't know if that's feasible, but it might be
13 something to consider.

14 MR. CHILLINGWORTH: No, we will
15 obviously attempt to put the experienced
16 people at the bigger windows and more
17 frequently-used windows.

18 I know going back to New York for
19 the Belmont Stakes, I went up to make a wager,
20 and I said something like, "Do you have a
21 Daily Double?" And she didn't know whether
22 they had a Daily Double or not, and they
23 finally had to get three people over to punch
24 in the, you know -- it was like Amateur Hour.

25 CHAIRMAN LICHT: What about a win,

1 place and show and voucher area, like a whole
2 line of windows maybe with these new people?

3 MR. CHILLINGWORTH: Well, you
4 know, one of the things I would like to
5 experiment with is in the areas where we know
6 we have the larger bettors, make the minimum
7 bet \$500 at a particular window, so we don't
8 get the big plunger to get shut out.

9 VICE-CHAIRMAN HARRIS: That would
10 be a good idea throughout. I think it's --
11 you know, traditionally the big window has
12 been like a \$50 window, which even I might be
13 able to go to that one. But I do think tracks
14 in general need to take a look at a really
15 big, big bettor window, because a lot of
16 times -- I noticed at Del Mar you get big
17 lines at the big window.

18 MR. CHILLINGWORTH: Yeah.

19 CHAIRMAN LICHT: And Churchill
20 even did, which I thought was great -- you know
21 how Las Vegas gamblers, the big players and
22 people like to be identified, they even had
23 for the really big players, special windows
24 just for those individuals, like it would be
25 "Sam Smith's Window."

1 MR. CHILLINGWORTH: Right. Well,
2 they had a special room where they put the
3 so-called big rollers. And you know if we
4 identify enough of those people, hopefully
5 showing up, we will do the same thing.

6 John, how big a window would you
7 like?

8 VICE-CHAIRMAN HARRIS: Not for me.

9 MR. CHILLINGWORTH: It's like the
10 600-pound gorilla. What does he want for
11 dinner? Anything.

12 CHAIRMAN LICHT: Are you talking
13 about a window to jump out?

14 VICE-CHAIRMAN HARRIS: Now it
15 seems like sort of one-size-fits-all in
16 the big -- you know, somebody is probably
17 betting \$50 or so at the window, but you
18 really need something, as Roger said, for the
19 \$200 up bettor.

20 MR. CHILLINGWORTH: No. No. We
21 are aware of that and we were planning to do
22 something about it.

23 CHAIRMAN LICHT: And if you would,
24 and it's obviously a business decision, but as
25 a fan, I think the win, place, show, voucher

1 windows in a whole section would be really
2 helpful for the novice clerks, and --

3 VICE-CHAIRMAN HARRIS: Right.
4 That's been an issue because with all our
5 exotic wagering now, it's a lot harder to
6 predict how long you are going to be in line,
7 because if you get in line behind somebody
8 that's betting a lot of exotics, it takes a
9 lot longer to bet win, place and show.

10 CHAIRMAN LICHT: Ron, do you have
11 any comments on any of this, on those windows?

12 MR. Liccardo: Ron Liccardo of the
13 Pari-Mutuel Clerks.

14 That is up to Chilli and the
15 organization how they want to run their
16 plants. It's always been that way. We
17 suggested things like that in the past, and
18 they looked them over and not been too happy
19 with those ideas. Maybe they will be happy
20 with it now.

21 MR. CHILLINGWORTH: Well, we are
22 always willing to listen to what Ron has to
23 say. I mean that sincerely; I'm not being
24 facetious, so --

25 VICE-CHAIRMAN HARRIS: And I think

1 it's necessary in acquiring the new people for
2 Oak Tree, which is good, that you don't do
3 that by cannibalizing other tracks who are
4 also going to be have a big day that day, that
5 you try to actually bring in people that
6 aren't already --

7 MR. CHILLINGWORTH: Yeah. Well,
8 our application sent out -- we pay part of the
9 airfare, we pay their hotel room, and so we're
10 trying to get people away from California, so
11 we don't take away some of our own clerks from
12 other tracks that need them.

13 VICE-CHAIRMAN HARRIS: Because
14 hopefully that will be a big day nationally,
15 so it seems like we need to find clerks
16 that --

17 CHAIRMAN LICHT: Any other
18 comments on Oak Tree's application?

19 COMMISSIONER LANDSBURG: I don't
20 know whether it applies to the application.
21 Just a comment for Chilli, since we are
22 talking about making it easier for bettors. I
23 hope you are going to have some kind of
24 special handicapping seminars for your regular
25 on-track bettors, particularly the weekend

1 before the 28th and leading up to the racing
2 days, because it will just encourage them to
3 bet if you do have a special Breeders' Cup
4 area for handicapping seminars --

5 MR. CHILLINGWORTH: Well, Alan, we
6 are not going to do that for the 28th, because
7 that is Sunday, and you are -- we are not open
8 on the prior Friday or Saturday.

9 But for Breeders' Cup, we are
10 going to have handicapping sessions both
11 Friday and Saturday for the people that come
12 in from out of town and that may be
13 uninitiated.

14 COMMISSIONER LANDSBURG: Even
15 Wednesday and Thursday.

16 MR. CHILLINGWORTH: I got a great
17 idea, Alan. We'll let you do that one. They
18 will learn something.

19 COMMISSIONER LANDSBURG: It's
20 difficult to translate foreign horses to
21 America.

22 MR. CHILLINGWORTH: I know.

23 CHAIRMAN LICHT: Ron, did you have
24 another comment?

25 MR. CHILLINGWORTH: That's all I

1 have.

2 CHAIRMAN LICHT: No. Ron has
3 something.

4 MR. Liccardo: Ron Liccardo,
5 Pari-Mutuel Clerks.

6 If you are inclined to have
7 separate or a different type of windows, I
8 think the better way to go is just to have
9 windows that are to bet on the Breeders' Cup
10 only to bet on what's going on at Santa Anita,
11 so that they don't get in line with the
12 customers that are betting on Back East races,
13 so you'll get a lot more money on Breeders'
14 Cup races.

15 CHAIRMAN LICHT: I don't think
16 there will be any races overlapping. I
17 thought they stopped that.

18 MR. CHILLINGWORTH: Breeders' Cup
19 prevents us from taking any races outside of
20 their races, with the exception of Northern
21 California, which is required by statute. So
22 we're not taking any other races that day.
23 Now, that doesn't mean that some guy hasn't
24 got a computer in his back pocket and wants to
25 bet Keeneland, but I don't expect a lot of

1 betting on outside races.

2 VICE-CHAIRMAN HARRIS: On the
3 proposed pools that we're betting, you know,
4 into the Breeders' Cup, do they have a whole
5 different agreement for Breeders' Cup as far
6 as the charges versus your regular meeting?

7 MR. CHILLINGWORTH: Only on the
8 simulcast offsite locations, they have a
9 special arrangement. They negotiate that
10 themselves. We have nothing to do with the
11 charges for simulcasting to New York or to
12 Kentucky or Chicago. They take care of that
13 with their own people.

14 VICE-CHAIRMAN HARRIS: So that's
15 got to be a pretty complicated deal. So
16 they've actually negotiated a different deal
17 with, say, North Dakota --

18 MR. CHILLINGWORTH: Exactly.

19 VICE-CHAIRMAN HARRIS: -- or
20 something like that than you have.

21 MR. CHILLINGWORTH: Right.

22 COMMISSIONER SPERRY: Okay. Move
23 approval of the application, Mr. Chairman.

24 COMMISSIONER LANDSBURG: Second.

25 CHAIRMAN LICHT: Motion by

1 Commissioner Sperry; second by Commissioner
2 Landsburg.

3 All in favor?

4 (All Board members voted
5 affirmatively.)

6 CHAIRMAN LICHT: Opposed?

7 Passed unanimously.

8 The next item is a discussion
9 regarding a national licensing compact.

10 COMMISSIONER LANDSBURG: No, we
11 have the 2004 --

12 CHAIRMAN LICHT: Oh, the 2004 race
13 dates. Oh, maybe that was intentional. The
14 2004 race dates.

15 I think I will give a brief
16 report on -- we had two committee meetings.
17 Commissioner Granzella and myself were the
18 members who participated in that committee.
19 The Southern -- there are three segments, I
20 believe, to what we have to discuss today.
21 Southern California race dates, the Northern
22 California race dates, and the quarter horse/
23 harness race dates.

24 As far as the Southern California
25 race dates, the committee was recommending

1 that all the dates as petitioned and agreed
2 upon by all the Southern California tracks be
3 approved for race dates for next year, and
4 that would include Hollywood Park racing on a
5 final Monday, being December 20th, I believe.
6 Hollywood Park has made some assertions that
7 they will publicize that event and make it
8 into a special day; that a lot of people are
9 not working during that time period, and it
10 can be a big boon to raising in the state. So
11 why don't we break it into those three
12 segments and discuss the California race
13 dates.

14 If anybody has any comments with
15 respect to the proposed schedule, please make
16 them. Otherwise, we will just go ahead and
17 make a motion to approve them as they are.

18 MR. REAGAN: Commissioners, John
19 Reagan, CHRB staff.

20 For Southern California, I can
21 read the proposed dates into the record, if
22 you will.

23 CHAIRMAN LICHT: Okay.

24 MR. REAGAN: First of all, Santa
25 Anita, from 12/26/03 through 4/18/04, for 84

1 days. Hollywood Park spring, April 21st
2 through July 18, for 65 days. Del Mar,
3 July 21st through September 8th, for 43 days.
4 The Pomona L.A. County Fair, September 10th
5 through September 26th, for 17 days. Santa
6 Anita fall meet, a/k/a Oak Tree,
7 September 29th through October 31st, for 26
8 days. Hollywood Park fall/winter,
9 November 3rd through December 20th, for 36
10 days.

11 That's what we have for Southern
12 California at this point.

13 CHAIRMAN LICHT: Does anybody wish
14 to testify with respect to those dates?

15 MR. VAN DE KAMP: John Van de Kamp
16 for TOC, Mr. Chairman.

17 I come today really with almost an
18 increasing frustration. We spent a lot of
19 time in our organization trying to address the
20 issue of dates, and over the last certainly
21 seven years since I've been there, we've come
22 in almost every year asking for a decent
23 Christmas break. We think it's good for
24 horsemen, it's good for the industry, it
25 refreshes the industry, it certainly makes the

1 opening of Santa Anita more special than it
2 would ordinarily be. We had a pretty good
3 experience a couple of years ago when that
4 happened.

5 One of the good things that this
6 board has done over the past few years is to
7 eliminate Monday closings. A number of the
8 tracks would make the same argument that
9 Hollywood has made, we will make Monday a
10 special day, and we will close on Monday, and
11 then have a one-day break, you know, before
12 the next meeting would begin. That ended, and
13 I haven't had many complaints from the tracks
14 once they did that.

15 In this instance in the matter
16 before you, we have a natural day to close on
17 the 19th of December, that's a Sunday, which
18 would give almost an entire week's break, that
19 whole week. Christmas is on a Saturday, and
20 then the Santa Anita meeting starts this year
21 on a Sunday. It's a natural kind of a break.
22 You made the decision in your committee to
23 ignore that and to again go to a Monday
24 closing.

25 Frankly, we object. There is talk

1 of a promotion for that Monday. Look it, we
2 all know -- you are complaining here, members
3 of the Board have complained about, you know,
4 the lack of promotion that has been given by
5 the major tracks, so why can't they promote
6 the Sunday closing, using their scarce
7 resources? They are going to do better with a
8 Sunday closing on the natural than they would
9 with a Monday closing.

10 We are simply here to advocate
11 it's pretty minor, it's pretty simple to close
12 on Sunday the 19th, and not to close on that
13 Monday.

14 CHAIRMAN LICHT: Mr. Van De Kamp,
15 who does that help? Every horseman still has
16 to work that day, right?

17 MR. VAN DE KAMP: No. Ask
18 Mr. Halpern. Because -- ask the people on the
19 back side what happened the last time we had a
20 decent break? You had people who were able to
21 take the afternoon off; people were able to do
22 their Christmas shopping. And I can tell you,
23 you can talk to trainers and workers, that it
24 was a much different situation than occurs in
25 the normal race day.

1 VICE-CHAIRMAN HARRIS: I think we
2 need to define here what we are talking about
3 here, though. We are talking about a five-day
4 break now where you would prefer a six-day
5 break. I don't think you can say a six-day
6 break is decent, but a five-day break is not
7 decent. I think we are arguing about
8 something that is not relevant

9 MR. HALPERN: Ed Halpern,
10 California Thoroughbred Trainers.

11 We would support the TOC's
12 position. Unfortunately, I don't have the
13 fortitude of Mr. Van De Kamp, so our
14 organization at this point on dates doesn't
15 get the kind of representation, because of our
16 frustration with our inability to have an
17 impact on that issue, but we certainly support
18 a reduction in dates. It's been our basic
19 position ever since I've been with the CTT,
20 and probably long before that, and this does
21 appear just be another attempt to sneak a day
22 back in to overcome the little bit that was
23 accomplished in prior years, and we would
24 object to it also.

25 CHAIRMAN LICHT: But, Mr. Halpern

1 doesn't every trainer and every groom have to
2 work that day whether or not we have to race
3 or not?

4 MR. HALPERN: No.

5 CHAIRMAN LICHT: No?

6 MR. HALPERN: No.

7 VICE-CHAIRMAN HARRIS: No. They
8 are billing their clients for that day, aren't
9 they?

10 MR. HALPERN: Well, they are
11 because the horse still has to eat and the
12 horse still has to get some exercise, and the
13 expenses don't go down in that sense. It
14 also -- this is an argument we've made every
15 year. I can only tell you that when we don't
16 have racing, things are more relaxed, you can
17 reduce your staff, you can take things a
18 little easier with the horses, and when we
19 have racing -- it's a bigger picture than just
20 the day-to-day events that go on in the
21 backstretch. It's the overall pressure to
22 keep horses racing, and over and over we have
23 made the argument that this pressure to race
24 horses in the long run does not benefit the
25 industry. It hurts the industry. It breaks

1 down horses. And, yes, this is only one day,
2 but at least it's one more day where we don't
3 have that pressure to fill fields, racing
4 secretaries calling and saying, "You've got to
5 enter your horses or you are not going to get
6 stalls here," that kind of treatment, so it
7 does make a significant difference.

8 CHAIRMAN LICHT: Well, people
9 don't have to enter their horses if they don't
10 want to race that day, right?

11 MR. HALPERN: They don't if they
12 want to put up the racing secretary calling
13 and saying, "You're not helping here. Why
14 should we give you stalls?"

15 CHAIRMAN LICHT: And I also think
16 you've testified here and it's your, CTT's,
17 position that trainers don't make any money
18 unless they win any purses. They lose money
19 everyday they operate.

20 VICE-CHAIRMAN HARRIS: So that's
21 one of the issues is really how much
22 incremental purse money is going to be
23 generated. It seems to me probably 3- to
24 \$400,000 more purse money is going to be
25 generated from that meet if they race versus

1 not race, and I would hate to see all the
2 various parties walk away from that much
3 money.

4 MR. HALPERN: Well, they don't
5 make money when they don't win purses, that's
6 correct, but they make even less money when
7 the horses break down and they don't have
8 enough horses to train.

9 So, you know, we can get into this
10 intellectual jiving back and forth, and this
11 is to some degree why a couple of years ago,
12 we came to this Board and suggested that we
13 all do it in some kind of professional manner
14 instead of guessing at what is worse and what
15 is better, and have a study of it, and,
16 fortunately, Chilli picked up on that and
17 that's underway. But I still -- without
18 getting into the -- into more of this
19 argumentative situation, which really doesn't
20 help, we all have our opinions on it, and all
21 we can give you is our basic opinion at this
22 point which is less racing is better.

23 VICE-CHAIRMAN HARRIS: I just hate
24 to see it cast that you are inferring that the
25 Dates Committee, its recommendation went

1 against having a break; where I think they
2 went for a break, they went for a five-day
3 break where you would've preferred a six or
4 more day break. But still a five-day break is
5 a fairly long break for California racing.

6 MR. HALPERN: If I inferred
7 anything to the Race Dates Committee, I
8 certainly didn't mean to.

9 You are correct, it is a break,
10 and I didn't intend to infer anything like
11 that. I just believe that a longer break
12 would have been better. They went to five and
13 I think they should have gone to seven.

14 CHAIRMAN LICHT: Mr. Liccardo
15 wants to testify, and I believe a couple of
16 years ago he gave some testimony that I won't
17 forget, pretty compelling testimony, that
18 around Christmas time if there is much of a
19 break, there is no Christmas for his people
20 and many of the other people who work at the
21 track, and I think that is something we need
22 to think about too.

23 MR. HALPERN: Again, I think that
24 is a short-term day-to-day view of what is
25 going on in this industry, and now we're

1 hearing rumors floating around of some
2 discussions of cutting race dates to four days
3 a week in some places and those kind of things
4 because of our shortage of horses, and it is
5 just one more piece in the overall puzzle of
6 why we are having so many problems that we had
7 better do something about or they won't have
8 any dates.

9 MR. Liccardo: Ron Liccardo,
10 Pari-Mutuel Employees.

11 Yesterday somebody mentioned
12 about -- and I believe it was Mr. Van
13 De Kamp -- about giving a day in the spring
14 meet for Hollywood Park instead of that day.
15 Well, to the working people that I have in my
16 industry, which is the front side of the
17 racetrack, not the back side of the
18 racetrack -- and it's not just my unions, it's
19 other unions -- there is a big difference
20 between a day in June and the day before
21 Christmas. The money is not there for the day
22 in June; it's there when you work the day
23 before Christmas or the week before Christmas.
24 And to have five days before Christmas, and
25 not lose a sixth day of pay, where they are

1 losing five already because they are losing a
2 week, and even if they got their vacation
3 checks, their vacation checks don't come until
4 14 days after the meet is over with. So they
5 wouldn't get their vacation checks before
6 Christmas. So there is no money around
7 Christmas time for the working people. And my
8 people need, like Mr. Chillingworth said one
9 time, every time they run races, they make
10 money. Every time you guys have a race date,
11 my employees make money, and especially at
12 Christmas time, that's the hardest time to hit
13 a family.

14 Thank you.

15 MR. CHILLINGWORTH: Sherwood
16 Chillingworth of Oak Tree.

17 I would suggest is I've got no dog
18 in the fight, other than I've lost a bundy
19 (ph.), and I understand why, but I think we
20 got this Thalheimer report coming out here in
21 the next month or so that we are paying part
22 of the cost of, and it may give us -- it may
23 or may not give us some insight into what to
24 do, but I think we ought to look at that
25 first, and if it's deemed to be worthy of

1 significant reliability, make a decision next
2 year about that sort of thing.

3 I would suggest that we let the
4 five-day break be the suggested time this
5 year, and then take a look at next year after
6 we have more data and empirical evidence.
7 Thanks.

8 CHAIRMAN LICHT: Thanks.

9 Rick.

10 MR. BAEDEKER: Rick Baedeker,
11 Hollywood Park.

12 I wonder if the arguments for this
13 extra day are more about an extra day of
14 vacation or in fact giving the industry a
15 break. If you are going to give the industry
16 a break, you are going to give horsemen,
17 horses and horse players a break, five days
18 versus six will not make a difference. I
19 think we need to be talking about meaningful
20 breaks, and that's a very complicated issue
21 today. So I think this is really more about
22 convenience. And, after all, most of us don't
23 do our Christmas shopping until the day before
24 Christmas anyhow. And I have pledged to the
25 commission that we will promote this day every

1 way we know how. If, as a matter of fact, we
2 fall flat, then certainly you would have some
3 empirical data next year to say that it didn't
4 work, and, hopefully, you will say it did
5 work, and we will look at it at that time. It
6 is one day. It is a vacation period of time.
7 I think there will be additional people
8 available to come to the track. Hopefully, we
9 can make it fun. We do have a five-day break
10 after that day, so we should be able to put a
11 pretty good field on the racetrack for that
12 day. So I urge you to approve that extra day.

13 CHAIRMAN LICHT: Lee?

14 MR. HALL: Lee Hall from 1877.

15 We are in support of the sixth
16 day, and we would urge you to let it run the
17 sixth day.

18 Thank you.

19 CHAIRMAN LICHT: Mr. Hall, there
20 is some misunderstanding here whether you
21 meant you were in favor of racing that Monday
22 or of a six-day break. You're in favor of
23 racing that day?

24 MR. HALL: We are in favor of
25 racing that Monday.

1 Thank you.

2 MR. LIEBAU: Jack Liebau,
3 president of Santa Anita.

4 As you all know, our meet goes
5 immediately after the Hollywood meet. We do
6 not think that we would be harmed as far as
7 field size by Hollywood operating on that
8 Monday.

9 We would urge you to follow the
10 recommendation of the Dates Committee.

11 Thank you.

12 CHAIRMAN LICHT: Any comments from
13 any of the Commissioners?

14 MS. MORETTI: I think that
15 Mr. Chillingworth made a good point. We will
16 have the report available to us that should
17 give us a more factual basis for any potential
18 changes next year, and I would move to accept
19 the Racing Committee's suggestions for the
20 Southern California circuit.

21 VICE-CHAIRMAN HARRIS: I will
22 second.

23 CHAIRMAN LICHT: Moved by
24 Commissioner Moretti; seconded by Commissioner
25 Harris. All in favor?

1 (All board members voted
2 affirmatively.)

3 CHAIRMAN LICHT: Opposed?

4 Unanimously adopted.

5 We'll move on to Northern
6 California. Again, I think I will summarize
7 what the Dates Committee decided that the
8 dates as presented were acceptable and would
9 move that this board adopt them.

10 The three issues or two issues of
11 controversy that should be discussed here are
12 Pleasanton racing on a Monday when there is no
13 other racing in the state and the overlap
14 between Stockton and Cal Expo and the Northern
15 California tracks.

16 MR. REAGAN: Mr. Licht, John
17 Reagan, CHRB staff.

18 Just to clarify that for you, the
19 actual day in question for Pleasanton is
20 Wednesday, July 7th.

21 CHAIRMAN LICHT: It's the
22 Wednesday after the 4th of July because we
23 race the 4th of July.

24 MR. REAGAN: Exactly. The 4th is
25 on a Sunday, they have Monday racing on the

1 5th, they are dark Tuesday and Wednesday, but
2 Pleasanton will run on the 7th.

3 CHAIRMAN LICHT: Without Southern
4 California support?

5 MR. REAGAN: Yes, sir.

6 VICE-CHAIRMAN HARRIS: Well,
7 that's a bit of concern, but I'm assuming that
8 Pleasanton wants to run that day because they
9 feel that is a profitable day. What is their
10 rationale?

11 CHAIRMAN LICHT: Why don't we let
12 Mr. Reagan do the report, and then we will get
13 Chris to comment on that.

14 MR. REAGAN: Commissioners, what
15 I will do is I will read the entire
16 thoroughbred schedule for Northern California,
17 and then I will read the fairs for Northern
18 California.

19 First of all, Golden Gate Fields,
20 December 26th, '03 through April 4th, '04, for
21 74 days; Bay Meadows, April 7th through
22 June 20th, for 55 days; Bay Meadows, again, at
23 September 3rd through November 7th, for 49
24 days; Golden Gate, November 10th through
25 December 20th, for 31 days.

1 The fairs: Stockton, June 16th
2 through June 27th, for ten days; Pleasanton,
3 June 30th through July 11th, for 11 days;
4 Vallejo, July 14th through July 25th, for
5 10 days; Santa Rosa, July 28th through
6 August 9th, for 12 days; San Mateo,
7 August 11th through August 23rd, for 12 days;
8 Ferndale, August 12th through August 22nd, for
9 10 days; Sacramento, August 25th through
10 September 6th, for 12 days; and Fresno,
11 October 6th through October 17th, for 11
12 days.

13 That's the entire Northern
14 schedule.

15 CHAIRMAN LICHT: All right. Let's
16 break down these areas of controversies one by
17 one and talk about the Pleasanton Wednesday,
18 if anybody has any comments on that.

19 MR. KORBY: Chris Korby,
20 California Authority of Racing Fairs.

21 In response to Commissioner
22 Harris's question, yes, the Alameda County
23 Fair would like to race on that day.

24 CHAIRMAN LICHT: And you will be
25 able to take simulcast from other parts of the

1 country on that day, right, and send your
2 signal to Southern California --

3 MR. KORBY: Yes, sir.

4 CHAIRMAN LICHT: -- which will be
5 open to take that signal?

6 MR. KORBY: We have already begun
7 exploring which simulcast signals will be
8 available from other states. Not all
9 schedules are set that far in advance. We
10 don't have certain answers to that yet.

11 VICE-CHAIRMAN HARRIS: That
12 simulcast signal I guess is sent free to
13 Southern California, so Southern California
14 would be able to generate incremental purse
15 and commissions that day without running
16 races. Is that the way it works?

17 MR. KORBY: Yes, sir.

18 VICE-CHAIRMAN HARRIS: How much
19 last year did they generate, I wonder?

20 MR. KORBY: I don't have that
21 figure at my fingertips. I will be glad to
22 find out for you.

23 CHAIRMAN LICHT: Mr. Van De Kamp.

24 MR. VAN DE KAMP: Yes. I just
25 want to repeat essentially what we said

1 yesterday.

2 The Board has taken the position
3 in the past that it would promote concurrent
4 racing, and you have to understand that this
5 day at Pleasanton is not concurrent racing,
6 and, as a result, you know, it is a weaker day
7 than would normally be the case at Pleasanton.
8 And this past meeting, they ended up -- it's
9 the only fair that I know of that has had an
10 overpayment at their meeting, and in large
11 measure because of this specific day. I think
12 we discussed this at the last meeting.

13 Yesterday, I had proposed that,
14 you know, in dealing with this December
15 business that Hollywood might run at the same
16 time that Pleasanton was, and I think that
17 Mr. Baedeker concluded that he didn't want to
18 run a six-day week, although indeed of course
19 with this December closing, he is running a
20 six-day week.

21 Nonetheless, I just want to point
22 out to you you are breaking sort of the
23 tradition of promoting concurrent racing by
24 letting them do it alone, and it raises some
25 real management problems, and, you know, the

1 impact -- yes, horsemen, you know, are
2 running, they earn purses; at the same time
3 when you have an overpayment like this, as I
4 understand it, it affects the supplemental
5 purse fund that come backs the next year
6 through CARF and helps pay for some of the
7 vanning and starter fees in the northern part
8 of the state. So we like to promote a
9 situation where the fairs at least come out
10 even in terms of their purse payments at the
11 end of the meeting, because if they go over,
12 as they did here, it frankly affects the next
13 year.

14 VICE-CHAIRMAN HARRIS: It seems to
15 me though like that's something you should
16 work out with CARF, though. If there is an
17 issue there, that should be worked --
18 something that they would concur with.

19 MR. BAEDEKER: Rick Baedeker,
20 Hollywood Park.

21 We did discuss this in some depth
22 yesterday in front of the Board and also as a
23 side bar, and, ordinarily, I would be jumping
24 at the chance to get an additional day during
25 the spring/summer meet. However, not that

1 day. We finish the July 4th weekend, during
2 which we have a guaranteed Pick 6, during
3 which we do have full fields, and it takes
4 some science to get that number of horses on
5 the racetrack during that weekend. We do pay
6 the price after that. We have a number of
7 days remaining in the meet, and those of you
8 familiar with Hollywood Park know that we do
9 struggle as Del Mar gets closer. So adding a
10 sixth day to that week would in fact impact
11 our ability to put horses on the track for the
12 balance of the meet.

13 And just to clarify my position.
14 Mr. Van De Kamp's right, I don't always -- you
15 know, I appear to want a six-day week in one
16 case and not in another. But the six-day week
17 in the fall or in the winter, I guess at that
18 point, there is a gap afterwards, so that I
19 think is an appreciable difference.

20 VICE-CHAIRMAN HARRIS: Do you
21 happen to know on that day how much is
22 generated for the south in purses and
23 commissions on the -- when it's dark? Because
24 I personally don't think it's that much of a
25 sacred thing that we have concurrent racing,

1 because if there's opportunities to generate
2 income, in whatever zone is not racing and it
3 not create problems, and it seems to me like
4 you are appearing to be doing that with this
5 date.

6 MR. BAEDEKER: I can't quote you
7 exact figures, but we did look at it a couple
8 of months ago, and I think the short answer is
9 that it does generate purse money in the
10 neighborhood of 60- or \$70,000, but we can't
11 afford to open based on that kind of
12 commission on the tracks.

13 VICE-CHAIRMAN HARRIS: I agree.
14 It's not highly significant, but it's \$60,000
15 of purse money for the south that might not
16 have occurred absent this occurrence.

17 MR. BAEDEKER: Well, I think we
18 will certainly take advantage of the
19 opportunity. See if we can't make the best of
20 it.

21 CHAIRMAN LICHT: Does CTT have a
22 position on this, Ed?

23 MR. HALPERN: Unfortunately, we
24 didn't receive our package so we were not at
25 that meeting yesterday, so I'm not ready to

1 make comment on this. Charlie Daugherty who
2 handles Northern California may have some
3 feeling on it.

4 MR. DAUGHERTY: Charlie
5 Daugherty, CTT.

6 I do know that the general feeling
7 that day is, you know, why are we racing if
8 they are not racing in the south, and I think
9 traditionally it is a pretty weak day for
10 handle.

11 One point I would like to raise,
12 though, is there a guarantee that all the
13 sites in the south are going to be opened,
14 because from what I've heard in the past, not
15 all of the sites in the south are opened for
16 that day.

17 VICE-CHAIRMAN HARRIS: That does
18 not really impact the income situation in the
19 north, though; that's really a southern
20 decision, I think.

21 Do you perceive that as impacting
22 the purses at Pleasanton if they are not
23 opened in the south?

24 MR. DAUGHERTY: Well, it's on an
25 overall basis. If you are talking about

1 incremental handle, it's monies that are being
2 generated in the south as well.

3 VICE-CHAIRMAN HARRIS: Well, but
4 as I understand it, we've got a northern zone
5 and a southern zone, and all the money bet in
6 the south stays in the south and all the money
7 bet in the north stays in the north, so the
8 north is not damaged, perhaps the south is
9 damaged by not opening, but the north is not
10 really damaged just because some site in the
11 south isn't opened.

12 MR. DAUGHERTY: Well, I think
13 from an overall basis, we do get hurt running
14 in the north when they are not running in the
15 south.

16 EXECUTIVE OFFICER WOOD: Excuse
17 me, Mr. Chairman.

18 John, do you know of any southern
19 satellites that were not open this year on
20 Monday other than Pleasanton?

21 MR. REAGAN: I'm not positive. I
22 just heard -- I think probably Bernie Thurman
23 could answer that better than anyone sitting
24 here today.

25 CHAIRMAN LICHT: Chris?

1 MR. KORBY: I believe we've worked
2 through the issue of certain sites not opening
3 in Southern California, and I don't want to
4 speak without checking but I think they all
5 were this year. There may be some -- a couple
6 that were not.

7 MR. BORELLO: Hi. Good morning.
8 I'm Tom Borello with Southern California Off
9 Track. This year they were all open. We sent
10 out memos.

11 COMMISSIONER LANDSBURG: I thought
12 so. I'm sorry, Mr. Chairman.

13 John, did you say that
14 December 20th -- I thought I heard you say
15 December 20th is open in the south. It's open
16 up in the north; is it not?

17 MR. REAGAN: That's correct.
18 There are corresponding days north and south
19 for December 20th.

20 COMMISSIONER LANDSBURG: I just
21 find the TOC situation kind of strange. Now
22 they want to close down a track and leave a
23 track open at Bay Meadows and hung out there
24 without the south racing. I just find it
25 somewhat anomalous to what he's been asking.

1 MR. VAN DE KAMP: Mr. Landsburg,
2 I'm not sure I heard you. You are asking what
3 our position is on the north on the Monday,
4 the 20th? It's the same as the south. We
5 should have concurrency.

6 And I have to say while I'm on it
7 because I was going to mention this later just
8 as a nudge --

9 CHAIRMAN LICHT: John, I think you
10 forgot your name.

11 MR. VAN DE KAMP: I'm sorry. John
12 Van de Kamp, TOC.

13 We believe that there should be
14 concurrency if they are both open. They both
15 should -- by the way, the north should promise
16 to this Board that they will have an unusual
17 promotion for that day. If that's the
18 condition that you are asking for the south,
19 the same thing should apply up there, it seems
20 to me.

21 But our position I think is --

22 COMMISSIONER LANDSBURG: Just let
23 me correct something. We didn't ask for the
24 additional promotions. They provide
25 additional promotions to make it an attractive

1 day.

2 MR. VAN DE KAMP: That was part of
3 their, I think --

4 COMMISSIONER LANDSBURG: Not
5 ours.

6 MR. VAN DE KAMP: -- argument.

7 All right. But I would certainly
8 ask Magna whether they expect to do anything
9 special for that day up there as well.

10 CHAIRMAN LICHT: You mean -- it
11 would be Pleasanton, you mean.

12 COMMISSIONER LANDSBURG: No. He
13 is talking about the --

14 CHAIRMAN LICHT: Okay. I got you.

15 MR. KORBY: If I might, one small
16 point of clarification.

17 It's a little bit ironic to hear
18 representatives from the owners complaining
19 about an overpayment. We don't want to get
20 into that situation either. I would point out
21 that part of the reason for the overpayment at
22 Pleasanton was an agreement -- a revision in
23 the purse schedule that Pleasanton Fair
24 entered into with the TOC at the request of
25 the TOC just before the meet began, raising

1 the purses in the lower classifications. That
2 amounted for probably half of the
3 overpayment.

4 The other point of clarification
5 is that Alameda County Fair receives no
6 supplemental purse money that supplements the
7 purses directly.

8 VICE-CHAIRMAN HARRIS: Just as a
9 clarification, because I didn't really
10 understand TOC's point either.

11 As I understand it, the
12 overpayment, you paid out more purses that you
13 generated. But that effectively impacted your
14 fair, but it did not -- I mean, you don't get
15 it back. That is just sort of a windfall to
16 the horsemen that race there.

17 MR. KORBY: That's correct. The
18 Alameda County Fair pays for that out of their
19 own account.

20 VICE-CHAIRMAN HARRIS: TOC's
21 position is they are against being the
22 beneficiaries of windfall purses, I guess.

23 CHAIRMAN LICHT: Okay. Let's
24 move -- unless there are any other comments
25 from the commissioners here on this. We'll

1 leave a vote on this until later -- oh, do you
2 want to speak on this, Jack?

3 MR. LIEBAU: Jack Liebau.

4 I just wanted to clarify
5 something. When there is an overpayment, it's
6 carried over to the next year, so --

7 VICE-CHAIRMAN HARRIS: Normally,
8 but I thought the fairs were different.

9 MR. LIEBAU: No.

10 VICE-CHAIRMAN HARRIS: So it will
11 come out of next year's purses?

12 MR. LIEBAU: Yes. Just as if
13 there is an underpayment, it's added to next
14 year's purses.

15 VICE-CHAIRMAN HARRIS: Each fair
16 is a stand-alone?

17 MR. LIEBAU: Yes.

18 VICE-CHAIRMAN HARRIS: Okay. I
19 just wanted to clarify that.

20 CHAIRMAN LICHT: Chris, did you
21 want to talk about this again?

22 MR. KORBY: I will be brief. I do
23 want to go on the record --

24 CHAIRMAN LICHT: Chris Korby.

25 MR. KORBY: Chris Korby,

1 California Authority of Racing Fairs. Thank
2 you.

3 In testimony yesterday, we asked
4 that the committee consider reducing or
5 eliminating the overlapping dates, and I gave
6 more detailed testimony as to the reasons that
7 we feel that that's something that's good for
8 racing.

9 I would just like to go on the
10 record asking that the Board consider that.

11 CHAIRMAN LICHT: John, could you
12 go over for the Board the dates that we are
13 talking about that are on the proposed
14 schedule overlapping and who they overlap
15 with, please.

16 MR. REAGAN: Certainly.

17 Commissioners, the first portion
18 of overlap is in June. It's with Bay Meadows
19 and the San Joaquin Fair. It is five days,
20 from June 16th through June 20th.

21 The second portion of overlap is
22 with Bay Meadows and the State Fair at
23 Sacramento, and it is from September 3rd
24 through September 6th, four days.

25 CHAIRMAN LICHT: Yesterday when

1 the committee met, I think we came to the
2 conclusion that there are basically four
3 issues involving overlap. One being the --
4 what it does for the labor pool; two, what it
5 does to the field size pool; three, what it
6 does to on-track attendance; and, four, what
7 it does to money, and how the money is
8 allocated between the two overlapping tracks.
9 At least the committee came to the conclusion
10 that really the only impact is on money; that
11 there is no impact on on-track attendance;
12 that there's very limited, if any, impact on
13 field size; that there is a positive impact on
14 labor; but that there is an impact on the
15 allocation of dollars, basically from the
16 import and the export of signals, and that is
17 what we are talking about. It's nothing
18 romantic like the -- what's happening at the
19 fairs, but it's about who divides the money
20 that comes in from selling our signal and from
21 the signal that's sold.

22 I think that's -- unless there is
23 some disagreement from either the Magna or
24 fair people, that's a summary of what we see.

25 MR. TOWNE: Norm Towne,

1 representing Cal Exposition and State Fair.

2 The only thing I would say to that
3 is that we, the California State Fair, is not
4 happy with an average field size of seven or
5 eight. We don't believe that that's good for
6 the industry. And during that time, the one
7 thing that was left out of the equation
8 yesterday is that Bay Meadows has an average
9 field size of six and a fraction during the
10 overlap and immediately there following, and
11 so while that may be good for some people, we
12 don't believe it's good for our business or
13 the business as a whole.

14 CHAIRMAN LICHT: Any comments from
15 any of the commissioners?

16 The proposal of the committee was
17 that Pleasanton receive that extra Wednesday,
18 a non-overlap date, and that the overlap as it
19 is in the proposed schedule and the schedule
20 as proposed for Northern California in general
21 be approved by this board.

22 Is there a motion?

23 COMMISSIONER LANDSBURG: So moved,
24 Mr. Chairman.

25 CHAIRMAN LICHT: Moved by

1 Commissioner Sperry.

2 COMMISSIONER MORETTI: Second.

3 CHAIRMAN LICHT: Seconded by

4 Commissioner Moretti.

5 All in favor?

6 (All board members voted

7 affirmatively.

8 CHAIRMAN LICHT: Opposed?

9 Unanimously adopted.

10 Okay. The next item with respect

11 to race dates are the harness and the quarter

12 horse proposed dates, and the item of

13 controversy here is limited to the application

14 of the harness people, to Capitol Racing, to

15 race an additional period of time during the

16 summer months at the Stockton Fair, and that

17 has been opposed by the quarter horse people,

18 based upon two reasons at the committee

19 level. One, being that it will have a

20 negative impact on the quarter horse racing in

21 the state, and, two, being that Cal Expo is

22 not in compliance with a court order and

23 mandate of this board with respect to payments

24 of sums to Los Alamitos.

25 John -- we'll let John give the

1 summary.

2 MR. REAGAN: Yes, Commissioners.

3 In order to read the dates into
4 the record, first of all, we will have the
5 quarter horse request at Los Alamitos from
6 December 26th, '03 through December 19th, '04,
7 for a total of 203 days.

8 The harness request is, first of
9 all, a meet at Cal Expo from December 26th,
10 '03 to July 31, '04. The new proposed dates
11 at Stockton, from August 6th through
12 October 2nd, for 26 days, and back again at
13 Cal Expo starting October 7th through
14 December 24th, for 45 days.

15 CHAIRMAN LICHT: Okay. I believe
16 that the committee came to the conclusion that
17 the only issue for this board, unless the
18 Board comes up with other issues, is the
19 determination as to whether or not Cal Expo
20 should receive -- or Capitol Racing should
21 receive those extra dates at Stockton Fair,
22 and there is one other corollary that needs to
23 be considered is that the costs in connection
24 with operating that meet those additional days
25 from the Racing Board's side is, what,

1 \$150,000 approximately?

2 EXECUTIVE OFFICER WOOD: We
3 estimate approximately \$5,000 per day.

4 CHAIRMAN LICHT: And there is no
5 money in our budget for that, and we would
6 certainly need Cal Expo to agree to in some
7 way finance those costs of regulation.

8 VICE-CHAIRMAN HARRIS: I'm not
9 clear. There is not enough license fee to
10 fund that --

11 CHAIRMAN LICHT: Yes.

12 VICE-CHAIRMAN HARRIS: -- because
13 harness is so low? Is that the problem?

14 EXECUTIVE OFFICER WOOD: Well,
15 the license fee is not the issue. It's just a
16 budgetary issue.

17 CHAIRMAN LICHT: It's not offset
18 dollar per dollar.

19 VICE-CHAIRMAN HARRIS: But -- I
20 can see you'll have additional costs, but is
21 there additional revenue that somebody is
22 going to get?

23 EXECUTIVE OFFICER WOOD: There is
24 additional revenue that would accumulate for
25 the license fee, but that money does not come

1 directly to the Board.

2 CHAIRMAN LICHT: It goes to the
3 General Fund, so it's not like a business
4 where you could say it's a net positive cash
5 flow.

6 VICE-CHAIRMAN HARRIS: I was also
7 under the impression that harness fees were
8 pretty low and that they don't generate enough
9 money to pay -- even if you use that, it
10 wouldn't be enough money to pay.

11 EXECUTIVE OFFICER WOOD: Their
12 license fees are quite low, but right now --
13 currenty we are trying to just break even with
14 harness license fee and cost of operation.

15 CHAIRMAN LICHT: Okay.

16 Mr. Horowitz, you want to address
17 those three issues that we discussed?

18 MR. HOROWITZ: Mr. Chairman,
19 members of the Board. Alan Horowitz, Capitol
20 Racing.

21 There was indeed a lively
22 discussion at the committee meeting yesterday,
23 and, frankly, since the only items that seemed
24 to be the issues that everything focused
25 around was the request for the additional

1 racing dates at Stockton this coming year,
2 what I would like to propose to the Board is
3 that -- and I know I have talked to several of
4 the other parties that are involved here -- is
5 that the dates for harness at Cal Expo and the
6 dates for the quarter horses at Los Alamitos,
7 which were the other portion of the dates be
8 approved today, and that the Board -- and I
9 would like to respectfully ask the Board to
10 put over the dates for the Stockton period of
11 time until the next board meeting. That will
12 give us a chance to address some of the issues
13 that were raised yesterday, and to deal with
14 and try to resolve some of those and have
15 answers for the full board at that time.

16 CHAIRMAN LICHT: That sounds like
17 a good proposal to me.

18 VICE-CHAIRMAN HARRIS: Yes.
19 Because I would like to see more of the
20 third-party impacts. I guess, Los Alamitos
21 would also be a third-party. I think there
22 would also be pluses and minuses as far as the
23 impact on the thoroughbred day meets that are
24 going, and a lot of different factors need to
25 be looked at for us to make a really good

1 decision.

2 COMMISSIONER MORETTI: I would
3 agree. I'm inclined to have you take those
4 days at Stockton, but there were a lot of
5 questions raised and I would like to see those
6 resolved.

7 VICE-CHAIRMAN HARRIS: Did the
8 thoroughbred sector have a feel of how they
9 feel about these dates? Does TOC?

10 CHAIRMAN LICHT: There was nothing
11 mentioned at our Dates Committee meeting.

12 VICE-CHAIRMAN HARRIS: Because
13 there seems like there would be some impact on
14 the Northern California fairs.

15 CHAIRMAN LICHT: Okay. Motion to
16 approve the quarter horse and harness dates as
17 proposed with exempting -- excepting the dates
18 at Stockton?

19 COMMISSIONER BIANCO: So moved.

20 CHAIRMAN LICHT: Moved by
21 Commissioner Bianco; seconded by Commissoiner
22 Landsburg.

23 All in favor?

24 (All board members voted
25 affirmatively.)

1 CHAIRMAN LICHT: Opposed?

2 Unanimously approved.

3 And let's take a ten-minute break
4 and come back at quarter after 11:00 -- 20
5 after 11:00.

6 (Recess.)

7 EXECUTIVE OFFICER WOOD: Number 5
8 on the agenda is the national licensing.

9 MS. WAGNER: Jackie Wagner, CHRB
10 staff.

11 The ARCI's interstate compact on
12 licensure or the national license compact is
13 an interstate compact whose purpose is to
14 simplify the licensing process for
15 participants in pari-mutuel wagering and to
16 establish uniform requirements for those
17 participating party stakes. The compact
18 committee can issue a national license to
19 applicants who meet its licensure and renewal
20 requirements. A national license is currently
21 issued for owners, trainers and jockeys, and
22 is recognized in 22 racing jurisdictions.
23 Compact members make up -- are composed of
24 compact members and participating
25 jurisdictions. California at this point is a

1 participating jurisdiction. And recently the
2 FBI ruled that participating jurisdictions
3 must become official members in order to share
4 the fingerprint records of the applicants.

5 Staff, we have investigated the
6 formal action that the Board would need to
7 take in order for California to become an
8 official member of the compact, and it has
9 been determined that we can enter into this
10 compact by adopting the attached resolution.
11 And staff would recommend that the Board adopt
12 the attached resolution to enter into the
13 interstate compact or the national licensing
14 compact.

15 CHAIRMAN LICHT: Does anybody know
16 what the position of the NTRA is on this?

17 EXECUTIVE OFFICER WOOD: The NTRA,
18 the RCI, almost every national organization
19 supports the licensing compact.

20 CHAIRMAN LICHT: And what about
21 how the revenues would work for our state?

22 EXECUTIVE OFFICER WOOD: We still
23 retain the same revenue; it costs the same
24 amount of money to be licensed in California
25 as it is for the national license, except the

1 Breeders' Cup. So the revenue flow would be the
2 same. That's part of the law that requires if
3 we do enter the national licensing compact we
4 retain the same level of income, the same
5 level of revenue.

6 COMMISSIONER HARRIS: Would this
7 enable someone with a license -- with one of
8 these licenses, then all they would have to do
9 is just pay the fee? They wouldn't have to do
10 the fingerprints and all that to get to
11 California?

12 EXECUTIVE OFFICER WOOD: They are
13 still required to be fingerprinted. It's the
14 same requirements for California licensure
15 would say the same.

16 CHAIRMAN LICHT: No. He means it
17 doesn't have to be done again? Once you're
18 fingerprinted once --

19 EXECUTIVE OFFICER WOOD: Once
20 you're fingerprinted, that's correct. You
21 have to be fingerprinted --

22 COMMISSIONER HARRIS: --
23 someplace, but not again. Say I'm licensed
24 under this arrangement, and I show up in
25 California, what would I have to do?

1 EXECUTIVE OFFICER WOOD: You would
2 have to fill out the form. That's why the
3 compact is so important, because it allows the
4 fingerprint information to be transferred
5 amongst the jurisdictions who were members of
6 the compact. Recently we were able to do that
7 without a problem until the FBI ruled that we
8 had to become an official member in order to
9 transpose fingerprint information back and
10 forth.

11 COMMISSIONER LANDSBURG:
12 Essentially, we get no monetary advantage. We
13 still have to take out a license in each of
14 the states in which we go. It's just that the
15 process is not simplified; is that correct?

16 EXECUTIVE OFFICER WOOD: That's
17 correct.

18 CHAIRMAN LICHT: And the same,
19 Alan, the state doesn't lose any revenues as a
20 result of it either?

21 COMMISSIONER LANDSBURG: Right.

22 COMMISSIONER HARRIS: Well, there
23 should be some cost savings by not having to
24 do the fingerprints, because we actually have
25 to pay for those fingerprints, for somebody to

1 do them, don't we?

2 EXECUTIVE OFFICER WOOD: Yes,
3 there is a cost factor. (Inaudible) and we
4 pay the Department of Justice for control of
5 those, so the cost of fingerprints is still
6 the same.

7 COMMISSIONER HARRIS: Well, but
8 doesn't the -- well, say in California's case,
9 the fee we charge is going to be the same, but
10 our cost to license someone will be less,
11 because we don't have to pay to take the
12 fingerprints and send them off someplace and
13 all that, because that's already been done in
14 the case of out-of-state persons.

15 EXECUTIVE OFFICER WOOD: That's
16 correct.

17 COMMISSIONER HARRIS: So we save
18 some money. Good.

19 CHAIRMAN LICHT: Any other
20 comments from the public or from
21 commissioners?

22 Motion to approve?

23 COMMISSIONER GRANZELLA: So moved.

24 COMMISSIONER MORETTI: Second.

25 CHAIRMAN LICHT: Commissioner

1 Granzella moved; seconded by Commissioner
2 Moretti.

3 CHAIRMAN LICHT: All in favor?

4 (All board members voted
5 affirmatively.)

6 CHAIRMAN LICHT: Opposed?

7 Unanimously adopted.

8 MR. CHILLINGWORTH: Mr. Chairman,

9 sorry. I just want to make a comment that
10 the last --

11 CHAIRMAN LICHT: Announce your
12 name, please.

13 MR. CHILLINGWORTH: Sherwood

14 Chillingworth, Oak Tree.

15 They are working on the new
16 technology of imaging fingerprints so that you
17 don't have to roll your finger on a pad, which
18 should -- you know, a lot of people get
19 unhappy about doing that, so we are moving
20 forward.

21 CHAIRMAN LICHT: Number 6, the
22 report on the postmortem program.

23 Alan?

24 DR. ARDANS: Alan Ardans with the
25 California Animal Health and Food Safety

1 Laboratory System.

2 We appreciate very much the
3 opportunity to come before you today to review
4 some of the activities of our equine
5 postmortem program.

6 To tell you just very quickly a
7 little bit about our laboratory system, we are
8 a laboratory system of five laboratories,
9 strategically located in California. There
10 are two of our laboratories, the laboratory in
11 Davis and San Bernardino that receive most of
12 the horses for this program. Davis receives
13 the horses from Northern California; the San
14 Bernardino laboratory receives the horses from
15 the Southern circuit. And when and if there
16 are any catastrophic injuries when the Fresno
17 meet is running, those horses would be
18 received in our Tulare laboratory.

19 This partnership is one that we
20 feel is very unique, because it's a
21 partnership that developed, first, between our
22 laboratory system and the Horse Racing Board.
23 But one of the real merits of this partnership
24 is that it's located within the confines of
25 the University of California at Davis, and, as

1 such, gives us access to researchers who have
2 dedicated their entire careers to horse
3 research. And specifically in the case of
4 Dr. Sue Stover here, who heads up the
5 J.D. Wheat Veterinary Orthopedic Research
6 laboratory, her career has now been devoted to
7 orthopedic research or research of bony
8 structures.

9 But just as importantly is the
10 partnership that exists within the racing
11 industry in California, with all of the racing
12 associations here depicted contributing to
13 this program.

14 When this program first started,
15 the three questions that the Board asked us
16 was what is happening with these horses, why
17 is it happening, and can anything be done
18 about it. Those have been our guiding
19 principles since we started.

20 What I would like to do is very
21 quickly just go through a few of the -- in the
22 report that we placed before you there, go
23 through a few of the tables and summarize some
24 of those and give some illustrations of some
25 of the issues that we've dealt with.

1 Now, when a horse is submitted to
2 our laboratory, the type of activity that it
3 was involved in at the time of the injury is
4 characterized by the official veterinarian,
5 and there are the four categories of accident
6 non-exercise, and what that relates to are the
7 horses that may have a pneumonia, have a
8 colitis or a gut problem, horses that have
9 nervous system disorders and issues such as
10 that, other than dealing with skeletal
11 problems. And then we characterize them as
12 did it occur during racing and did it occur
13 during training. And you can see here that
14 it's about even, the injuries occurring in
15 racing and training. And this past year for
16 the calendar year of 2002, we received 256
17 horses.

18 Now, if we look at it, you can see
19 these are the breeds along here and then these
20 are the months, and you can see it goes along
21 fairly evenly throughout the year, but what is
22 missing from this is we don't know how many
23 horses there were on a track at that time or,
24 so to speak, how many horses were at risk. We
25 don't have a denominator, so to speak. We

1 have numerators here, but we don't have
2 denominators, which would really help us
3 develop risk associations with some of these
4 activities. And so those are things that we
5 keep hoping that in the future there may be
6 that type of information available to us.

7 Now, when we look at -- by breed
8 and age, you can see that probably 50 percent
9 of our submissions come from the three- and
10 the four-year-old group; there is a lesser
11 number of two-year-olds here. And you can see
12 the breeds there for yourself.

13 Now, when we look at the category
14 of injury by age, as you see in the younger
15 horses, there is more of the horses in the
16 younger ages that are having some of the
17 issues like the pneumonias, some of the
18 intestinal problems; this is the first time
19 some of these youngsters are coming together
20 in large groups, and they are more
21 susceptible. And as you can see, as they get
22 older there is fewer and fewer in the
23 non-exercise.

24 But, again, we would really like
25 to know how many of that age group of horse

1 there is on a track at a particular time, so
2 we could get some good solid risk factor.

3 Then as you see here, the racing
4 and training, they are about equal. They vary
5 just a little bit, but there is no
6 significance there.

7 When we look at breed, the injury
8 by breed, they are pretty similar except for
9 one difference is between the quarter horse
10 and the thoroughbred. You can see the
11 thoroughbred, there's about equal numbers that
12 get injured in racing and training, where
13 there is fewer quarter horses that are injured
14 in training, and that's probably with the
15 distances that they are training over.

16 Now, when we look at some of the
17 organ systems that are involved, well over 80
18 percent of all the injuries occur from
19 injuries to the musculoskeletal system or the
20 bony injuries, then the respiratory problems,
21 the cardiovascular, the gastro-intestinal,
22 nervous, and then this whole body category is
23 a designation that we use for those that don't
24 fit anything else and it seems to be the whole
25 body involved. For example, these are the

1 sudden death horses; the horse drops dead for
2 no apparent reason.

3 It was interesting this morning,
4 just coming down on the plane, Dr. Ferraro and
5 Dr. Stanley and I were having a discussion
6 about an issue that Dr. Ferraro said they are
7 seeing a genetic thing that they have seen in
8 horses, and it brought to mind, we have seen a
9 number of horses go down, you know, during
10 racing in Southern California, we've seen a
11 couple in Northern California, for which we
12 have no answer at all, and given what Greg was
13 talking about this morning, we are going to go
14 back now, and we'll pull out the records on
15 those and look and see if the genetic lineages
16 are similar to the ones that he's got in the
17 horse on the Davis campus.

18 Just as an example here, here is a
19 horse heart, a normal horse heart. Here would
20 be the right side of the heart; here is the
21 left side of the heart. You can see it's more
22 muscular. And then here is the coronary
23 artery, and this is the artery that in humans
24 we get in trouble with, that necessitates the
25 coronary by-pass, the angioplasty, the stints,

1 and other modalities of treatment. These are
2 the arteries that get plugged up.

3 Now, if you were to take that
4 artery and cut it crossways and then look at
5 it under the microscope, this is what that
6 artery would like like under the microscope,
7 and you can see that it's got a very thick
8 wall here. And that's very typical of an
9 artery; it's got muscle around its wall.

10 Now, here is a horse that we saw
11 very early in the program. This was a horse
12 that was at Santa Anita, had worked on
13 Christmas day, seemingly had worked well, came
14 off the track, collapsed and died. When the
15 horse was examined, there was no apparent
16 reason for its sudden death, and when they
17 went through it microscopically, this is what
18 the coronary artery looked like in that
19 horse. Now, here, just for reference, this is
20 the normal area that is open for transfer of
21 blood through an artery. This is the only
22 area in that horse there that was carrying
23 blood. It's amazing that that horse was even
24 standing, let alone working. But I mean this
25 was one of the early things that we saw, and

1 you can see here the nice muscle that is
2 around here. Here's the muscle on this
3 coronary artery, but it's all full of scar
4 tissue. That artery is completely scarred
5 in. Now, here is another one. And I
6 apologize if this is offensive to any of you,
7 but here's the cut section of a heart, and
8 here's one of these coronary arteries, and you
9 see these little holes here. This is where
10 the little, smaller vessels take off, and
11 those vessels go out and feed other parts of
12 the heart, the little trunks off these
13 arteries. That's what the holes are. But
14 we've opened up this artery, and you can see
15 here is a plug or a thrombus, and that's
16 exactly what happens in humans. And you can
17 see that the blood supply was interrupted
18 downstream from there, and you see this red
19 muscle here, this is actually hemorrhage, and
20 this horse had a heart attack. And that's
21 exactly how human hearts would appear
22 post-myocardial infarction.

23 Now, another issue that we've
24 dealt with, in this, the EPM, or the equine
25 protozoa myeloencephalitis, and all

1 myeloencephalitis means it's an inflammation
2 of the brain and the spinal cord; that's
3 myeloencephalitis. And these are some of the
4 most challenging diagnoses for veterinarians
5 to make. There's been some tests out there.
6 There is one in particular that is very
7 controversial. And about five years ago, I
8 was down here, and I was approached on the
9 backside by Richard Mandella and Dr. Rick
10 Arthur, and they said why don't you folks take
11 a look at your horses and look at -- and
12 evaluate the tests that are out there. So
13 what Barbara Daft did, one of our pathologists
14 in San Bernardino, and Dr. Daft took off and
15 did a study on this, and she showed that if
16 you get a negative test, that's as good as
17 gold. A positive test really doesn't mean
18 much with that. But more importantly, the
19 data, the material that was gained from that
20 study has now laid the foundation for the
21 development of some newer and we hope better
22 tests.

23 Now, let's look at the
24 musculoskeletal injuries, and I realize this
25 is awful fine print, but when we look at, for

1 example, just the metacarpal or the cannon
2 bone, there is 29 there, and then if you group
3 those with the sesamoidss, here are 70
4 sesamoid problems that ended up in
5 catastrophic injury. So you put those three
6 together, and there's almost half of the
7 injuries that were occurring, and you can bet
8 that a lot of those metacarpal fractures were
9 fractures at the lower end, down near the
10 fetlock. So there is almost half of the
11 injuries that are resulting in catastrophic
12 injuries that are occurring in that one area
13 in this joint or on the leg.

14 The thing that is concerning to us
15 is here we see the humoral fractures, and
16 every year we look at the data and it will be
17 between 16 to 20 and it doesn't seem like we
18 are making a dent, and we know about that
19 fracture, how it happens, why it happens, and
20 then again this would really help us if we had
21 that denominator information to see if in fact
22 there is a trend here.

23 I won't belabor that. This when
24 we look at it from a skeletal standpoint, the
25 different bones are labeled here. When we

1 talked about the humerus -- and I apologize,
2 there is an error, that should be 18 rather
3 than 16 -- this is the bone that we are
4 talking about. Then when we go down here, the
5 metacarpal or the cannon bone, and then when
6 we talk about the sesamoids, they are right
7 here in the fetlock. So, again, well over or
8 almost half of the injuries are occurring in
9 this area.

10 Now, just pay attention to the
11 shape of the pelvis, and we are going to look
12 at that. We are going to look at the pelvis
13 and the humerus very quickly. These are some
14 of the early findings that in working with
15 Dr. Stover she found that we were seeing a lot
16 of these humoral fractures. She being a board
17 certified surgeon thought that maybe she could
18 design a pin to stabilize these fractures, and
19 she took it back to her laboratory and
20 digested it, and lo and behold, here was this
21 preexisting stress fracture. And you can see
22 here's the bone's attempt to try and patch
23 that. You see this light covered area, and
24 what the bone does is that's how bone heals.
25 It tries to lay a patch over it. But that is

1 very difficult to see with the ordinary X-ray,
2 and that's why you have to go to nuclear
3 scintigraphy or bone scans to pick up these
4 small stress fractures.

5 Now, here's a horse that was
6 housed here at Del Mar back, oh, 10, 11 years
7 ago. This was a horse that had worked on a
8 Friday morning, they came in on a Saturday
9 morning, and the horse was down with a
10 fractured pelvis in the stall. Our
11 pathologist in San Bernardino, Dr. Reed, felt
12 that we were seeing too many of these, and so
13 he took that pelvis completely apart, sent it
14 up to Dr. Stover, and there were six stress
15 fractures in that pelvis, and if you look at
16 those very closely, here is that same process
17 going on, and here is the bone trying to lay a
18 bridge or lay a patch over that, much like
19 that; the same type of process. But what that
20 led to was the industry, and it was funded by
21 the Southern California Equine Foundation
22 putting a bone scanner in at Santa Anita.
23 There were other people who were using bone
24 scanners in this area, but here is a racetrack
25 putting in their own bone scanner in right on

1 the track. And here are some examples that
2 were given to us by Dr. Arthur of some of
3 these early stress fractures and being able to
4 pick them up with the bone scanner. And then
5 I will end on this one.

6 And I apologize for the clarity on
7 this one, but I think this collage typifies
8 our program, as well as any that we could
9 speak of.

10 Here is Dr. Stover in our San
11 Bernardino laboratory, working with our
12 pathologist, helping and showing him where we
13 might look for other lesions. But here's a
14 new area in the pelvis that she picked up that
15 fractures were occurring, but then that led to
16 use of the bone scanner, and developing new
17 angles, new shots, that they could pick up
18 these early stress fractures.

19 But, again, I think it shows how
20 well the program has integrated and how we all
21 work together.

22 So thank you.

23 CHAIRMAN LICHT: Can you clarify
24 something? Every horse that dies or is
25 euthanized at any racetrack, quarter horse,

1 thoroughbred or standardbred, must be sent to
2 you or somewhere to be --

3 DR. ARDANS: That's right. We
4 examine every horse, as you maintain,
5 Commissioner, that dies or is euthanized in a
6 facility under the control of the Horse Racing
7 Board. Whether that be a racing or a training
8 facility, we are going to examine those.

9 CHAIRMAN LICHT: And the owner and
10 trainer are compelled to send that horse
11 there?

12 DR. ARDANS: Yes.

13 CHAIRMAN LICHT: And that's at the
14 Racing Board's expense, correct?

15 DR. ARDANS: Yes. And, see,
16 that's, again, where the cooperative effort is
17 the racing associations pay for the
18 transportation of the animal to our
19 laboratory. The Board funds a portion of the
20 examination, and then the -- our budget picks
21 up the rest of that.

22 COMMISSIONER LANDSBURG: When you
23 talk about denominators, you mean the total
24 number of -- I'm not quite clear on which
25 denominator you wanted.

1 DR. ARDANS: Okay. Thank you.
2 What we would really like is to know what the
3 total population on a racetrack is during a
4 meet, so that we can say -- okay, let's say we
5 had 100 horses, is that 100 out of a thousand,
6 is that 100 out of 1,500 horses? What were
7 the total number of horses at risk? And then
8 we could break it down we think even further
9 and then go by the ages, and look at the
10 horses further in depth. And Dr. Stover has
11 been a real strong proponent of that.

12 COMMISSIONER LANDSBURG: So you
13 really need a list of the number of horses and
14 they're roughly grouping -- grouped by ages?

15 DR. ARDANS: Sure.

16 COMMISSIONER LANDSBURG: That
17 would be a sufficient denominator for you to
18 work with?

19 DR. ARDANS: That's a good start,
20 and I will let Sue elaborate on that.

21 DR. STOVER: Well, I think what we
22 would -- I would really like to see ideally is
23 to actually follow a horse from track to track
24 to know at any instant in time which horses,
25 including the number of horses, their ages,

1 sexes and so forth that are actually at each
2 track, which move from one track training
3 facility to another. Not only would it allow
4 us to get an idea, for example, of what
5 percentage of horses had a particular
6 fracture, but it would also allow you to track
7 things like spread of disease through stables,
8 and what particular syndromes or disorders,
9 for example, pneumonia might be associated
10 with shipping, so you could take a postmortem
11 program literally another order of magnitude
12 and the information it could provide you by
13 knowing what the underlying population is and
14 how it moves.

15 COMMISSIONER LANDSBURG: Has that
16 ever been requested of racing secretaries who
17 have at least a hold on most of the horses who
18 are on their -- in their plant?

19 DR. STOVER: Well, I hesitate to
20 comment on that question, but we have -- the
21 issue has surfaced before.

22 VICE-CHAIRMAN HARRIS: It seems
23 like it would be fairly easy. I mean it would
24 be just good management practices on the part
25 of everyone to have good inventory records,

1 and to really do it right, I agree with you to
2 have some kind of a scanning or something of
3 horses coming and going where -- I know even
4 the cow industry now is developing a method
5 where any animal could be tracked from birth
6 all the way through, and I think the
7 technology is there, and it is fairly
8 inexpensive, and there would be a lot of
9 beneficiaries besides just the postmortem
10 program. So it's something that needs to be
11 worked on.

12 DR. STOVER: I think there is some
13 precedence in some other countries, and
14 certainly I think as, an example, one way to
15 implement it might be at the stable gate when
16 those horses go in and off the track.

17 MR. FERRARO: If I could just
18 interrupt. Greg Ferraro, UC Davis. The South
19 African Thoroughbred Racing Association
20 microchips their horses. The chips cost about
21 \$7 apiece to put in. They have 8,000 horses
22 chipped now, with almost no complications or
23 side effects. They chip them when they are --
24 when the horse is born; they go to the farm
25 and chip them right there, and take the blood,

1 so they get their identification and the chip
2 number all taken together, and then they can
3 track those horses wherever they are in the
4 country at any given time. What Sue is asking
5 for could be answered by that chip system,
6 where with a microchip you could find out
7 where any horse is at any given time, track it
8 from track to track, from farm back to track.
9 Our own personal experience, we have chipped,
10 microchipped, the horses at UC Davis, the ones
11 that we have for experimentation. We have 250
12 horses chipped. It takes about less than a
13 minute to put the chip in. And we have had
14 absolutely no problems with them over the last
15 year, so it's something that could be looked
16 at for the future.

17 VICE-CHAIRMAN HARRIS: It's really
18 something that needs to be done probably more
19 on a national basis, but maybe California
20 could be a leader, but would the tracks view
21 this as something that would be -- I would
22 assume to me it would be a big plus to you to
23 know where your inventory is and where they
24 went and all that, but how does the track
25 management feel about this?

1 COMMISSIONER LANDSBURG: Doesn't
2 this come into the realm of the CPBA?

3 VICE-CHAIRMAN HARRIS: Yeah, well,
4 I think you need cooperation from all levels,
5 but part of it would be their willingness as
6 far as the movement of horses to scan horses
7 into their stable area, out of their stable
8 area and all that. So as far as the
9 identification, that'd be done at birth, but
10 to really make it effective, you need to be
11 able to utilize it all the way through.

12 COMMISSIONER LANDSBURG: How
13 readable are those chips? I mean do you need
14 special mechanisms? What makes it readable?

15 MR. FERRARO: There are several
16 different scanners. The one that is most
17 commonly used, what you would use if you were
18 the horse identifier at the receiving barn, is
19 a little hand-held device; it's about the size
20 of a portable radio. You just scan it over
21 the neck, and it gives you an instant number.
22 There are scanners that could be placed in
23 strategic places to scan the horses as they
24 went by.

25 COMMISSIONER LANDSBURG: Thank

1 you.

2 MR. BAEDEKER: Rick Baedeker,
3 Hollywood Park. Preferably the owners and
4 breeders would decide that this was the right
5 thing to do, and then we would be supportive
6 of that. But I can't see any reason not to do
7 it, and I know that there might be a further
8 application in terms of electronic timing of
9 races, given these chips. But we -- yes, we
10 would be supportive.

11 COMMISSIONER MORETTI: Actually, I
12 have a question. A couple of years ago we
13 talked about the possibility of using chips,
14 the proper issue for it and the timing issue,
15 and I think that the applications are probably
16 many. So Dr. Stover and Dr. Jenson and
17 Dr. Ferraro, what you are saying now is that
18 the technology is there, the cost is low, from
19 what I gather from what Greg said, and it
20 would just be a question of getting consensus
21 among the industry here. The owners I think
22 had some questions a couple of years ago when
23 we discussed this, you know, related to
24 health -- the health and welfare of the
25 horses.

1 DR. JENSEN: Dr. Ronald Jensen,
2 Equine Medical Director with the California
3 Horse Racing Board.

4 In terms of the horse population,
5 we have had some discussion with the folks
6 here at Del Mar in terms of identifying how
7 many horses are on the track, and they are
8 working on a computer system that would
9 identify the number of three-year-old colts,
10 three-years-old fillies, et cetera. That have
11 started, and so there is some effort going on,
12 and I've been in discussion with Brenda, the
13 paymaster here in looking at that computer --

14 CHAIRMAN LICHT: Bridget.

15 THE WITNESS: Bridget. I'm sorry.

16 -- Bridget, the paymaster here,
17 who has been looking at a computer program to
18 do that and has had some conversations with
19 other tracks, so I think we will continue to
20 encourage that and hopefully get it done.

21 In terms of microchips, there is a
22 national effort in all livestock, as
23 Commissioner Harris has said, and there is
24 some effort in the entire equine industry to
25 have some sort of an electronic monitoring

1 system, so it's in the mill. Where it will
2 go, I'm not quite sure, but it is being looked
3 at.

4 VICE-CHAIRMAN HARRIS: It seems
5 like that's the long term is more of a
6 high-tech solution, but short term, at least
7 we should be able to provide data on ages of
8 horses on any given back side and total
9 numbers. I mean if somehow Del Mar could
10 figure how many people show up on the front
11 side every day, they should know how many
12 horses they've got on the back side.

13 CHAIRMAN LICHT: All right.

14 DR. STOVER: Sue Stover,
15 University of California Davis.

16 Just a comment. We have attempted
17 to get some of that information from the
18 racetracks, and it's not quite as simple as it
19 seems. So while the information is there, the
20 format in which it is available, it's not
21 necessarily easy to access, and then when you
22 compound that with horses moving off and on
23 the track just to come to race or to train, it
24 ends up being difficult to track, but --

25 COMMISSIONER MORETTI: Sue, what

1 is there that we could do to help facilitate
2 this for you to make it easier? We don't
3 necessarily have to go into the difficulties
4 at this moment, but perhaps we could set up a
5 meeting with the commissioners or part of the
6 commission and yourself or whomever else, and
7 see what we can do. Because on the face of it
8 it certainly makes sense.

9 DR. STOVER: I think your
10 suggestion is a good one is to get those
11 people that could provide input and would play
12 a role in the implementation together, because
13 it's not only the actual -- for example, use
14 of the microchips and the readers, but it's
15 also putting together a database that
16 coordinates that information amongst all of
17 the places where horses would be within the
18 state. And that's the part that makes it
19 extraordinarily powerful because the
20 information is then usable in a form. And
21 again an example is as the West Nile virus
22 hits California, one of the things you are
23 most interested in is where have those
24 horses -- where have they been and then become
25 positive for the virus, so you can actually

1 track these things, work on prevention, in
2 addition to -- we're talking about for the
3 postmortem program and musculoskeletal
4 injuries alone.

5 CHAIRMAN LICHT: Well, we have our
6 medication committee. I mean that'd probably
7 be -- that's you too, right, John --

8 VICE-CHAIRMAN HARRIS: Yeah, we
9 could -- the medication committee could take
10 that up, and I think it should really be part
11 of a national effort, but we can't wait for
12 that to happen, and it's kind of ridiculous
13 that we're still doing the tattoos. I think
14 we got too many tattoos on people and too many
15 on horses, but a microchip is a lot more
16 high-tech.

17 CHAIRMAN LICHT: I think that
18 would be a good subject for a meeting of the
19 medication committee which we are probably
20 overdue anyway, so you are the chairman,
21 aren't you?

22 VICE-CHAIRMAN HARRIS: Yes. We
23 will do that.

24 CHAIRMAN LICHT: So why don't we
25 set that.

1 COMMISSIONER LANDSBURG: And if
2 you could design the questionnaire that could
3 be easily filled in in terms of a computer, it
4 would be somewhat helpful.

5 DR. STOVER: Well, we would
6 certainly be happy to participate in those
7 discussions.

8 COMMISSIONER LANDSBURG: Thank
9 you.

10 CHAIRMAN LICHT: Sherwood?

11 MR. CHILLINGWORTH: Sherwood
12 Chillingworth of Oak Tree Racing.

13 I happen to be on the board or
14 management committee of Equibase, and there's
15 been long discussions about how you could use
16 the chip instead of the tattoo. And there
17 apparently is a big resistance to using the
18 chip because of the fact that you can take it
19 out as easily as you could put it in and
20 substitute something else. And at least
21 Equibase doesn't want to do away with lip
22 tattooing; they think it's a more reliable way
23 of doing it. And with regard to using the
24 chip as a racing timing device and location
25 of the horse, they are working on a new

1 global positioning system that you put a
2 little pack that weighs about a half a pound
3 on the jockey, and they follow the jockey
4 around, and find out where every horse is at
5 any point in the race and what the timing is.
6 So the chip has kind of gone out of the loop
7 here as the near-term solution.

8 CHAIRMAN LICHT: I think we should
9 cut off the discussion as opposed to -- and
10 put this in a committee. This is obviously
11 going to be a long, involved, and interesting
12 discussion. So Commissioner Harris' committee
13 I think will start looking into it.

14 DR. STOVER: Okay. Well, thank
15 you for the opportunity to share some of our
16 findings over the years. We've chosen here to
17 try to present a brief overview of the strides
18 that we feel the postmortem program has
19 allowed us to make.

20 I think it's important just to
21 point out the problem: 83 percent of our race
22 horse deaths are due to musculoskeletal
23 injuries, and we can expect that one to three
24 horses dies for every one thousand race
25 starts. That's not very many racing days that

1 we expect to see a horse death due to
2 musculoskeletal injury alone, not other
3 causes. And of course we can all appreciate
4 the morbidity mortality, both on the equine
5 and human ends that are associated with that.

6 In addition, probably one of those
7 that is not quite as visible is that
8 musculoskeletal injuries result in about a
9 quarter of our horses leaving a race barn
10 every three months. That's a horrendously
11 high turn-over rate. And if this were any
12 other business, I think we would be concerned,
13 so I think that we should be concerned about
14 that because musculoskeletal injuries, not
15 just fatal injuries, but those that cause
16 removal of horses from training have a huge
17 impact on the industry, probably far beyond
18 those that I understand, particularly at an
19 economic level. So we are concerned, and we
20 would like to understand more about
21 musculoskeletal injuries so that we can
22 optimize the early diagnosis, treatment, and
23 my goal ultimately is prevention of these
24 injuries, so we don't have to deal with them.
25 And another goal that I think that is as

1 important is to enhance the welfare of horses
2 and of the racehorse industry, which I think
3 has plenty of room for improvement.

4 As already has been mentioned, the
5 cooperative effort with the California Horse
6 Racing Board's postmortum program, diagnostic
7 laboratory system, the horse racing industry
8 itself. It's important to recognize those
9 things that we look into in depth also are
10 supported by research funding which comes
11 from a variety of sources. One which I didn't
12 include here is also the National Institutes
13 of Health, because a lot of the things that we
14 look for in these race horse injuries are also
15 applicable to other species, including human
16 medicine, and fragility fractures associated
17 with osteoporosis. So the impact of this
18 program is great at this level, but also goes
19 beyond that that we might ordinarily expect.
20 Dr. Ardans mentioned one of the first
21 fractures we had a chance to look at were the
22 humoral fractures. We know that the fractures
23 had a consistent configuration in a number of
24 horses, and as we looked into them further, we
25 found signs that there was some preexisting

1 injury or pathology associated with the
2 fracture. For us that's a key, because there
3 is opportunity for intervention and
4 prevention; that it's not just a bad step in
5 the race track. When we looked at these a
6 little closer, we find that there are areas of
7 literally osteoporosis associated with those
8 fractures, which actually put the animal up as
9 particularly susceptible for injury, even
10 under normal training circumstances, because
11 just like the perforations on a postage stamp,
12 these bones are highly predisposed to
13 fracturing at that site in a predictable
14 manner with a very low load. And these
15 horses, in fact, are sometimes fracturing this
16 bone at a trot, not even at a racing gallop.
17 We soon found that when these bones are
18 susceptible to fracture, they are not -- the
19 stress fracture part, that early callus is not
20 visible radiographically, which of course, as
21 already mentioned, prompted the installation
22 of bone scanning at Santa Anita and our
23 ability to pick up these types of fractures
24 much more readily. The importance here is
25 that we can pick them up. We know that they

1 have the ability to heal.

2 Here is an early stress fracture
3 where we cannot see it radiographically, but
4 was visible on a bone scan. Here is the early
5 healing period, where we see this bony
6 reaction. Actually, it's not early; it's a
7 later healing period, and ultimately these
8 will heal and the horse can go back to
9 complete athletic activity. So it's
10 understanding that process, detecting it
11 early, so that horses can be appropriately
12 rehabilitated and not susceptible to complete
13 fracture.

14 We did look in other areas of the
15 body; in this instance, looking at the back
16 and the pelvis. As was already mentioned,
17 this led to actually developing diagnostic
18 techniques, both by bone scan and by
19 ultrasound examination, which most
20 practitioners at the racetrack have access to
21 for picking these up before catastrophic
22 fracture.

23 Another area that we looked for
24 was in the vertebrae of the back, just behind
25 the saddle, and we found a very high incidence

1 of horses that were actually necropsied for
2 other reasons, died for other reasons, of
3 fractures. In this case, this fracture is
4 completely loose. If you pull this cap off,
5 the spinal column would be sitting just
6 beneath it. So we discovered new sites for
7 these fractures, so that that would enhance
8 the veterinarians' and trainers' ability to
9 diagnose them and treat them appropriately.
10 In fact, we found stress fractures in most
11 major long bones of the body, as well as the
12 back. And looking at this type of fracture
13 only and adding up the numbers, if these
14 stress fractures are related to sort of what
15 we call repetitive overuse activities, whether
16 it's man racing greyhounds or horses, over 30
17 percent of race horse deaths were due to this
18 type of syndrome.

19 We then looked, in addition to
20 long-bone fractures, we looked at things like
21 chip fractures which are common in race
22 horses, in this case in the knee, and we found
23 out that the process was almost -- very
24 similar to that of stress fractures in long
25 bones. In this instance, this carpus was

1 shattered in this horse, and if we look at a
2 particular bone, we see a divet; this should
3 normally be rectangular shaped. If we look at
4 the opposite bone, which has an earlier stage
5 of a lesion, we see this osteoporosis again,
6 which leads to ultimate chip/fracture. The
7 importance behind that is that now this same
8 process occurs not only in long bones but in
9 marginal chip fractures, to a much larger
10 percentages of the musculoskeletal injuries,
11 and we know we have time to prevent or manage
12 the injury before the full blown injury
13 occurs.

14 Similarly, we next look at
15 fractures that go in this case into the
16 fetlock joint, larger fractures. In general,
17 this type of fracture can be repaired by
18 reducing this, bone screws, but we know that
19 those fractures which have this defect at the
20 bottom, the prognosis for returning to racing
21 is poor. That happens to correspond with this
22 defect that we see on postmortem examination.

23 And looking at these as well, we
24 see that as we open this fracture face up, we
25 see evidence of preexisting pathology,

1 osteoporosis from the scanning
2 electrokymograph, and, once again, we have
3 something similar to a stress riser that is
4 placed in bags, such as this peanut bag, just
5 purposely placed there, so that you can tear
6 the bag easily in a predictable manner and
7 location, which looks very similar to our
8 lateral collar fracture. Again, the
9 importance is the process, because it allows
10 us time to intervene and prevent injuries.

11 We next took this to another step
12 in which instead of complete fractures, we are
13 just looking at lesions that cause arthritis
14 or degenerative joint disease in the fetlock
15 joint. You may notice that this irregularity
16 which is abnormal here is very similar in
17 location to the piece that pops out with a
18 lateral collar fracture. And looking at
19 different bones from different horses that
20 died through the postmortem program, you can
21 actually see the development of that lesion in
22 time. The importance of this finding is that
23 the -- our joint cartilage over the surface is
24 still intact, making this lesion actually
25 difficult for the trainer or the veterinarian

1 to detect. Because the joint fluid from that
2 joint is normal, it can be difficult to detect
3 from radiographic examination, and this is
4 because a lesion is in the bone, not the joint
5 cartilage itself, but can be picked up on bone
6 scan again. However, there are several
7 lesions on bone scan that appear this way, and
8 it's important to be able to figure out which
9 is which.

10 So one of the things we have done
11 more recently is to look at specimens through
12 the postmortum program and develop a technique
13 for magnetic imaging, which is common in human
14 medicine, but is just now coming to the equine
15 forefront as well, so that we can pick up that
16 distinct lesion and understand which stage it
17 is in. So the good news is that most of these
18 injuries are not again a result of something
19 like a bad step in the race track, but the
20 result of a number of months of activity, so
21 there is room for detection, intervention and
22 prevention. If we look at our proposed
23 pathogens, the key feature is -- we can equate
24 that with the distance the horse travels, the
25 speeds of that distance as is related to the

1 amount of damage that occurs, and ultimately
2 whether injury will happen. And as we look at
3 injuries in horses -- these are two different
4 horses, one in the rectangles, one in the
5 circles, and looking at the amount of distance
6 they race and train cumulatively over time
7 during their racing career, we can compare
8 their racing and training schedules, and we
9 know that those horses that tend to have a
10 catastrophic injury and die from it undergo
11 more distance in training over the last
12 couple couple months' period of time than
13 those that do not die.

14 Even more -- possibly more
15 important, at least from a horse and economic
16 standpoint, is that we find the same
17 relationship for lay-up periods, and these are
18 periods where the horses have to leave
19 training in order to rehabilitate. And,
20 again, I think that's sort of the underwater
21 part of the iceberg. The tip of the iceberg
22 are those horses that are dying; the
23 underwater part, which is huge, are those
24 large number of horses which are affected by
25 inability to train and ultimately to race on a

1 regular schedule because of these milder
2 injuries that we are tracking now.

3 We have found distinct patterns of
4 training associated with some fractures. For
5 example, a humoral fracture, we know almost
6 inevitably occurs almost immediately after a
7 return from lay-up; so not only if we could
8 reduce the number of lay-ups horses would
9 have, we could also reduce the number of
10 humoral fractures, because they
11 characteristically occur as soon as a horse
12 comes back from training.

13 Now, we know that the majority of
14 our injuries are in the region of the fetlock,
15 which would be the cannon bone and the
16 metacarpus, the suspensory apparatus, so we're
17 more recently focusing our efforts in this
18 area, the suspensory apparatus. This is a
19 mechanical testing machine in our laboratory,
20 which shows the fetlock during loading, and,
21 as you can see, it comes very close to the
22 ground; it even sometimes rubs the ground
23 during training. This is an example. As it
24 stops at the end, you'll see that right
25 forefront leg in maximum extension right here.

1 And as you can imagine, the
2 structures on the back side of the fetlock
3 region undergo absolutely tremendous loads in
4 trying to maintain integrity of those
5 structures. Those structures which support
6 that region, the suspensory apparatus, is
7 comprised of this ligament, proximal sesmoid
8 bones and distal ligaments. This is what
9 those structures look like in a normal horse.
10 Actually, one of our most recent findings --
11 and I forgot to put something in here -- is
12 during a study last year in which we examined
13 these structures, we were surprised to find a
14 huge incidence, meaning a very high frequency,
15 of injury of one of the oblique distal
16 sesmoidal ligaments here, which is a ligament
17 that is not routinely examined at the
18 racetrack. So similar to our earlier
19 discovery of stress fractures in new
20 locations, such as the shoulder blade, we will
21 be conveying that information so that
22 practitioners will start looking in this
23 region in more detail for those lesions.

24 Typical lesions include this
25 ligamentous tear and fracture of this proximal

1 sesamoid bone. We know through
2 epidemiological studies, in concert with our
3 postmortem program findings, that horses with
4 a moderate suspensory apparatus injury are
5 much more likely to be lost in training to a
6 more severe injury.

7 In this instance, the solid line
8 are horses that have suspensory apparatus
9 injury, detectible by physical exam, and
10 almost half of them have been removed from
11 training within three months. The importance
12 of this finding is that this is something that
13 is easily detectible at the racetrack, and if
14 we manage these horses a little differently,
15 we should be able to prevent those losses.

16 A little earlier we examined the
17 relationship of toe grabs, as we see here, and
18 rims right here, actually, on horse shoes
19 because they have the possibility of enhancing
20 forces in the fetlock.

21 If we look at this computer
22 simulation that we have developed of a horse's
23 forelimb going through a gait, we can actually
24 monitor how much the fetlock extends and how
25 much the suspensory ligament strains, and we

1 can tell what the addition of a toe grab, due
2 to hoof confirmation alone and not interaction
3 and traction of the racetrack, that we extend
4 that fetlock extension even more than it
5 normally would, as well as suspensory ligament
6 strain. And one of our earlier epidemiologic
7 studies showed that with increasing height in
8 toe grab, we markedly increased the risk for
9 suspensory apparatus failure or fetlock
10 breakdown.

11 So, in summary, to date we feel
12 that the postmortem program has allowed the
13 discovery of new sites of bone injury, which
14 now are looked at, new diagnostic techniques
15 for injury detection, which are currently
16 being implemented, and we have one more to
17 add. Discovered patterns of training that are
18 associated with injury, patterns of horse
19 shoes that may be associated with injuries.
20 We've certainly enhanced our knowledge of how
21 fractures occur and what types of things occur
22 in bone to help prevent them, which again has
23 been extended beyond the equine field into
24 human medicine. We have developed some
25 recommendations for injury prevention and

1 recently discovered new sites for ligamentous
2 injury for people to start looking for.

3 We really have only reached the
4 tip of the iceberg. There is much more to do
5 with the postmortem program. Currently we're
6 focusing our efforts on proximal sesamoid bone
7 fracture. We are looking more detailed at
8 training schedules for risk of injury for
9 lay-up. We are moving forward in
10 investigating relationships between racetrack
11 service characteristics and horseshoe traction
12 devices, and the last one we've already
13 discussed here, we would really like to be
14 able to identify the race horse population
15 which can take this knowledge even further.

16 And I think I'll just leave these
17 others for the sake of time as what we are
18 continuing to do in the future. And always
19 remember that there are many other
20 organizations which are contributing funds to
21 help us utilize much of the information in
22 this program.

23 Thank you.

24 CHAIRMAN LICHT: Thank you.

25 I think you should be quite proud

1 of the work you guys have done and really
2 making some inroads into some of the problems
3 that plague horsemen in the state.

4 COMMISSIONER LANDSBURG: How often
5 do you get an opportunity to ask the trainers
6 that have the most readily available
7 information about their horses and the vets,
8 and give them a kind of expanded version of
9 this lecture? I'm not sure that any of us can
10 read your book, however; the language kind of
11 puts me into a daze, but perhaps our trainers
12 and our vets could look at this and look at
13 your work as a benefit to them. I would hope
14 they do.

15 Ed, do you think you can get your
16 trainers available for seeing the kind of work
17 that's being done and how it can help them?
18 Is that an "I don't know"?

19 MR. HALPERN: I have a hard time
20 committing for anybody, so I really can't
21 answer that question. There is a certain
22 percentage --

23 CHAIRMAN LICHT: Identify
24 yourself.

25 MR. HALPERN: Ed Halpern.

1 There are a certain percentage of
2 course that are always interested and willing
3 to show up, but to be perfectly honest about
4 it, most trainers -- we would have a hard time
5 getting large audiences to sit for a long
6 time.

7 VICE-CHAIRMAN HARRIS: I always
8 thought that it would be a good idea to have
9 some version of a continuing education program
10 for trainers which programs like this would be
11 part of it. Would the CTT support some
12 licensing requirement that included continuing
13 education?

14 MR. HALPERN: I would, but I can't
15 speak for the CTT. It's a matter I would be
16 glad to go to my board with.

17 COMMISSIONER LANDSBURG: It could
18 become a part of the license requirement that
19 a two-hour lecture of this sort might be very
20 valuable.

21 MR. HALPERN: That is true. I
22 agree. There is always the danger, though,
23 and certainly not in this circumstance, but
24 there is always the danger, it turns out to be
25 like continuing education for the bar, where

1 people are forced to waste 35 hours a year in
2 continuing education.

3 COMMISSIONER LANDSBURG: I think
4 it is somewhat more valuable.

5 DR. ARTHUR: Hello. I'm
6 Dr. Arthur, a veterinary practitioner on the
7 Southern California circuit. And I would just
8 like to say that this information is
9 disseminated around the world in the
10 scientific papers that the University has
11 produced from this information. It's had a
12 profound impact around the world in the way
13 practitioners examine race horses, and it's a
14 wonderful program, and we've probably learned
15 more about race horses since this necropsy
16 program was put in place than we did in all
17 the history before.

18 Thank you.

19 COMMISSIONER LANDSBURG: Thank
20 you.

21 CHAIRMAN LICHT: Thank you.

22 The next item -- oh, Ed?

23 MR. HALPERN: Mr. Daugherty in his
24 wisdom just suggested that I let the Board
25 know that of course we would be glad to

1 coordinate anything and help in putting
2 together any program at this point that the
3 Board would like us to.

4 CHAIRMAN LICHT: Number 7 is the
5 report of the California Marketing Committee.

6 MR. LIEBAU: My name is Jack
7 Liebau. I'm chairman of the California
8 Marketing Committee. Mr. Van De Kamp is
9 vice-chairman, but he got a little excited and
10 somebody told him he started to sound like
11 Liebau, so he's not up here.

12 As everybody knows, the Marketing
13 Committee is getting more attention than in
14 the past, which is a beneficial thing.

15 At our last meeting, we had a full
16 conference room of people. And as I told the
17 Board last time, we're interested in getting
18 input from everybody and improving our
19 marketing and the effectiveness of our
20 marketing, and we periodically file with the
21 Board our financial results and our marketing
22 plan for the ensuing year, and that has been
23 done for 2003. Probably the planning for 2004
24 will officially commence probably in October
25 or November. At that time we certainly

1 welcome input from all segments of the
2 industry.

3 If there are any questions, I
4 would be glad to respond.

5 VICE-CHAIRMAN HARRIS: As I
6 understand this program, it's basically just
7 reporting to the Board; there is really no
8 board oversight, per se. But does this
9 program sunset at some time and come for
10 further authorization?

11 MR. LIEBAU: Yes. In July of '04
12 it does.

13 VICE-CHAIRMAN HARRIS: So are you
14 making plans for other -- I mean any changes
15 of it, or how do you propose going forward
16 legislatively?

17 MR. LIEBAU: Well, I think, as I
18 said, the program is getting more attention
19 than it probably has in the past from
20 everyone, including the Board. I think that
21 there will be a joint decision made as to
22 whether the legislative mandate should be
23 extended. Maybe I can give you a brief
24 history as to how the Marketing Committee came
25 about.

1 In -- the funds are generated
2 through wagering at the satellite, 4/10ths of
3 one percent. The legislative mandate as far
4 as the formation of the California Marketing
5 Committee really grows out of dissatisfaction
6 with both the north and the south I think in
7 1999. In the south, the satellite money was
8 directed to the tracks to disburse for the
9 benefit of the satellites, and the satellites
10 in the south did not think that they were
11 getting the needed bang for the dollars that
12 they were generating. In the north, it was
13 just the reverse. The money that was
14 generated went to the individual satellites.
15 The problem in the north was that there wasn't
16 a critical mass; no satellite had enough money
17 to make a real mark in their market. And out
18 of this dissatisfaction in both areas grew the
19 California Marketing Committee, and it perhaps
20 was a compromise, but it certainly grew out of
21 this dissatisfaction that existed in both
22 areas for entirely different reasons.

23 COMMISSIONER LANDSBURG: Jack,
24 marketing is not a science as we saw on
25 mortality before, and it's not an art, but we

1 have to have goals involved.

2 Our goal it seems to me at the
3 moment for any marketing done by racing is to
4 try and invigorate the fan base, and that
5 means determining how much you apply, I
6 believe, and it's a simple piece of math: How
7 much you apply to marketing to acquire who is
8 there, regardless of what we do in our market,
9 to the somewhat lapsed fan who is there when
10 we stage a big event and who might come back
11 on a day, and in particular how much focus can
12 we afford to put on the new fan. And I think
13 those are the three generators that you have
14 to work from, and any report really deals with
15 how much energy, effort and success we have
16 had in those three areas.

17 MR. LIEBAU: I couldn't agree
18 more. And, in fact, when we first started, we
19 commissioned a study to be done by Berkley,
20 Newman & Hardy, who at that time was the
21 national advertising agency for the NTRA, and
22 we had tweaked their recommendations from 1999
23 on. But basically exactly what you said,
24 Commissioner Landsburg, is where we are.
25 Obviously, it's easier to increase frequency

1 of your existing customer base than it is to
2 generate a new fan. And one of the aces of
3 the Berkley, Newman & Hardy report was that
4 there would be certain things done to attract
5 new fans, and one of those was what was called
6 the fair trials, and the idea there was that
7 the fairs had a lot of people coming to their
8 venues that didn't know anything about the
9 racing, and the idea was sort of to bring
10 those people from the Ferris wheel to the
11 track, so we've always had that program. Then
12 there's been a super-charge program that they
13 recommended, that still is in place, that is
14 where we are trying to make the bigger days
15 bigger at the track and to attract new fans to
16 the track. Underlying that is an assumption
17 that it's very difficult to capture a new fan
18 at an off-track facility; that your best
19 chance of capturing a new fan or generating a
20 new fan is through an on-track experience, and
21 that was the object of the super-charge idea.
22 And then part of the money went into what was
23 called just awareness, and that was just to
24 give -- from time to time to make maybe lapsed
25 fans aware of racing and hope that they would

1 be stimulated to go to an off-track facility.

2 With that said, we then embarked
3 on the thought that we needed to develop a
4 database, because it was thought that through
5 direct marketing, we could reach more people
6 more effectively than we could through print
7 or broadcast or radio.

8 The database then developed into
9 the Golden State Rewards Program that was
10 initiated, frankly, to try to counter the
11 rebaters, and I readily admit that the amount
12 of money that goes back for soft -- or a lot
13 of it goes back for soft items, such as
14 programs or things of that nature, really
15 can't compete with the rebater that is giving
16 eight percent, but it's a token, and I think
17 that it's appreciated.

18 We then, because of the Workers'
19 Compensation crisis, there was a certain
20 amount of money that was -- through
21 legislative mandate again -- collected out of
22 the marketing for the subsidy of Workers'
23 Comp, and that was a million dollars, so where
24 there roughly was \$6 million before, there is
25 now \$5 million.

1 VICE-CHAIRMAN HARRIS: On the
2 funds expended, I'm not really -- one of my
3 concerns is that -- and, as we know, it's hard
4 to really measure the effectiveness of
5 marketing, but have there been any independent
6 studies, not done by your advertising agencies
7 or different tracks involved, that could
8 assess or at least attempt to assess the
9 effectiveness of the marketing programs you've
10 done?

11 MR. LIEBAU: I would have to say
12 or admit that there hasn't. I don't really
13 know how to do that. I mean I could tell you
14 that if you look at the decline in on-track
15 attendance, none of our marketing has worked,
16 unfortunately, and, you know, maybe there are
17 a lot of factors for that. I don't think it's
18 entirely the marketing. There are just so
19 many other alternatives that people now have
20 compared to what they used to have in racing.

21 VICE-CHAIRMAN HARRIS: I mean
22 somebody could make the case that it would be
23 even worse if you hadn't done this. But it
24 seems to me that there are -- I mean certainly
25 other industries do look at things at least

1 try to attempt to look at what is working and
2 what is not working, which is bothersome to
3 me, that with some of these programs there
4 doesn't seem to be that assessment.

5 MR. LIEBAU: Well, I think
6 speaking for the tracks, as far as the
7 super-charge is concerned, we continually
8 evaluate our advertising on big days, and then
9 we compare it to what happens on a day that is
10 not a big day, and make sure that the amount
11 of money that is expended in marketing for
12 that day has resulted in incremental revenue
13 over and above our expenses in promoting it.

14 I know that Bay Meadows and Golden
15 Gate and Santa Anita do that, and I presume
16 that every, you know, track goes through that
17 exercise. So to that extent, there is. I
18 mean as far as the Golden State Rewards
19 Program is concerned, you know, the numbers
20 kind of speak for themselves, as far as how
21 many people you've signed up, and, you know,
22 whether you are losing people or if people are
23 becoming lapse users or whatever. So, to that
24 extent, as far as the Golden State Rewards
25 Program, you have to make a subjective

1 decision as to whether it is working or not.

2 COMMISSIONER LANDSBURG: Jack,
3 just -- John and I have been working on a kind
4 of an out-of-the-box, or whatever you want to
5 call it -- talking to people outside of racing
6 who are familiar with marketing, and one of
7 the early readbacks, particularly from the
8 general sports industry, with that not
9 including racing, is that -- the strange
10 charge is that on your normal -- on your
11 events, people recognize you, but on your
12 normal racing day, you have absolutely no
13 personality, and I think it's the beginning of
14 places to look. It's just a preliminary
15 assessment. It's coming from eight or nine
16 different sources, and it shapes down to that,
17 so -- but we'll be ready, I think, sometime in
18 November to be able to gather together the
19 information that we're kind of right now
20 singly getting from people.

21 MR. LIEBAU: Well, you know, it
22 goes without saying that we welcome your
23 input. We are all in this together. We all
24 have the same goal, and that's to increase our
25 fan base, and increase the success and

1 profitability of everybody that is
2 participating in the industry.

3 COMMISSIONER LANDSBURG: I think
4 the problem is we try everything for a little
5 while and then let it go, and it's a little
6 hard to define where it is that we can place
7 all the emphasis that we can with the very few
8 outlets that we have. But that's another
9 subject.

10 MR. LIEBAU: Yeah. And I think
11 when we look at our results, we have to take
12 into consideration as to what is happening
13 with other types of entertainment, too. I
14 mean I understand the theme parks are down,
15 and movies are down four percent, baseball is
16 down, everybody is down, but they haven't been
17 consistently down like racing has been, so we
18 have to do something different; there is no
19 question about that.

20 COMMISSIONER MORETTI: Jack, I
21 have a question.

22 In terms of the Workers' Comp
23 issue, do you anticipate that you will have to
24 take any more funds from the committee or
25 borrow any more funds from the committee for

1 Workers' Compensation?

2 MR. LIEBAU: I think that as far
3 as Workers' Comp is concerned, we are still in
4 a crisis situation, and further steps have to
5 be taken or we are going to continue to lose
6 trainers and horses and be unable to attract
7 horses to California, so what we have done is
8 helped stem the tide against this, but it is
9 totally inadequate, and more has to be done,
10 and it has to be dramatic.

11 CHAIRMAN LICHT: All right. Well,
12 we will resume this discussion when you
13 present your report. And you say that was in
14 December, did you say?

15 MS. MC DONALD: Well, Shannon
16 McDonald, California Marketing Committee. The
17 planning process starts in October and
18 November, a series of meetings, which everyone
19 is welcome to attend, and then a plan will be
20 set forth at the beginning of the year. So
21 hopefully you can have that submitted to the
22 Horse Racing Board at some point after the
23 first of the year, but we welcome attendance
24 at those planning meetings where, you know,
25 your input --

1 MR. LIEBAU: But I would hope that
2 Commissioner Landsburg and Harris and the rest
3 of the commissioners would all play a role in
4 the plan that is developed, and we welcome
5 that, as I said.

6 VICE-CHAIRMAN HARRIS: Well, on
7 the income side, you are getting .4 percent of
8 the handle at satellites. Has that been
9 impacted by the ADW accounts? Does that lower
10 your income, or do you get some of that too?

11 MR. LIEBAU: No, we don't get any
12 of that, and that will lower it.
13 Interestingly enough, it's my opinion that the
14 ADW has probably impacted on-track more than
15 off-track, and I can't explain that.

16 CHAIRMAN LICHT: Thank you.

17 Okay. Sometime ago, I asked
18 Commissioners Landsburg and Harris to work on
19 reviewing the current license applications and
20 attempt to make a determination as to what
21 things could be done to improve the industry
22 by holding the licensees to a higher standard.
23 And, Commissioner Landsburg, would you like to
24 talk about that.

25 COMMISSIONER LANDSBURG: We had,

1 as you know, asked at the last two board
2 meetings for suggestions and changes in the
3 licensing application that would be helpful to
4 racing.

5 To the best of our knowledge,
6 neither Commissioner Harris nor I have
7 received any recommendations from any racing
8 associations.

9 The essential purpose of the
10 review was to examine what the associations
11 and the Board can do to help foster
12 improvements in this sport as a condition of
13 licensing. In our outreach, we received one
14 long e-mail from a newswriter suggesting areas
15 of concern that could be addressed, and, in
16 headlines, that memo called for better and
17 more penalty-laden regulations for the upkeep
18 of backstretch housing; it called for better
19 attention to the needs of new fans that might
20 be generated by redirected marketing efforts.
21 So that takes a long memo and boils it down to
22 headlines.

23 Our goal is simply this: Can we
24 improve the actions of the Board in relation
25 to the operation of racing associations in our

1 state?

2 As a committee of two, John Harris
3 and I have discussed the following additional
4 areas to be brought up for discussion at this
5 and perhaps our next meeting. We talked of
6 requiring associations as part of the
7 licensing to offer their signal to any --
8 repeat, any -- approved and licensed ADW
9 providers now and in the future. Why? We are
10 about to enter the third year of ADW in
11 California. We have a continuing
12 diminishing-handle revenue. Adding an ADW,
13 which represents perhaps 10 percent of our
14 revenue for the entire revenue is down. So
15 it's hard to conclude that ADW has been
16 incremental in any way.

17 Is part of the problem -- and
18 these are questions I'm bringing to our own
19 Board and to those of you in the racing
20 industry -- is the exclusion of other ADW
21 providers from individual signals creating a
22 log jam of individual bettors and people who
23 say, "Isn't this silly. I've got to change
24 accounts every time the meet changes"?

25 So would it be a good idea to add

1 to the license requirements a requirement that
2 racing associations must make their signal
3 available to any licensed ADW provider. Would
4 that also encourage -- and I have no way of
5 knowing this. I'm putting it up as a
6 question, and I would like to hear from my
7 point of view and I'm sure from Commissioner
8 Harris other points of view -- but would we
9 then -- we were remarkably impressed when we
10 began the search for how to set up ADW by the
11 fact that there were offers or interest in
12 applying for ADW from sources outside this
13 orbit, and if those ADWs were in fact there,
14 could we have as an industry extracted more
15 money than we can from our satellite -- our
16 incoming signals, shared signals?

17 So there were questions here of
18 whether or not we should put a regulation in
19 effect which would say simply that any
20 board-licensed ADW provider must be given
21 access to the signal by the horse racing
22 association. It's a radical step. But we are
23 not going anywhere up with what we have now.
24 Is this a way to go up in the future? This is
25 a starting point.

1 The Board will listen to
2 discussion and recommendations as to whether
3 or not to carry forward with this requirement
4 in licensing and there are others.
5 Commissioner Harris has a list of others that
6 we would like to discuss with the industry and
7 among the Board.

8 John?

9 VICE-CHAIRMAN HARRIS: Yes, thank
10 you, Alan.

11 Some of the areas that I focused
12 on really have to do with kind of best
13 practices of racing and what we could do at
14 least in a perfect world to make things better
15 and to do a better job, and I kind of broke
16 them down into different things.

17 First of all, on backstretch
18 security, I would like to see by some date
19 certain that any track operating more than 30
20 days a year has to have, in addition to all
21 the current security requirements, a video
22 surveillance system capable of long-term
23 recording of all 60 (ph.) places around the
24 backstretch, to include all entrances and
25 exits of the receiving barn. And then

1 furthermore, it might take a little longer to
2 do, surveillance cameras that would cover all
3 shed rows and essentially all movement within
4 said areas. And this would probably have to
5 be a cooperative effort of the racetracks and
6 of the horsemen. I think it would vastly
7 improve backstretch security, and really the
8 tracks are responsible for backstretch
9 security.

10 The CHRB has investigators, but we
11 don't really provide security on the
12 backstretch, per se, and I think the tracks
13 have to get up to date with today's technology
14 and utilize cameras to best do this, unless
15 they want to vastly increase the amount of
16 people that they have. I think these cameras
17 would really enhance the people they do have.

18 As far as the views of the races
19 themselves, which is really more of a racing
20 fan issue, I think everyone that we license
21 needs to have sufficient pan shots to show all
22 parts of the race and that there be no blind
23 spots or alleged blind spots, or at least
24 there would be no argument that there were
25 blind spots in a race. And also that there be

1 direct head-on and direct rear shots of both
2 the backstretch and the frontstretch to
3 include the turf courses. Now we have -- some
4 turf courses don't have a head-on shot, which
5 I think does create problems for the stewards
6 in analyzing inquiries and controversy among
7 the fans.

8 On the tote boards, I think we by
9 some date certain need to require that all
10 tracks have sufficient space on their tote
11 boards to list separately each betting
12 interest. I think the concept of having the
13 programs practice -- where you might have 14
14 horses on a program is a good concept, but we
15 need to get the technology of the tote boards
16 up to speed on it, or otherwise you've got the
17 12 keeps going to 13 to 14, and it is just
18 confusing for the fans, and I can't believe it
19 would be that big of an expenditure to fix
20 this.

21 Another thing that I think is very
22 important and that we need to do is the
23 transmission of wagering data. I think that
24 any track in California needs to have the
25 technology by whoever it's selling its signal

1 to have any wagering data instantaneously
2 transmitted back to the host, and if somehow
3 they can't do that, they will have to shut
4 their wagering off in time to where it does
5 get transmitted, where any data that is on the
6 race is in the host track when the gates open,
7 which is not the case now. I think now the
8 bets are made before the gate's open, but the
9 data is not all here, and that's created a
10 problem, and I think it's a -- you know, a
11 technical problem that can be resolved if we
12 figure out a way to do it, and it's something
13 that, you know, the time has come to do.

14 CHAIRMAN LICHT: I think those
15 are excellent ideas. What I would like to see
16 happen, and subject to what you two think, is
17 to set this for a committee meeting, a
18 published, noticed committee meeting, sometime
19 either in conjunction with the meeting at
20 Fairplex or prior to the meeting at Fairplex
21 so that we can have an opportunity to really
22 air those issues out.

23 COMMISSIONER LANDSBURG: I'm
24 agreeable to that.

25 CHAIRMAN LICHT: John?

1 VICE-CHAIRMAN HARRIS: I think
2 that is good. Because I think we need to get
3 comments, and we all come up with these ideas
4 to -- you know, different suggestions, and we
5 need to get pro and con comments on them, and
6 I think sometimes anytime anyone starts
7 talking about spending money, you get a little
8 nervous, but I think sometimes you got to
9 spend money to make money, and I think some of
10 these things are things that need to happen.

11 CHAIRMAN LICHT: All right. So
12 will you guys work on getting this set before
13 our next board meeting in Pomona or in
14 conjunction with that --

15 COMMISSIONER LANDSBURG: From my
16 point of view, John, whenever you're
17 available.

18 VICE-CHAIRMAN HARRIS: I agree. I
19 think we just need to figure a date that will
20 work for us.

21 CHAIRMAN LICHT: Good. All right.
22 The next item is the report on the conclusion
23 of the Hollywood Park meeting and the Solano
24 County Fair meeting.

25 MR. REAGAN: Commissioners, John

1 Reagan, CHRB staff. As indicated in the
2 summary for the end-of-meet reports, the
3 Hollywood spring meet had an interesting meet;
4 on-track, off-track down, but in total,
5 including the large increase in the account
6 wagering which was just in infancy last year
7 and now is developing more, so we saw a large
8 increase -- when you add that in, they were up
9 almost two percent, but, once again, the ADW
10 is what is kind of masking a little bit of a
11 drop there. Interesting enough, the Solano
12 County Fair looks like they had a heck of a
13 meet. Actually, they did have a good meet,
14 but they actually shifted from a prior meet of
15 11 days down to a meet for ten days, and that
16 is why we see all the positive signs there.
17 Like on the average daily handle, we compared
18 11 days to 10 days, so, obviously, we are
19 going to see around a 10-percent increase. So
20 we were expecting to see that. The meet
21 itself was about a push, with a couple million
22 dollars in the account wagering, so we will
23 continue to monitor those type of numbers.
24 The ADW is included in your end-of-meet
25 reports now and we'll probably be adjusting

1 those type of additions to the report as we
2 move along, but overall we're seeing a
3 situation, Mr. Landsburg kind of alluded to
4 it, where ADW is becoming significant, maybe
5 even 10 percent of the handle, but overall we
6 are not seeing a lot of wonderful increases
7 here. So we will continue to monitor that in
8 future reports and comment on that.

9 CHAIRMAN LICHT: Rick, I just had
10 a comment for Hollywood Park's meet, which I
11 thought had some super highlights, like the
12 Pincay Day obviously was one of the more
13 memorable days in horse racing in Southern
14 California, but there did seem to be on the
15 other side an inordinate amount of tote board
16 problems and timer problems, and I hope that
17 those will be corrected by the winter meet.
18 And maybe I'm wrong about the inordinate
19 number, but it sure seemed like that to me as
20 a fan.

21 MR. BAEDEKER: Rick Baedeker of
22 Hollywood Park. There certainly was an
23 inordinate number of tote board failures and
24 they seemed to occur at the least opportune
25 time. I guess that's automatic. And

1 Commissioner Harris was talking about the need
2 for the associations in the near future to be
3 able to show the individual pools for all of
4 the horses if we have 14 in a race or more.
5 And the industry in California, in Southern
6 California, has jointly purchased new LED
7 boards that will be in place for Chilli's meet
8 at Oak Tree. And these will move from track
9 to track, so we won't be limited by the
10 Baldwin box configuration that we now have.
11 So these will be great. These will be four
12 colored LED boards; we can show 20 horses if
13 we need to. And I think it's a great thing
14 that the tracks were able to agree to jointly
15 invest in these. And it's being done
16 currently in New York. They move the boards
17 from one track to another with no risk. These
18 things basically are you move them, plug them
19 in and they work, and so that is one issue
20 that has been resolved.

21 The timing issue is one I'm not as
22 familiar with, Commissioner. I will have to
23 look into that.

24 CHAIRMAN LICHT: And, again, I
25 think you and Allen -- particularly Allen

1 Gutterman did a great job. Pincay Day was an
2 incredible day and fun and everything else.

3 MR. BAEDEKER: Thank you,
4 Commissioner. I'm glad that you mentioned
5 Allen Gutterman. He worked on it for the
6 entire season, as you know; worked very
7 closely with Laffit and made sure that we had
8 every person important to Laffit at that
9 event, and we had the good cooperation of the
10 weather, good cooperation of the participants,
11 and if you screwed up honoring Laffit Pincay,
12 then I don't know what you could do
13 successfully, so it was pretty easy to pull
14 that one off. But it was a lot of hard work,
15 and Allen Gutterman and his team, I think, is
16 deserving of credit, so I appreciate the
17 mention.

18 MR. Liccardo: Ron Liccardo for
19 the Pari-Mutuel Employees.

20 Is it just an oversight on the
21 numbering or did we lose 2001's figures?

22 MR. REAGAN: Simply an oversight
23 on the numbering.

24 I will double-check with my
25 assistant to see if it was a matter of

1 numbering in the columns when he switched his
2 Excel program to add the extra year. I'll
3 find out which disappeared: the numbering or
4 the column itself.

5 MR. Liccardo: It's the same
6 thing on the total handle also.

7 MR. REAGAN: Yes.

8 CHAIRMAN LICHT: Any -- thank you,
9 John.

10 The Pari-Mutuel Committee report.

11 COMMISSIONER LANDSBURG: This is
12 the Pari-Mutuel Committee meeting that took
13 place two meetings ago. I'm trying to place
14 my date.

15 In any case, we heard at the
16 Pari-Mutuel Committee meeting a preliminary
17 report on offshore betting sites and
18 troublesome venues here in the United States,
19 and we expect to have a full report sometime
20 this fall. There are areas of the report
21 which may require some confidentiality, so it
22 will be subject to ongoing further
23 investigations, and this is TOC's
24 preliminary -- basically, it's TOC's
25 preliminary report, and Mr. Couto gave us some

1 indication of problem areas. We will be
2 hearing more, unless Mr. Couto wants to in
3 another Pari-Mutuel Meeting provide further
4 elaborations. However, their report is soon
5 due.

6 As a Pari-Mutuel Committee, we
7 revisited the question of the "Bet The
8 Favorite." If you recall, the Board turned
9 down the request to put it in place as an
10 allowed wager. Based on earnest support for
11 the bet from some of the racing associations,
12 to include Santa Anita, particularly, and
13 Hollywood Park, we agreed to place the
14 proposition back into the consideration
15 process, and it is now undergoing that
16 process, which I'm sure Mr. Wood can explain.

17 CHAIRMAN LICHT: And that is
18 what?

19 COMMISSIONER LANDSBURG: And that
20 is the result of the Pari-Mutuel Committee
21 report.

22 CHAIRMAN LICHT: Thank you.

23 The Race Dates Committee already
24 reported during the course of the race dates
25 discussions.

1 Let's move to general business.

2 New business? Old business?

3 Okay. The formal portion of this
4 meeting is adjourned. Thank you.

5 -o0o-

6 (Whereupon, the meeting was
7 concluded at 1:25 p.m.)

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REPORTER'S CERTIFICATE

I, LESLIE A. TODD, a Certified
Shorthand Reporter and Registered Professional
Reporter, do hereby certify:

That said California Horse Racing
Board, Race Dates Committee Meeting, was taken
before me at the time and place set forth and
was taken down by me in shorthand and
thereafter reduced to computerized
transcription under my direction and
supervision, and I hereby certify that the
foregoing hearing is a full, true and correct
transcript of my shorthand notes so taken.

I further certify that I am neither
counsel for nor related to any party to said
action nor in anywise interested in the outcome
thereof.

IN WITNESS WHEREOF, I have hereunto
subscribed my name this 27th day of August
2003.

LESLIE A. TODD,
CSR 5129 and RPR

