

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

In the Matter of:)
)
Regular Meeting)

GOLDEN GATE FIELDS
1100 EASTSHORE HIGHWAY
BAYSIDE LOUNGE (TURF CLUB)
ALBANY, CALIFORNIA

TUESDAY, NOVEMBER 17, 2009
10:08 A.M.

Reported by:
Richard A. Friant

APPEARANCES

COMMISSIONERS

John C. Harris, Chairperson

David Israel, Vice Chairperson

Keith Brackpool

Jesse H. Choper

Richard A. Rosenberg

STAFF

Kirk Breed, Executive Director

Richard Bon Smith, Assistant Executive Director

Robert Miller, Staff Counsel

Jacqueline Wagner, Regulations/Legislation Manager

Mike Marten

ALSO PRESENT

Ron Charles, Santa Anita Racetrack

Gregg Scoggins, MEC

Marsha Naify, TOC

Jack Liebau, Hollywood Park

Mike Harlow, Santa Anita Racetrack

Craig Fravel, Chairman, SCOTWINC

Richard Castro, Pari-Mutuel Employees Guild, Local 280

Robert Hartman, Golden Gate Fields

Richard English, Los Alamitos

Chris Korby, CARF

Charlie Dougherty, CTT

APPEARANCES CONTINUEDALSO PRESENT

Rick Pickering, CEO, Alameda County Fairgrounds

Mike Paluszak

Guy Lamothe, Executive Director, TOC

Norb Bartosik, Cal Expo

Ed Halpern, CTT

Bill Anton

Tom Bachman

Ed Moser, Trainer

Jerry Hollendorfer, Trainer

Tawny Tesconi

Stuart Titus, General Manager, Humboldt County Fair

Debbie Cook, Manager, San Joaquin County Fair, Stockton

Barry Broad, Attorney, Broad & Gusman LLP

Sherwood "Chilly" Chillingworth

Steve Schwartz

David Besenfelder

Greg Nichols

John Hindman, TVG

Melanie Frank

Cathy Christian

Brad Blackwell, Vice President Legal, Twin Spires

Ruby Thomas, Trainer and Owner

Sandy Torok, Public Trainer

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1 opportunity to speak and the meeting proceeds in a timely
2 fashion, I will strictly enforce the three-minute time limit
3 rule for each speaker. The three-minute time limit will be
4 enforced during the session of all matters stated on the
5 agenda, as well as during the public comment period.

6 There is a public comment sign-in sheet and cards
7 for each agenda matter on which the Board invites comments.

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

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

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

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

24 If a speaker repeats himself or herself, the
25 Chairman will ask if the speaker has any new comments to

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

3 Mr. Chairman.

4 CHAIRPERSON HARRIS: Thank you, Kirk.

5 Just before we begin, I might make a few
6 announcements and some of the other Commissioners might like
7 to chime in as well. I'd like to welcome Richard Rosenberg,
8 this is his first meeting and he's going to be a good
9 addition to the Board.

10 Richard, would you like to say anything?

11 COMMISSIONER ROSENBERG: Delighted to be here.

12 CHAIRPERSON HARRIS: And also I'd like to
13 congratulate Jerry Moss, who's not here, for the sensational
14 victory of Zenyatta in the Breeders' Club Classic. That was
15 a real special moment for racing that we'll remember for the
16 whole --

17 (Applause.)

18 CHAIRPERSON HARRIS: That highlighted a really big
19 day of racing, or two days of racing at Oak Tree, the
20 Breeders' Cup. I was there both days and it was just a very
21 electric feeling in the crowd and Oak Tree, and Chilly, and
22 all the Breeders' Cup people should be congratulated, and
23 all the participants, I know, really contributed a lot. And
24 it was one of those days that we need more of in racing.

25 On a sad note, I think most of you are aware of

1 the loss of Bobby Franco and just wanted to comment that
2 he's been a wonderful contributor to racing, and quality,
3 and trainer, and really a legend in his own time and he'll
4 be sadly missed.

5 Any other Commissioners have any comments they'd
6 like to make?

7 Hearing none, we'll go ahead on the minutes of the
8 regular meeting of October 15th. Anyone have any additions
9 or corrections to those? Hearing none, I'd move --

10 COMMISSIONER BRACKPOOL: I'll make a motion to
11 approve those.

12 CHAIRPERSON HARRIS: Keith Brackpool moved to
13 approved.

14 VICE CHAIRMAN ISRAEL: Second.

15 CHAIRPERSON HARRIS: A second. All in favor?

16 (Ayes.)

17 CHAIRPERSON HARRIS: Speaking of the minutes, on
18 our package of stuff that we get, it's been brought to my
19 attention, which it's not that hard to bring to my
20 attention, that we get this box of like 23 pounds of stuff,
21 which is more than our little minds can handle. Most of it
22 was all these ADW applications. But I think internally, at
23 the CHRB level, and then externally and stuff being sent in,
24 we need to figure out some way to streamline the amount of
25 material that we have. And it should be available, but I

1 think it gets complicated to review things that are somewhat
2 redundant to other things.

3 Also I might mention that somewhat of a policy
4 change going forward, unless we can figure out a way to fund
5 it, are internet broadcasts of the audio portion of the
6 meetings may have to be suspended as the funding for that,
7 which was coming from California Marketing, has been
8 curtailed. So I think we need to look at maybe better ways
9 to do it, but it's probably everyone should be forewarned
10 that that may go away.

11 So the first item is the application for a license
12 to conduct a horse racing meeting of the Los Angeles Turf
13 Club at Santa Anita, commencing December 26th through April
14 18th. Who's going to present this; Jackie and Ron?

15 VICE CHAIRMAN ISRAEL: What about do we need to do
16 this, (b)?

17 CHAIRPERSON HARRIS: Oh, wait, let's hold and
18 rewind a bit here, and we'll go back to (b) of the minutes.

19 There was a request by Commissioner Moss that it be
20 clarified back to the minutes of May 25th, 2006 on what
21 happened on the vote for synthetic tracks, and it's all in
22 the packet there, the whole -- actually, people may enjoy
23 reading the whole transcript of the synthetic track
24 discussion, which would clarify a lot of people's opinions
25 at the time.

1 But in any event, I think Commissioner Moss wanted
2 to not be on record as voting yes. But he did not vote no,
3 but he wants to be on record as abstaining.

4 VICE CHAIRMAN ISRAEL: I'll move. I'll move that
5 revision to the amendments -- or the amendment to those
6 minutes.

7 CHAIRPERSON HARRIS: Is there a second?

8 COMMISSIONER CHOPER: Second.

9 CHAIRPERSON HARRIS: All in favor?

10 (Ayes.)

11 CHAIRPERSON HARRIS: But I would encourage all of
12 the historians in the group to go back and read those
13 minutes.

14 VICE CHAIRMAN ISRAEL: Including Jess Jackson.

15 CHAIRPERSON HARRIS: Okay, we'll go ahead now with
16 the L.A. Turf Club.

17 Oh, did you want Scoggins to go first?

18 MR. CHARLES: Yes, if it would be possible, prior
19 to hearing this application.

20 CHAIRPERSON HARRIS: Yeah, why don't we go
21 ahead --

22 MR. CHARLES: Gregg Scoggins is going to give an
23 update with regards to the bankruptcy.

24 CHAIRPERSON HARRIS: Yeah, let's go ahead and do
25 that, because I'm not sure if that's on the agenda, but it

1 ties into this.

2 MR. CHARLES: Yeah.

3 MR. SCOGGINS: Good morning, Gregg Scoggins, Vice
4 President of Regulatory Business and Development for Magna
5 Entertainment. I'm here for my monthly update on things
6 relative to Magna's Chapter 11 proceeding.

7 Just as a update since the last time I appeared
8 before you, as you may recall I mentioned that there was an
9 amended financing agreement between MI Developments, which
10 is the lender to MEC during the Chapter 11 proceedings,
11 which increases the amount of financing provided to MEC by
12 \$26 million, which will extend its ability to operate and
13 its operational capital through April.

14 That request was approved and an order was entered
15 in October, late October, approving the amendment to the
16 agreement and so that is moving forward.

17 As I also mentioned, there were conditions to that
18 agreement as it relates to MID's obligations and/or MEC's
19 obligations in return. And among those agreements include a
20 process for getting bids and options conducted with respect
21 to Santa Anita, Golden Gate Fields, and XpressBet, all three
22 of whom are licensed by this Board.

23 And the process for that is spelled out in the
24 order for that, it's spelled out in a separate order, and
25 the provisions for Santa Anita and Golden Gate Fields are as

1 follows; they have set a February 10th deadline for
2 receiving definitive bids. By the 17th of February, they
3 hope to be able to announce a stalking horse with respect to
4 each of those properties, and they will be treated as
5 separate assets, they're to be identified separately.

6 And then they anticipate that there will be an
7 auction on the 25th of February, followed by the entry of a
8 -- the holding of a hearing on the 26th, whereby a sale
9 order will be entered by the court. That is the anticipated
10 timeframe for the Golden Gate and Santa Anita sales.

11 We are currently soliciting, and receiving, and
12 discussion prospective bids for XpressBet, the sale of
13 XpressBet, and I'll update you as that process proceeds as
14 well.

15 VICE CHAIRMAN ISRAEL: Yeah, once the hearing is
16 held and the sale order given on the 26th, how long does it
17 take to close something on this order?

18 MR. SCOGGINS: Well, what I can tell you from our
19 experience with some of the other tracks that we are in the
20 process of selling or giving approvals for, Remington Park
21 being an example, what the -- the conditions of sale are
22 many, but probably one of the most important of which for
23 purposes of your interest is the regulatory approval that
24 needs to be obtained, and that's one of the conditions of
25 closing.

1 And so once the sale order has been entered, then
2 the buyer will proceed to obtain the CHRB's approval to be
3 the owner of Golden Gate Fields or Santa Anita, as the case
4 may be.

5 VICE CHAIRMAN ISRAEL: Might it not make sense to
6 have each of the qualified bidders submit a provisional
7 request for approval to expedite the process, so it doesn't
8 drag on?

9 MR. SCOGGINS: I really appreciate you asking that
10 question and raising that possibility, we would welcome that
11 opportunity.

12 VICE CHAIRMAN ISRAEL: Would that be legal? Bob?

13 STAFF COUNSEL MILLER: Yeah, it's really a matter
14 for the bankruptcy court in Delaware.

15 VICE CHAIRMAN ISRAEL: No, no, no, this is just --
16 just as a regulatory --

17 STAFF COUNSEL MILLER: As a condition of
18 submitting a bid.

19 VICE CHAIRMAN ISRAEL: No, just could we
20 provisionally approve the bidders or reject the bidders,
21 whatever is required, so that we don't wind up with someone
22 being the high bidder and having a sale order entered after
23 a hearing that we won't approve, that will be -- you know,
24 who can't --

25 CHAIRPERSON HARRIS: I think we can approve the

1 stalking horse bid, but some of the other bids would not
2 really be disclosed, I'd presume.

3 VICE CHAIRMAN ISRAEL: Well, that's what I'm
4 asking.

5 MR. SCOGGINS: Yeah, and I'll clarify, because I
6 did somewhat misunderstood where you were going with that
7 question.

8 VICE CHAIRMAN ISRAEL: Well, because if we're
9 going to reject the bidder that's just going to start the
10 process, the clock starts ticking all over and it just
11 wastes a year.

12 COMMISSIONER BRACKPOOL: But anybody can -- but
13 anybody can show up at the bankruptcy court that day and as
14 long as they meet the over-bid provisions and the qualified
15 provisions, they can start bidding.

16 MR. SCOGGINS: That's correct.

17 COMMISSIONER BRACKPOOL: So you can't stop
18 anybody.

19 VICE CHAIRMAN ISRAEL: Right.

20 CHAIRPERSON HARRIS: But they're taking a risk.

21 VICE CHAIRMAN ISRAEL: No, but --

22 MR. SCOGGINS: What we have explored in other
23 states and has been acceptable in other states is to start
24 the process of obtaining the approval of a particular bidder
25 in advance of the order being entered, and in advance of a

1 formal application being submitted.

2 VICE CHAIRMAN ISRAEL: That's what I'm asking.

3 MR. SCOGGINS: But it wouldn't be in the nature of
4 a provisional acceptance or approval of a particular bidder,
5 it's merely designed to help initiate the process of the
6 background checks into the prospective bidders so that when
7 an order is entered approving them as a bidder, the
8 timeframe for getting the matter before you for final
9 decision is shortened.

10 MR. SCOGGINS: I think the bidders would be aware
11 of it, but I guess we could publish something that would not
12 be limited to that, but just what sort of restrictions, what
13 sorts of things would bar someone from achieving a license.

14 VICE CHAIRMAN ISRAEL: Right.

15 MR. SCOGGINS: Well, and I think that's a good
16 point. And I will say that for purposes of the bidding and
17 due diligence process we have on file for all bidders,
18 regardless of the property, whether it be the two California
19 tracks, or XpressBet, et cetera, we have the statutes that
20 apply to the ownership and operation of a license, or the
21 holding of a license in that state. They know what the
22 requirements are, they know that they have to structure
23 things in a way that comply with that obligation.

24 The agreement, itself, says you can't close unless
25 you get the approval. That is a condition of closing.

1 VICE CHAIRMAN ISRAEL: But what's the bankruptcy
2 court's obligation?

3 MR. SCOGGINS: The bankruptcy court's obligation
4 is to evaluate our assessment and the creditor's committee's
5 assessment as to whether the bidder is a proper bidder.

6 VICE CHAIRMAN ISRAEL: Oh, okay.

7 MR. SCOGGINS: Obviously, part of our assessment
8 is going to be is this person going to quality? You know,
9 we're not going to give it to a gentleman who has a shady
10 past, that we don't really know anything about.

11 VICE CHAIRMAN ISRAEL: Right. Here's the example,
12 John Gotti's still alive, he's the high bidder, he's not
13 going to get licensed.

14 MR. SCOGGINS: That's right, it's the highest and
15 best offer.

16 VICE CHAIRMAN ISRAEL: Okay.

17 MR. SCOGGINS: So that the "best" part of it would
18 be an element of that.

19 VICE CHAIRMAN ISRAEL: Okay, all right.

20 COMMISSIONER CHOPER: Does the bankruptcy court
21 have jurisdiction to overturn a decision of a state
22 regulatory board, disapproving the bidder?

23 MR. SCOGGINS: Not in the context of a suitability
24 assessment. I think where the bankruptcy court would weigh
25 in is if the decision was made on the basis of the fact that

1 an MEC entity, or L.A. Turf Club was in bankruptcy. I think
2 when you start making decision on that basis, then the
3 bankruptcy court will step in.

4 If it's on the basis that you've got a John Gotti
5 and they're like this guy is not in the best interest of
6 racing, the bankruptcy's court's not going to intervene
7 there. I would be shocked if they would.

8 COMMISSIONER CHOPER: Well, then I don't see why
9 that Commissioner Israel's question couldn't be pursued.

10 COMMISSIONER BRACKPOOL: Because the auction is on
11 the 25th and the hearing is on the 26th, so unless we work
12 through the night on the 25th, you won't know who the
13 winning bidder is.

14 COMMISSIONER CHOPER: You won't know who the
15 bidders are until the 25th.

16 COMMISSIONER BRACKPOOL: Right, because anybody
17 can show up in court as long as they comply with the auction
18 provisions.

19 COMMISSIONER CHOPER: So it's just a matter of
20 time, the time won't permit that.

21 MR. SCOGGINS: Exactly.

22 VICE CHAIRMAN ISRAEL: Well, the only thing is you
23 have a vague idea of who's interested, and unless they're
24 trying to do this secretly, because they don't want their
25 interest to be divulged, I would think something that

1 expedites the process -- because the longer that this is
2 held by a bankrupt company and operating by a bankrupt
3 company, the worse it is for California racing.

4 MR. SCOGGINS: Well, the idea of expediting
5 things, we totally agree with that. And to the extent that
6 we are in a position, if we have multiple, eligible bidders
7 as of the 10th of February, then we could submit the
8 information as to those bidders as of that time, even
9 knowing that we won't have an order awarding it to any of
10 those, or even heard --

11 VICE CHAIRMAN ISRAEL: Right.

12 MR. SCOGGINS: -- if we can go ahead and send that
13 on to Kirk, and have his group start looking into the
14 background information, and into the nature of the deal,
15 because the agreement will largely be whatever's reflected
16 in the bid, subject to whatever changes are made at the
17 auction, which usually are minor at that time, then we
18 expedited the process because at least he has had a chance
19 to move forward on things. So that by the 26th, we'll be 16
20 days ahead of where we were if we'd started on the 26th.

21 STAFF COUNSEL MILLER: This Board can invite all
22 bidders to submit documentation to the Board, invite. But
23 this Board does not have jurisdiction to impose a condition
24 as a prerequisite to bidding in the Delaware bankruptcy
25 court.

1 VICE CHAIRMAN ISRAEL: No, no, I'm just trying to
2 expedite our process so once -- if a bidder, who's submitted
3 their information to us before the bid is accepted is in
4 the -- you know, it will just expedite the process. And
5 this thing's been delayed, this thing is almost a year from
6 the declaration of bankruptcy, and this auction's been
7 delayed, what, three, four times already, something like
8 that. I mean, March 5th was the declaration; right?

9 MR. SCOGGINS: Yes, the petition was filed March
10 5th.

11 VICE CHAIRMAN ISRAEL: Yeah.

12 MR. SCOGGINS: And we originally had a bidding and
13 auction process contemplated for July and September, and
14 that didn't work out so now we're working on --

15 VICE CHAIRMAN ISRAEL: Right, so this is the third
16 date and we're almost -- it will be 50 weeks from the
17 petition for bankruptcy. So, you know, we need to get
18 through this and move on.

19 CHAIRPERSON HARRIS: Yeah, I don't see where CHRB
20 would be a delay though. I mean, people come into our
21 offices everyday and get licenses. It's not -- I mean, it
22 depends on how much you want to investigate the financing of
23 this or that.

24 VICE CHAIRMAN ISRAEL: Well, that's what we need
25 to find out.

1 STAFF COUNSEL MILLER: Well, the personnel have to
2 be investigated.

3 MR. SCOGGINS: Would it be correct for me to
4 understand, from the conversation we've just had, that the
5 CHRB would be willing for us to have bidders submit their
6 information prior to the auction, to the extent that they're
7 willing and able to do so, so that it would, as you
8 mentioned, expedite the process to the greatest extent
9 possible?

10 VICE CHAIRMAN ISRAEL: Well, that was my point. I
11 don't know about the rest of them.

12 MR. SCOGGINS: I don't think it's -- I don't think
13 it's practical for us to get pre-clearance, but if we can at
14 least have something in your all's possession, so that you
15 can start reviewing the prospective bidders, then we're that
16 much farther ahead.

17 VICE CHAIRMAN ISRAEL: Right.

18 CHAIRPERSON HARRIS: But we don't want to micro-
19 manage. I mean, all we're worried about is that you don't
20 have a convicted felon that's running it and you've got
21 whoever is responsible has sufficient capital to run the
22 meet.

23 MR. SCOGGINS: Right.

24 CHAIRPERSON HARRIS: And, you know, maybe some
25 degree of expertise, which is always available in this

1 industry.

2 MR. SCOGGINS: That's fine. I will take that back
3 to our folks.

4 VICE CHAIRMAN ISRAEL: Thank you.

5 STAFF COUNSEL MILLER: And further on that point,
6 Mr. Chairman, the Board could direct the Executive Director
7 to publish a notice inviting all prospective bidders to
8 submit materials to the California Horse Racing Board prior
9 to the date of the auction, for the purposes of ascertaining
10 whether or not they would be approved. Invite.

11 MR. SCOGGINS: And we'd be happy to extend that
12 invitation to folks that --

13 CHAIRPERSON HARRIS: Well, what would be our basis
14 to deny, though?

15 STAFF COUNSEL MILLER: We wouldn't be denying or
16 accepting, but we would be inviting them to provide all that
17 information prior to the bid so that it would give us some
18 lead time to do our investigations.

19 VICE CHAIRMAN ISRAEL: Because the staff can have
20 all this stuff prepared so that next month we can approve it
21 and it's going on --

22 CHAIRPERSON HARRIS: Well, I mean, the application
23 is going to be pretty much like this anyway, it's just a
24 question of who's standing behind it.

25 VICE CHAIRMAN ISRAEL: Well, but that's the

1 question, and how they're financed. You know, we've been
2 burned.

3 COMMISSIONER BRACKPOOL: But a lot of that won't
4 be known until the auction because people can get together
5 at auctions, they can separate at auctions, they can --

6 CHAIRPERSON HARRIS: Yeah. Okay, let's move on.

7 MR. SCOGGINS: Is there any other questions
8 relative to the timeframe that I've just laid out?

9 There is one piece of good news I'd like to
10 report. I know we've had numerous conversations at the
11 previous meetings about the status of payments that were
12 pre-petition amounts, that would be called statutory
13 payments, to SCOTWINC, NOTWINC, and the various affiliated
14 State funds, and I was advised this morning that we have
15 filed a motion with the bankruptcy court seeking permission
16 to be able to pay those various statutory in-state funds.

17 (Applause.)

18 COMMISSIONER BRACKPOOL: That's the in-state
19 funds?

20 MR. SCOGGINS: Yes, sir.

21 COMMISSIONER BRACKPOOL: What about the out-of-
22 state funds?

23 MR. SCOGGINS: The out-of-state funds, as you may
24 be referring to, there was a matter that was filed by
25 various simulcast partners, RTS, and others. That motion

1 was filed, it was amended, we have moved to dismiss that and
2 that is a matter that is still pending, and is still subject
3 to bankruptcy court ruling on whether or not that motion is
4 a valid motion.

5 COMMISSIONER BRACKPOOL: But your position on that
6 is that you're still against payment, repayment of those
7 monies?

8 MR. SCOGGINS: Yes, sir.

9 CHAIRPERSON HARRIS: Well, the priority I guess is
10 what you're against. You'd like to pay them, but you don't
11 think they have a priority, or you don't want to pay them at
12 all?

13 MR. SCOGGINS: No, no, I mean the question is
14 whether they are general creditors, who stand in the same
15 shoes as every other general creditor, as opposed to a
16 priority creditor who is standing in the --

17 COMMISSIONER BRACKPOOL: Right, he'll get his
18 money back.

19 VICE CHAIRMAN ISRAEL: Right, and your contention
20 is they're general creditors?

21 MR. SCOGGINS: Yes.

22 VICE CHAIRMAN ISRAEL: And their contention is
23 they're priority creditors?

24 MR. SCOGGINS: Yes.

25 CHAIRPERSON HARRIS: And that's what the

1 bankruptcy court is for, basically.

2 VICE CHAIRMAN ISRAEL: Yeah. Okay.

3 COMMISSIONER CHOPER: Can I ask why or ask the
4 same question a different way each time, why are you
5 opposing it? These are people who received the bettors'
6 funds, right, the bettor won, they paid the bettor a
7 substantial amount of money and they're asking now that --
8 it was a pool, right, and they're asking for the money back.
9 Why are you opposing it? I mean, I can understand other
10 people opposing it, because it's going to deplete the state.
11 But I don't understand why Magna's opposing it.

12 MR. SCOGGINS: The -- I asked that question of our
13 folks, as far as trying to understand the procedural posture
14 of this particular matter, and for things that lawyers can
15 appreciate and understand, because sometimes we get hooked
16 up in procedures that don't make sense to people, MEC was
17 sued directly by these parties, RGS and others, so it is a
18 defendant.

19 The Creditor's Committee, who is I've always
20 referred to as being one who would oppose something like
21 that, just as much as MEC might legally entitled to oppose,
22 they are not a party to the action, it is just MEC.

23 If MEC -- so it's really MEC's role to respond.
24 If MEC responds in a role that the creditor's feel is in the
25 best interest of the State and it's not depleting funds of

1 the estate, then they can either sit silent or they can file
2 a motion in support, as an intervenor, if you will.

3 If MEC does not act in a way that's consistent
4 with what the Creditor's Committee feels is in the best
5 interest of the State, they can file an action with the
6 court seeking some kind of punishment against MEC for not
7 acting in the best interests of the estate.

8 So there are a variety of decisions beyond just
9 whether or not they should have the money, from a "it's-the-
10 right-thing-to-do perspective" versus whether we have the
11 ability legally to do what we think is the right thing to
12 do.

13 COMMISSIONER CHOPER: Have you thought of joining
14 the Creditor's Committee into this proceeding and let the
15 judge give an authoritative ruling as to whether MEC can,
16 consistent with the bankruptcy laws, pay the amount that it
17 owes from, you know, what Mr. Liebau has continually
18 referred to as "trust funds," and whether they're legally or
19 not, I don't know.

20 MR. SCOGGINS: Right.

21 COMMISSIONER CHOPER: But in terms of the industry
22 aside, it does not encourage people who are taking bets and
23 increasing the handle to tell them that if they make the
24 mistake of paying a winner, they don't get repaid.

25 MR. SCOGGINS: I --

1 COMMISSIONER CHOPER: I know you don't have the
2 answer to this, but I really think you ought to go back and
3 talk to them about this. I understand they don't -- look,
4 obviously, they're being, I think, punished by the
5 bankruptcy court; right?

6 MR. SCOGGINS: Of course.

7 COMMISSIONER CHOPER: Everyone understands that.
8 But it just seems to me that there is a way to join those
9 who might ask for such funds into a single proceeding and
10 have the issue resolved.

11 MR. SCOGGINS: I can tell you that those
12 discussions have occurred and I can tell you that -- I'm
13 trying to remember the extent to which many motions have
14 been filed to that extent. But I am hopeful that something
15 like that may occur

16 COMMISSIONER CHOPER: Good.

17 COMMISSIONER BRACKPOOL: John?

18 CHAIRPERSON HARRIS: Okay, Keith.

19 COMMISSIONER BRACKPOOL: Well, I just want to
20 follow up on this conversation we had last month, on this
21 very issue.

22 MR. SCOGGINS: Yeah.

23 COMMISSIONER BRACKPOOL: The way that you
24 responded to the first question was our hands are tied, we
25 have to do what's in the best interest of the estate and

1 that is to maximize the dollars.

2 The question I asked you at the last meeting and
3 you said you would go back and make some inquiries was, is
4 there not a position that can be taken that the best
5 interests of the estate are best served by repaying the
6 monies and, therefore, increasing the confidence in the game
7 and the sport, generally?

8 MR. SCOGGINS: And the answer to your question is
9 yes, we did have that conversation. And I would like to say
10 that the motion with respect to the SCOTWINC, and NOTWINC,
11 and State funds reflects the outcome of that conversation.
12 They stand in a different set of shoes than the simulcast
13 monies, they're of a different amount in terms of magnitude,
14 and so the thinking on that reflects the fact that they
15 stand in different positions of --

16 COMMISSIONER BRACKPOOL: And there's legislation.

17 MR. SCOGGINS: Right, and there's legislation and
18 there's lots of issues relative to those specific items that
19 make them different than the simulcast monies.

20 So in some respect, you know, movement has been
21 made in the direction of recognizing the point you've made.

22 You know, but there's a certain limit to which movement can
23 be made, we have to counter-balance it against other
24 considerations that are applicable to the bankruptcy
25 proceeding, itself.

1 CHAIRPERSON HARRIS: As I see it, I think it
2 should be paid, but I don't think we can do much about this
3 pre-bankruptcy debt. I think what we need to focus on is
4 the post-bankruptcy ability to finance their ongoing
5 operations, which they assure us is okay.

6 MR. SCOGGINS: Right, and to that extent, and I
7 appreciate you bringing that up, I mean as I mentioned we do
8 have the extended DIP financing that will take us through
9 April.

10 Obviously, Santa Anita is a meet that typically
11 doesn't have any problems with respect to its positive cash
12 flow, and then we also have made efforts to make whole those
13 parties within the State that are subject to statutory
14 obligations.

15 So we're, what I feel, putting forward our best
16 foot, you know, as best we can and are making the kind of
17 efforts that hopefully will engender goodwill, or at least
18 better will than what we might otherwise have.

19 COMMISSIONER BRACKPOOL: My last question on that
20 would be the purchase and sale contract that you're
21 designing for the auction would anticipate a closing date of
22 when; after the meet finishes?

23 MR. SCOGGINS: I don't believe -- I don't know. I
24 don't know that. I think that the deal would be to have a
25 closing date that would be as soon as possible and as soon

1 as possible would be as soon as the CHRB would be in a
2 position to pass on the respective purchaser, and the
3 ability to meet the other conditions.

4 So it is conceivable that we could have a closing
5 that would -- to the extent it is possible, it is
6 conceivable that you might have a closing that occurs in the
7 midst of a meet.

8 COMMISSIONER CHOPER: Just out of curiosity, what
9 was the first closing date?

10 MR. SCOGGINS: Closing date for what?

11 COMMISSIONER CHOPER: Auction date?

12 MR. SCOGGINS: I think the original auction
13 date's, as prompted, right, was somewhere around early
14 September, and there were bids and stalking horse --

15 COMMISSIONER CHOPER: So we're going six months
16 beyond it?

17 MR. SCOGGINS: Right.

18 COMMISSIONER CHOPER: If you get in February,
19 that's good.

20 MR. SCOGGINS: We'd be happy.

21 COMMISSIONER CHOPER: Because a lot of people are
22 thinking that that's the way it's going to be, but it is
23 not, necessarily.

24 MR. SCOGGINS: Right.

25 CHAIRPERSON HARRIS: Any other questions from

1 Commissioners on this item?

2 If not, we'll need to keep moving along here on
3 the Santa Anita application?

4 Because we can discuss Golden Gate during their
5 application, too.

6 MR. SCOGGINS: Thank you.

7 VICE CHAIRMAN ISRAEL: Thank you.

8 REGULATION/LEGISLATION MANAGER WAGNER: Good
9 morning, Commissioners, Jackie Wagner, CHRB staff.

10 The application before you is from the Los Angeles
11 Turf Club, at Santa Anita. They're proposing to race from
12 December 26th through April 18th, which is 83 days. This is
13 one day less than they raced in 2009.

14 They're proposing to race a total of 714 races,
15 with an average of 8.6 races per day.

16 The race dates proposed are the dates that were
17 allocated to the Association.

18 They will be racing five days per week, Wednesday
19 through Sunday, with the exception of Monday racing on
20 December the 28th, January 18th, and February 15th.

21 They are proposing 54 stakes races to be run
22 during the race meeting, with a first post time of 1:00 p.m.
23 on weekdays, and a 12:30 p.m. post time on weekends and
24 holidays, with the following exceptions; on December 26th,
25 which is opening day, the post time will be 12 o'clock;

1 Sunshine Millions Day, which is January the 30th, they are
2 proposing a 11:45 a.m. post time; Super Bowl Sunday, which
3 in 2010 is February the 7th, their post time will be 11
4 o'clock in the morning; the Santa Anita Handicap on March
5 the 6th, the post time is 12 o'clock; and the Santa Anita
6 Derby, scheduled for April the 3rd, will be a 12 o'clock
7 p.m. post time.

8 Their advance deposit wagering providers are
9 XpressBet, YouBet, Twinspires, and TVG.

10 There are items that are still missing from the
11 application and have yet to be received, these include the
12 Horsemen's agreement, CTT agreement. The track safety
13 inspection, the vet's backstretch housing inspections have
14 been scheduled and they will be completed before the race
15 meeting commences.

16 We do have a representative of the --

17 CHAIRPERSON HARRIS: You say the Horsemen's
18 agreement has not been completed?

19 REGULATION/LEGISLATION MANAGER WAGNER: I do not
20 have a Horsemen's agreement.

21 MR. CHARLES: Chairman Harris, we have a verbal
22 agreement that we've -- obviously, we worked the last three
23 or four days around, but we have a verbal agreement. We
24 would expect to have that signed and to you in the next day
25 or two.

1 COMMISSIONER CHOPER: How about the trainers?

2 MR. CHARLES: The trainers the same thing.

3 COMMISSIONER CHOPER: The same thing.

4 CHAIRPERSON HARRIS: Any opening thoughts from any
5 of the Commissioners on this application; if you've had a
6 chance to review it?

7 By the way, did all the audience get this packet
8 of material that is provided in the application? I think
9 it's supposed to be on our website and just so everybody can
10 review things.

11 The only thing I saw is that you do have a six-day
12 week in that first week, which is a holiday week, which I
13 think would be good, although it might be wise to skip the
14 Wednesday following that New Year's holiday, but I --

15 MR. CHARLES: Chairman Harris, we discussed that
16 and that is by far and away our largest handle during that
17 week. We're coming off a five-day period in between
18 Hollywood and Santa Anita and, you know, we're open to
19 looking at it, but we thought right now that we'd go ahead
20 and run with the existing schedule.

21 CHAIRPERSON HARRIS: Yeah, and I like the existing
22 schedule, it's just you can skip coming back -- like skip
23 January 6th, possibly. But it should be up to the Horsemen
24 and the track how your inventory is doing.

25 MR. CHARLES: And TOC has agreed.

1 CHAIRPERSON HARRIS: I think we've got some
2 comments from people on this, that put in cards. Marsha
3 Naify, TOC.

4 MS. NAIFY: Marsha Naify, TOC. Yeah, I just want
5 to state that the TOC does have a verbal agreement with
6 Santa Anita, and so we should have the Horsemen's agreement
7 hopefully completed tomorrow, when we return back to Los
8 Angeles.

9 And the other thing is that we remain flexible on
10 the days, especially the Wednesdays, to see how the meet
11 goes. Okay, thank you.

12 CHAIRPERSON HARRIS: Thank you. Okay, Jack
13 Liebau?

14 MR. LIEBAU: Jack Liebau, from Hollywood Park. We
15 think that it would be in the best interest, certainly of
16 Hollywood Park and of racing, the Southern California Racing
17 circuit, if there was some communication of days that were
18 run in April by Santa Anita.

19 As you know, the horse inventory is a problem and
20 in consideration of what happened last year, and I don't
21 think there's any indication that things will be any
22 different in 2010. In fact, I would predict that they would
23 be worse.

24 I'd like to bring to your attention that there
25 were 270 days allocated in Southern California last year,

1 there were 249 days that were actually -- on which live
2 racing was conducted.

3 In anticipation of the -- of the horse problem,
4 Del Mar did reduce its days by six; Fairplex by one; and
5 Hollywood Park Fall by four. Those people were much better
6 at reading the tea leaves than Hollywood Park Summer was.

7 Hollywood Park Summer is not operating on ten days
8 because of the horse population and did not fill entries on
9 those days.

10 We think that if there was -- has been some drains
11 in Santa Anita in April, that we would have done better as
12 far as filling races is concerned. We think that the pain
13 should be spread among all the tracks in Southern California
14 because of the horse population and shortage of entries.

15 Santa Anita was unscathed last year, it was the
16 only track that was unscathed and that is exactly what
17 you're considering this time around.

18 You know, I think that what happens when a track
19 doesn't operate and that people, bettors across the nation,
20 they don't stop wagering, they bet on other circuits, maybe
21 they get used to betting on those other circuits, and maybe
22 they come back and maybe they don't.

23 All I'm up here saying is that we would hope that
24 you would see it so that at least some water would be left
25 in the well for the Hollywood Park Summer meet. That did

1 not happen last year and we had to give up ten days. If
2 there would have been some mitigation in April, we think we
3 would have done better.

4 We have talked with the TOC, have already
5 suggested that Hollywood Park would give up at least three
6 of its allocated dates in the summer, and two allocated
7 dates in the fall.

8 So it's not that I'm coming here during, before
9 you today to say, you know, just take days away from Santa
10 Anita, I'm not doing that at all. I'm asking you to spread
11 the burden and, in fact, Hollywood is already at the point
12 where we are conceding five days from the days allocated to
13 us.

14 I think that when you look at your calendar this
15 year, it rained 249 days, or over 249 days this year, and
16 you've allocated 260 days. Things aren't going to get
17 batter.

18 So somebody is not going to be able to operate.
19 Thank you for your consideration.

20 CHAIRPERSON HARRIS: I think it would be helpful
21 if we could see some data comparing four-day weeks to five-
22 day weeks. My gut feel is that we generate more purses in
23 five days than we do in four days, even though per day and
24 per race may benefit with the four days. But I think we
25 need to look at the total industry, how much money's coming

1 into it?

2 MR. LIEBAU: Well, I think the problem, Mr.
3 Harris, is that sometimes we can't run five days, there just
4 aren't entries.

5 And so it was based at that -- I will say that I
6 think the five improved in Hollywood Park, because when we
7 were running five days a week we had an average horse per
8 race was 7.31, and that one day .2, rather than four.

9 VICE CHAIRMAN ISRAEL: Jack?

10 MR. LIEBAU: Commissioner Israel?

11 VICE CHAIRMAN ISRAEL: Yeah, I don't necessarily
12 disagree that we may need to reduce the dates, but I'd
13 rather see if the problem arises and try to make this work,
14 and if they do have trouble filling races, then they can
15 come back, just as you did last year, they can come back and
16 ask for some relief, TOC's open to it.

17 But, you know, there's many considerations here.
18 Do we want to -- jobs get eliminated, you know, people who
19 depend on the money.

20 MR. LIEBAU: Okay.

21 COMMISSIONER CHOPER: Yeah.

22 MR. LIEBAU: I understand what your position is,
23 but I will tell you that, you know, there was no mercy shown
24 to Hollywood last year by Santa Anita, and I don't expect
25 that they would show mercy in the future.

1 It was well-known that they were having trouble
2 filling races, the purses went down during April. The two
3 Wednesdays that we're asking consideration for they
4 averaged -- you know, there were eight races a day and they
5 averaged less than \$21,000.

6 VICE CHAIRMAN ISRAEL: I mean, look, let's see
7 what happens throughout their meet, maybe there are days
8 that they'll want to give up. But, you know, they have the
9 advantage of having a winter meet in a warm climate and they
10 can attract horses from out of state and why not give them
11 the opportunity to do that, it's --

12 MR. LIEBAU: In April horses meet in the State of
13 --

14 VICE CHAIRMAN ISRAEL: I understand that.

15 MR. LIEBAU: And, you know, it will be surprising
16 that their -- what they do this year will be any different
17 than what they did last year, and that was to run every day.

18 So I mean, all I can do is point this out to you and maybe
19 in 2011, if history repeats itself in 2010, my plea to you
20 will be --

21 VICE CHAIRMAN ISRAEL: Are you committing to run
22 in 2011?

23 MR. LIEBAU: I might just be.

24 VICE CHAIRMAN ISRAEL: That could be the headline
25 here.

1 (Laughter.)

2 VICE CHAIRMAN ISRAEL: You're burying the lead,
3 Jack.

4 CHAIRPERSON HARRIS: Take that down.

5 MR. LIEBAU: Commissioner Israel, you will be
6 offered 2010, if we're here, so you know that and I know
7 that.

8 COMMISSIONER CHOPER: Is it possible that you'll
9 have a better -- that you and Santa Anita will have a better
10 sense of what -- let's say in March, of what the population
11 is going to look like?

12 MR. LIEBAU: All I can say is get the racing
13 secretaries up here under oath and they'll tell you what the
14 status of the --

15 CHAIRPERSON HARRIS: Well, I guess one of the
16 questions --

17 COMMISSIONER CHOPER: Well maybe -- then maybe
18 what you ought to do is come back in March with a more
19 specifically documented case.

20 MR. LIEBAU: Okay.

21 CHAIRPERSON HARRIS: I think it kind of reminds of
22 Lincoln's statement, when he was having trouble with
23 McClellan that he lacked rank, he said, give me some
24 generals that will fight. You need to get some racing
25 secretaries that will fight.

1 (Laughter.)

2 MR. HARLOW: Mike Harlow, Santa Anita. Just to
3 give you some statistical background for Santa Anita's last
4 meet, for the five-day week schedule, we did average 8.23
5 horses per race.

6 And yes, we did have trouble filling, but that's
7 been in existence for a while and there's days and weeks
8 that go by that we do have trouble filling, that's just part
9 of the job.

10 We are actively and aggressively pursuing out-of-
11 state trainers, Todd Fletcher, Chris (inaudible), Carl
12 Callahan, Kim McPeak have all either committed or are
13 already on the grounds of Santa Anita.

14 We continue to recruit Linda Rice, Bill Mott,
15 Kiaran McLaughlin, Mike Chambers from Turf Paradise, and
16 we're hopeful that we'll attract some new stables as well.

17 Also, at the concludes Oak Tree meet we average
18 8.06, and that was with an aggressive schedule, five days a
19 week and one six-day week, so we have kept the field size
20 above eight with running a five-day week.

21 And those last two Wednesdays in April, yes, the
22 purses were less than our average daily distribution,
23 however, those two days were pretty large earners for the
24 purse account for the horsemen, compared to the rest of the
25 Wednesdays throughout the meet.

1 VICE CHAIRMAN ISRAEL: Yeah, I mean I'm reluctant
2 to give up jobs for jockeys, and for trainers, and for
3 Richard's people if we don't have to. And let's see, but
4 I'm also realistic. And if the need manifests itself, then
5 we can all come back, you know, as we did at the Hollywood
6 meet last year.

7 I mean, weren't we reasonable.

8 MR. LIEBAU: Well, it's not right because we
9 didn't have any horses --

10 VICE CHAIRMAN ISRAEL: Well, you asked it, you
11 requested it, John wanted you to run.

12 CHAIRPERSON HARRIS: No, I think we can -- yeah, I
13 think we're reasonable.

14 But what's frustrating to me is in your
15 application here you're --

16 MR. LIEBAU: You know, just one thing, I think it
17 would really be good, you know, you have -- when you go
18 through grammar school and you have people that to be mayor
19 for a day, and city councilman for a day, and police chief
20 for a day, and one day as police chief, I think that John
21 Harris should volunteer to be a racing secretary either at
22 Santa Anita or at Hollywood Park for a day, so that you'd
23 actually see what was happening.

24 CHAIRPERSON HARRIS: You know, I --

25 MR. LIEBAU: He might be a fighting racing

1 secretary.

2 VICE CHAIRMAN ISRAEL: I'll do it. I'll do it
3 just because if I get his pay, it will double my pay for the
4 year for being on the racing board.

5 CHAIRPERSON HARRIS: Yeah. If I left the racing
6 board and went to Hollywood Park, it would increase the IQ
7 of both places, I think.

8 (Laughter.)

9 CHAIRPERSON HARRIS: Just kidding.

10 But one thing that's bothersome to me is let's
11 look at your application -- I mean, this is not so much for
12 Santa Anita or Hollywood Park, it's the same way for both of
13 them. But we're spending, now, over \$3 million during the
14 Santa Anita meet on off-site stabling, which is basically, I
15 guess, at Hollywood Park. If that 3 million was split over
16 your days, I just figured it out, it's like 38,000 a day
17 that somebody would have, I guess it would go back into the
18 purses, or commissions, or somewhere.

19 I mean, if we really are going to go to four-day
20 weeks, we don't need all this other stabling and maybe that
21 is the way to go, maybe that's the destiny of the industry
22 when we're short of inventory. But we can't just keep going
23 on with all these stalls and no one's running out of them.

24 MR. CHARLES: We couldn't agree more. And
25 obviously --

1 CHAIRPERSON HARRIS: That's the first thing I'd do
2 as racing secretary.

3 MR. CHARLES: And that's why you wouldn't get a
4 lot of money.

5 (Laughter.)

6 MR. CHARLES: Number one --

7 CHAIRPERSON HARRIS: There wouldn't be a second
8 day.

9 MR. CHARLES: Number one, you know, we have cut
10 back the stabling at Fairplex and San Luis Rey and, you
11 know, we are doing everything within our power. We've
12 recently hired, you know, a new person to be out there
13 actively recruiting horses for Southern California. You
14 know, we plan to come out at -- right now inventory is
15 critical.

16 CHAIRPERSON HARRIS: Well, what would you say your
17 inventory is? I mean, this has got to be the -- I mean, the
18 Santa Anita winter meet is probably the high inventory for
19 the whole year, what are you having your arms around?

20 MR. CHARLES: Well, there will be some more horses
21 coming in. I'd say if you looked at our inventory right
22 now, right now we're almost full, we've got about 1,800
23 horses at Santa Anita. I believe they have between eight
24 and nine hundred horses over at Hollywood Park right now.

25 MR. HARLOW: I can give you an exact number,

1 actually. I think Hollywood Park is a little over a
2 thousand and combined we're about 2,600 between the two.

3 VICE CHAIRMAN ISRAEL: How different is that from
4 --

5 MR. HARLOW: Well, if you look at 2,600 horses, I
6 would say maybe 80 percent are in circulation and 20 percent
7 are coming back, lame, you know, just getting ready to run.

8 VICE CHAIRMAN ISRAEL: How different is that from
9 say four years ago?

10 MR. HARLOW: Oh, a thousand. Typically, during
11 the Santa Anita meet we were full and Hollywood Park hovers
12 around 1,500, 1,600. Typically, I would say that occurred
13 probably two, three years ago.

14 MR. CHARLES: Well, and we had Fairplex and San
15 Luis Rey, also.

16 MR. HARLOW: As well, right.

17 CHAIRPERSON HARRIS: Well, definitely we're
18 operating with a lower inventory.

19 MR. CHARLES: Absolutely.

20 CHAIRPERSON HARRIS: And I think the inventory's
21 going to get worse, really, frankly.

22 MR. CHARLES: It certainly appears that way. By
23 the same token you have other jurisdictions that have
24 considerably less inventory than us, that are running five
25 days a week and filling full fields.

1 CHAIRPERSON HARRIS: Yeah, there's something
2 different. We need to analyze, maybe, I don't know -- I
3 think everyone's trying. I mean, we've got good racers out
4 there, good trainers, good management, everything here. But
5 somehow we've got to analyze why we are not filling the
6 races as well as we are, there's probably a combination of
7 stuff.

8 But even in Northern California, they only really
9 have, what, 1,200, 1,500 horses in the whole --

10 MR. CHARLES: Well, they've got about 1,700, I
11 think, yeah.

12 CHAIRPERSON HARRIS: -- deal they're filling.

13 MR. CHARLES: Well, they're down to four days a
14 week, too. So remember, they're going four days a week.
15 But they have 1,700 and they do run more often than the
16 horses down south, there's no doubt about it.

17 MR. HARLOW: The quality of the horse dictates how
18 often it runs is what it comes down to, and we probably have
19 a little bit better quality of racing and the horses don't
20 run as often. It's just a fact of the game.

21 CHAIRPERSON HARRIS: Yeah. Well, I don't know, we
22 need to figure out how we align the incentives to encourage
23 people to run, I mean without them damaging their horse.
24 But it s a problem, when you look at the data for California
25 the starts per horse isn't very good, and I'm not sure if

1 it's attrition, or shipping out of state, or whatever the
2 heck it is. But it is a frustrating deal.

3 But it may be that we go to a deal, which I think
4 the industry needs to look at, is you race four days a week,
5 you only have one track, at Santa Anita, or Hollywood, or
6 Del Mar, or whatever it is that's open, and you get rid of
7 all of these stabling and vanning funds and put that into
8 other uses.

9 But I think somebody needs to look at that model
10 and see if they can make that work. I think you'll get a
11 lot of push-back from horsemen that, well, they can't get a
12 stall, they've got to send their horse to someplace else, or
13 something, but maybe that's not that bad.

14 MR. CHARLES: I think we're looking at -- we're
15 certainly looking at --

16 VICE CHAIRMAN ISRAEL: Maybe we need to hold a
17 seminar.

18 CHAIRPERSON HARRIS: Yeah.

19 MR. CHARLES: Yeah. Obviously, it's a fund we're
20 looking at to try to sharpen the pencil, see what we can do.

21 COMMISSIONER BRACKPOOL: I'm sure every bit of
22 Santa Anita and Golden Gate is looking to sharpen their
23 pencil.

24 CHAIRPERSON HARRIS: Yeah, because we've got a lot
25 of pencil sharpeners around.

1 Craig Fravel has some remarks on behalf of
2 SCOTWINC.

3 MR. FRAVEL: Craig Fravel, the Chairman of
4 SCOTWINC. Just to -- this is more of a request, but I
5 thought it important to say in front of the Board, the -- I
6 think the SCOTWINC board needs to be informed, both by Santa
7 Anita and the TOC, of arrangements that they've been
8 discussing related to the deficits in the off-site expense
9 fund, the two and a half percent fund that currently will
10 exist during the Santa Anita meet.

11 Because partly due to the Santa Anita bankruptcy
12 and partly due to structural deficits in the SCOTWINC
13 funding, the Hollywood Park, Del Mar, and Oak Tree have to
14 put together a Band-aid kind of remedy for that, that will
15 continue through the end of the Hollywood Park meet, but not
16 extend into the Santa Anita meet.

17 And I believe there have been conversations going
18 on with Santa Anita and TOC, but I do think it's important
19 that the rest of us be informed of that and in the very near
20 future the SCOTWINC board be consulted and approve whatever
21 arrangements are made.

22 So that's really a request, that's not a
23 commentary on their deals, but there's items of fairness
24 that need to be addressed so that the rest of us get made
25 whole. Thank you.

1 MR. CHARLES: And if I can just add, we totally
2 agree with Craig and we will be keeping them informed. We
3 will be meeting with TOC and then have a meeting with the
4 other segments.

5 CHAIRPERSON HARRIS: Okay, we've got a comment
6 from Richard Castro.

7 MR. CASTRO: Good morning, my name is Richard
8 Castro, representing the Pari-Mutuel Employee's Guild. We
9 would like to be on the record supporting the application of
10 Santa Anita running five days a week.

11 On another subject related to this, specific to
12 Hollywood Park, we already have made modifications to
13 collective bargaining agreement to share some of the pain
14 that the industry is having, and I want to let you know that
15 our organization continues to work, looking at our
16 collective bargaining agreement, to see where else we can
17 make cuts to share some of the pain that we're all under
18 right now. Thank you.

19 COMMISSIONER CHOPER: Thank you.

20 CHAIRPERSON HARRIS: Thank you very much.

21 I think we've got Keith.

22 Okay, Marsha covered it. Marsha's his lifeguard.
23 No, not really.

24 Who else have we got? Anyone else on Item 2?

25 EXECUTIVE DIRECTOR BREED: No, that's it.

1 CHAIRPERSON HARRIS: Okay, let's -- one item I had
2 on both this and Golden Gate is I think it's important to
3 have a replay show, which I can't recall if Santa Anita does
4 that, you know, you utilize the HRTV?

5 MR. CHARLES: Yes, we do, HRTV, yes.

6 CHAIRPERSON HARRIS: You have a replay show?

7 MR. CHARLES: Yes.

8 CHAIRPERSON HARRIS: It goes out on a satellite
9 like HRTV and --

10 MR. CHARLES: Correct. And, hopefully, people
11 will be able to watch it now that we offer HRTV and
12 streaming video.

13 CHAIRPERSON HARRIS: That's great.

14 VICE CHAIRMAN ISRAEL: Are you contemplating
15 offering HRTV on Direct TV?

16 MR. CHARLES: We've been trying for quite a while,
17 we'll continue to try. And there are talks, you know, as
18 we're talking right now. I mean, there are discussions, we
19 continue to have discussions with Direct and that's our aim.

20 CHAIRPERSON HARRIS: Yeah, that's been a subject
21 of conversation for a long time. I think originally there
22 were some mutual ownership of TVG and Direct TV, but I think
23 that's --

24 MR. CHARLES: No, that's past.

25 VICE CHAIRMAN ISRAEL: Fox owned both of them.

1 MR. CHARLES: Yeah.

2 CHAIRPERSON HARRIS: Yeah, but not now.

3 VICE CHAIRMAN ISRAEL: No, John Lowe (phonetic)
4 owns Direct TV.

5 CHAIRPERSON HARRIS: But also, if you could get
6 the Golden Gate Fields replay show on HRTV on a normal
7 basis, you know, it could be anytime. Because I think it
8 helps the overall State of California if the replay shows
9 both North and South for people to watch, you know, the
10 horses they're following.

11 MR. CHARLES: Listen, I couldn't agree more. As
12 someone who took a lot of flak for continuing to run, and
13 the only racetrack to run the nightly replay show on some
14 Asian channel for many, many years, and I was told we had
15 about 15 people watching, and the expense was tremendous.
16 So we will have a -- and I will talk to HRTV to make sure we
17 have a replay show for both Golden Gate and Santa Anita.

18 CHAIRPERSON HARRIS: Because especially it doesn't
19 really cost you anything. I mean, I think it was a
20 significant cost previously, but now we'll do some
21 infomercials or something.

22 MR. CHARLES: We'll have to move on some of those
23 infomercials or whatever.

24 CHAIRPERSON HARRIS: I mean, I think it's actually
25 going to be a good advertising venue for, you know, all

1 kinds of things once -- part of certain sectors, once we get
2 it going.

3 Anything else on this? Is there a move, a motion?

4 VICE CHAIRMAN ISRAEL: I'll move.

5 CHAIRPERSON HARRIS: Is there a second?

6 COMMISSIONER CHOPER: Second, although it ought to
7 be conditioned on receiving the agreements; right?

8 CHAIRPERSON HARRIS: Yeah, it should be
9 conditioned on the agreements being in place.

10 All in favor?

11 (Ayes.)

12 COMMISSIONER BRACKPOOL: Yeah, I'd be fair, I
13 think the only issue is if this closing takes place in the
14 middle of the meet, I'm just interested in how we're going
15 to handle that, the guarantees, and everything else that
16 are -- that are off at that stage.

17 So I don't know, maybe stop and work with Ron and
18 his people to try and figure out how that process would
19 actually work, because I think David's point is -- you know,
20 the very point is trying to get it done. I don't think how
21 you can get it done in this timeframe. And if they're going
22 to close in the middle of the meet, that's going to cause
23 several issues.

24 CHAIRPERSON HARRIS: Because right now I don't
25 think we really have a -- we're really, basically, relying

1 on the financial statement.

2 COMMISSIONER BRACKPOOL: Right, right.

3 MR. CHARLES: Okay.

4 COMMISSIONER BRACKPOOL: Yeah, that was the --

5 CHAIRPERSON HARRIS: Okay, all ayes, anybody no
6 then? Okay.

7 MR. CHARLES: Okay.

8 CHAIRPERSON HARRIS: Okay, the next one's Pacific,
9 which is Golden Gate Fields, from December 26th through June
10 13th.

11 REGULATION/LEGISLATION MANAGER WAGNER: Jacqueline
12 Wagner, CHRB staff.

13 The application before you is from the Pacific
14 Racing Association, they have filed their application to
15 race from December the 26th through June 13th, 2010, this is
16 115 days, that's one day less than they raced in 2009.

17 They are proposing to race a total of 993 races or
18 8.63 races per day. The race dates proposed are the dates
19 that were allocated by the Board.

20 They are proposing to race four to five days per
21 week. Racing Thursday through Sunday during the weeks with
22 four days of racing and Wednesday through Sunday, or Monday
23 and Thursday through Sunday during the weeks with five days
24 of racing.

25 They are proposing eight races weekdays and nine

1 races on the weekends and holidays.

2 Their post time will be 12:45 p.m. daily, with the
3 following exceptions; opening day, December 26th, their post
4 time will be 12:15. Sunshine Millions, which is on January
5 the 23rd, post time is 12 o'clock. Santa Anita Big Cat is
6 March the 6th, post time is 12:15. Super Bowl Sunday,
7 February the 7th, post time it will be 11:15. And the Santa
8 Anita Derby, which is scheduled for April the 3rd, their
9 post time is 12:15 p.m.

10 It should be noted that the financial assurances
11 associated with PRA's current race meeting will commence
12 through this particular race meeting as well.

13 Their advance deposit wagering providers are
14 XpressBet, Youbet, Twinspires, and TVG. We do have a
15 representative from the Association and staff would
16 recommend the Board approve the application.

17 CHAIRPERSON HARRIS: Okay, Mr. Hartman, do you
18 have any comments for us?

19 MR. HARTMAN: Robert Hartman, Golden Gate Fields.
20 We're looking forward to a great race meeting. One thing
21 that we've maintained in Northern California is a strong
22 marketing program. We really did not cut the budget, as
23 other tracks have around the country.

24 Our Dollar Days have been extremely successful,
25 averaging anywhere from 4,000 to 11,000 people on our

1 highest Dollar Day.

2 Commissioner Choper could attest to the big crowds
3 and the young crowds, and that's really nice to see, a lot
4 of young faces out here.

5 So we have a strong program, a number of
6 giveaways. We're currently averaging over eight horses per
7 race, thanks to our trainers who have really stepped up at
8 the entry box for us. We have trainers that have relocated
9 from places by Seattle, Bud Kloksted and Frank Luccerelli,
10 they're running a lot of horses for us and better quality of
11 horses for us. And that's something that we've struggled
12 with in the past is not being able to fill allowance races
13 and higher-priced claiming races, and we've started letting
14 some of those races go with five horses just to keep those
15 horses in Northern California because we need to let the
16 better horses run.

17 So we're excited about the program. We think the
18 continuity of a long meet, while others have said that that
19 could be a detriment, has really helped us. We're on air,
20 on television at least three weeks out of every month and
21 people know that if you want to see horse racing in the Bay
22 Area you come to Golden Gate Field.

23 CHAIRPERSON HARRIS: Just out of curiosity, was
24 there some thought -- any thought on which weeks you put for
25 your four-day weeks? Because I recall that one of the

1 problems sometimes in the spring is people leave for Long
2 Acres or for Emerald -- now, I'm living in the past -- but
3 you feel that the four-day weeks in January and February are
4 preferable to the four-day weeks later on in the meet?

5 MR. HARTMAN: We do and we talked a lot with the
6 TOC about it. What really hurts us in the wintertime is the
7 lack of a turf course. We probably use our turf course more
8 than any other racetrack would, and could use a turf course
9 more than any other racetrack across the country, so our
10 turf course gets a lot of use. It's the rainy season, we
11 need to let it regrow, and not filling those turf races is
12 actually the issue for us is why we can't fill five days a
13 week.

14 If somehow Michael Dickinson created a synthetic
15 turf course, which I believe he may be working on, it would
16 be a different story. If we had turf racing year round, I
17 think we could run five days a week year round.

18 But we think by racing four days a week in January
19 and February, and we actually extended it this year until
20 mid-March, we're planning on reopening on St. Patrick's Day,
21 Wednesday, for five-day weeks, we think that will save up
22 some horse inventory so we can get through the March period.

23 COMMISSIONER CHOPER: I take it, you know better
24 than I do, but there are a lot of people who just bet the
25 California tracks every 15 minutes. And I think, I may have

1 mentioned this before, but when you get a delay at one of
2 them and it kicks the schedule off, it just seems to me
3 there ought to be a way to try better to coordinate how you
4 handle those delays.

5 So again, I have no idea what your mechanics would
6 be, but sometimes when it's a really long delay you get
7 situations in which the races are two, three minutes apart,
8 and that can't do anything else but affect the handle, it
9 seems to me.

10 I make it every time, but boy it's not easy.

11 (Laughter.)

12 CHAIRPERSON HARRIS: There's supposed to be - we
13 actually have a rule on that, of the delays, the stewards
14 are supposed to be watching that. Sometimes it's a problem
15 out of state.

16 COMMISSIONER CHOPER: No, but I just mean between
17 the two California tracks running.

18 CHAIRPERSON HARRIS: Well, we need to take a look
19 at that. But, normally, they're supposed to be on top of
20 that.

21 MR. HARTMAN: Well, Brian Waite, our mutuel
22 manager, does a great job communicating with the mutuel
23 manager in Southern California.

24 There are a couple of issues we face this year in
25 particular. One is light, so we run out of daylight

1 potentially. So if Hollywood Park has a horse act up, let's
2 say in its third race tomorrow, and we get delayed, it gets
3 dark here close to the end of our day so we don't -- we
4 can't maintain that 15 minutes just because if we did, we
5 wouldn't have daylight at the end of the day, we wouldn't be
6 able to run the ninth race due to a lack of light at this
7 time of the year.

8 Another issue we had during the Fairplex meet is
9 they scheduled concerts at the end of their race day, which
10 had to start at a certain time, so that's where we really
11 had some issues with two minutes and three minutes between
12 races because they had a time at the end of the day that
13 they needed to finish the races by, and I believe they also
14 added some races.

15 So I think 98 percent of the time everything works
16 out smoothly and it is the 15 minutes, and there's great
17 communication between the north and the south. Sometimes
18 there are these hard stops at the end of the day that we
19 have to work around.

20 COMMISSIONER CHOPER: But I guess I think you're a
21 lot better off, instead of having the two- or three-minute
22 things to reducing the time between the next five races.

23 MR. HARTMAN: Right.

24 COMMISSIONER CHOPER: From 15 to 13 or something
25 like that. Anyway, that's --

1 MR. HARTMAN: Okay, that's a great point.

2 CHAIRPERSON HARRIS: Yeah, that is an important
3 thing. We had a big debate on that like 20 years ago that
4 it's a problem, that both sectors are sort of oblivious to
5 the other, and it should be -- it is, you're exactly right,
6 that people are more likely to bet if they keep the --

7 Okay, any Commissioners have any issues on this
8 application or anybody from the audience?

9 COMMISSIONER CHOPER: Move the same motion. Oh,
10 wait a minute, they have the -- you have all the agreements
11 here.

12 REGULATION/LEGISLATION MANAGER WAGNER: They have
13 the agreements, we have their agreements.

14 COMMISSIONER CHOPER: And the inspections?

15 REGULATION/LEGISLATION MANAGER WAGNER: The
16 inspections will be completed prior to the commencement of
17 the race meeting.

18 COMMISSIONER CHOPER: Pardon me?

19 REGULATION/LEGISLATION MANAGER WAGNER: They will
20 be completed prior to the commencement of the race meeting.

21 COMMISSIONER CHOPER: Okay.

22 REGULATION/LEGISLATION MANAGER WAGNER: The track
23 safety inspection has been completed.

24 COMMISSIONER CHOPER: Well, I move whatever the
25 proper motion is under the correct circumstance.

1 COMMISSIONER BRACKPOOL: I'll second it.

2 CHAIRPERSON HARRIS: It's been moved and approved,
3 second. All in favor?

4 (Ayes.)

5 MR. HARTMAN: Thank you.

6 CHAIRPERSON HARRIS: Also, thank you for hosting
7 this today, this is a beautiful room.

8 (Applause.)

9 CHAIRPERSON HARRIS: Okay, the next is the meeting
10 at Cal-Expo State Fair, which is their harness meeting
11 December 26th through June 19th.

12 REGULATION/LEGISLATION MANAGER WAGNER: Jacqueline
13 Wagner, CHRB staff.

14 The application is from the California Exposition
15 and State Fair. They have filed their application to run
16 from December 26th through June 19th, or 89 days. This is
17 12 days more than it raced during the same time period in
18 2009.

19 They are proposing to race a total of 1,200 races.

20 The dates proposed are the dates that were allocated to the
21 fair.

22 They will be racing four nights per week, Thursday
23 through Sunday, from January 1st through March the 3rd;
24 racing three nights per week Thursday through Saturday from
25 April 1st through June 19th.

1 They will have 16 California Sire Stakes races
2 that are proposed.

3 Their first post time is 5:45 p.m. daily.

4 Their advanced deposit wagering providers are
5 XpressBet, Youbet, Twinspires, and TVG.

6 We do have outstanding items on this application
7 that include the Horsemen's agreement, the fire clearance.
8 The inspections, the necessary inspections, which will
9 include track safety and backstretch housing, will be
10 completed prior to the commencement of the race.

11 We do have representatives from the Association
12 here for questions.

13 CHAIRPERSON HARRIS: Any comments from the
14 Commissioners?

15 Anyone have any comments on this application?

16 Hearing none, someone can --

17 VICE CHAIRMAN ISRAEL: Moved.

18 COMMISSIONER BRACKPOOL: Second.

19 CHAIRPERSON HARRIS: David moved and approved and
20 Keith seconded.

21 All in favor?

22 (Ayes.)

23 CHAIRPERSON HARRIS: That was easy.

24 Okay, next we have Los Al's from December 26th
25 through -- what you propose in your application.

1 REGULATION/LEGISLATION MANAGER WAGNER: The
2 application before you is from the Los Alamitos Quarter
3 Horse Racing Association. They have filed their application
4 to race from December the 26th, 2009 through December 19th,
5 2010. This is 203 days. This is three days more than they
6 raced in 2009.

7 The Association is proposing to race a total of
8 2,087 races. The dates proposed are the dates that were
9 allocated by the Board.

10 They will be racing four days per week Thursday
11 through Sunday, except February 7th and November the 25th.
12 Seven to ten -- excuse me, seven to 15 live races per night
13 and six to 12 simulcast races.

14 Their first post time is 5:45 p.m. Thursday, a
15 7:15 p.m. post on Friday, 7:00 p.m. Saturday, and a 5:30
16 p.m. on Sunday.

17 Their wagering program will use CHRB rules and
18 ARCI rules.

19 Their advance deposit wagering providers are TVG
20 and Youbet.

21 We have received the Horsemen's agreement and
22 staff would recommend that the Board approve the
23 application.

24 We do have representatives from the Association
25 here.

1 VICE CHAIRMAN ISRAEL: I'd just like to
2 congratulate you. Of all the applications that we have,
3 this is the only one where there's actually an increase in
4 purses on an average basis.

5 MR. ENGLISH: Thank you, we're trying.

6 REGULATION/LEGISLATION MANAGER WAGNER: Good job.

7 VICE CHAIRMAN ISRAEL: A few hundred dollars, but
8 that's --

9 CHAIRPERSON HARRIS: It's one of the few with a
10 good financial statement.

11 MR. ENGLISH: Thank you.

12 CHAIRPERSON HARRIS: And one of the things that
13 come up, which we should be aware of, is Los Al is acting as
14 a host for Australian racing; is that a trial period or is
15 that --

16 MR. ENGLISH: Yes, it is a trial for the four-week
17 period during the Hollywood Park Winter meet right now.

18 THE REPORTER: Sir, can you state your name for
19 the record?

20 MR. ENGLISH: Oh, Richard English, for Los
21 Alamitos.

22 CHAIRPERSON HARRIS: Good. Because I remember we
23 tried to figure that out because the Australian races have
24 been on TVG and HRTV for quite a while, but this is -- they
25 haven't, I guess, been in the satellite system so that's

1 what --

2 MR. ENGLISH: That's correct, they haven't been
3 off of the satellites, and we've had several request from
4 various satellite locations, specifically Del Mar, and some
5 of the ones in Northern California to do something to try to
6 expand the program, that's the purpose of the test.

7 VICE CHAIRMAN ISRAEL: Can I ask though, if it's
8 successful and you want to extend the agreement with them,
9 to try to get something in return, say like so that
10 Australian satellite facilities and racetracks will show
11 California races? I know there's a time change that may
12 make it difficult but --

13 MR. ENGLISH: Be happy to.

14 VICE CHAIRMAN ISRAEL: And so that there's some
15 handle coming back in this direction, instead of just going
16 in that direction?

17 MR. ENGLISH: Yes sir, I'd be happy to.

18 VICE CHAIRMAN ISRAEL: You know, I think that
19 would benefit all of our tracks.

20 EXECUTIVE DIRECTOR BREED: Excuse me, Mr.
21 Chairman, but we need to either turn the mikes up or they're
22 going to have to shut down the conversations behind us.
23 Would you all please go back there and help me? We can't
24 hear down at the end of the table. Right, Commissioners?

25 VICE CHAIRMAN ISRAEL: All right. Well, what I

1 was saying was I asked them to -- if this experiment's
2 successful and they choose to continue it, that there be
3 reciprocity and that the Australian facilities start taking
4 California signals and enter their money into our pools, if
5 that's legal and --

6 MR. LIEBAU: That's the issue. Jack Liebau, from
7 Hollywood, if I could explain the situation to you, is that
8 Australia is in the process of trying to get a law adopted
9 or enacted that would allow them to commingle into our pool.

10 It's doubtful that if the races were in Australia with a
11 separate pool that the pool would be sufficient, in order to
12 get the live wagering.

13 So I mean we've talked to them about reciprocity,
14 but that's what's holding it up.

15 VICE CHAIRMAN ISRAEL: What's the likelihood of
16 that law passing?

17 MR. LIEBAU: They've told us they're trying to get
18 it done.

19 VICE CHAIRMAN ISRAEL: Okay.

20 CHAIRPERSON HARRIS: I'm not clear on the
21 financial arrangement that occurs, are you basically buying
22 -- this is a separate pool or the American wagering in
23 Australian pools?

24 MR. ENGLISH: The American wagers go into a pool
25 in Woodbine, we send the pool in and the wagers from

1 California are merged with Woodbine.

2 CHAIRPERSON HARRIS: It's not an Australian pool,
3 it's a Northern American pool or something?

4 MR. ENGLISH: Yes sir, correct.

5 CHAIRPERSON HARRIS: But what percent are we --
6 whoever's buying it paying for providing it?

7 MR. ENGLISH: We pay a three percent host fee on
8 and off track.

9 CHAIRPERSON HARRIS: So you have a whole is 20
10 percent or --

11 MR. ENGLISH: Yes, approximately 20 percent, yeah.

12 CHAIRPERSON HARRIS: So it's a fairly lucrative
13 deal, but depending on how much handle there is?

14 MR. ENGLISH: Correct.

15 VICE CHAIRMAN ISRAEL: I just have one other
16 question, not connected to this, on your stakes schedule,
17 I'm just curious, you have a stakes called, on January 30th,
18 the Super Bowl Handicap.

19 MR. ENGLISH: Yes.

20 VICE CHAIRMAN ISRAEL: Now, the NFL owns and
21 protects, jealously, the tradebook of the Super Bowl. How
22 do you get away with that or are they not aware of it?

23 MR. ENGLISH: I'm not aware of what the NFL knows.

24 (Laughter.)

25 VICE CHAIRMAN ISRAEL: I've got a funny -- have

1 you ever called this race the Super Bowl Handicap before?

2 MR. ENGLISH: Yes, we have for several years, ever
3 since the Super Bowl started.

4 VICE CHAIRMAN ISRAEL: The Super Bowl started in
5 1967, but it actually wasn't called the Super Bowl until
6 '68, so you've been doing that for --

7 MR. ENGLISH: Yes, sir. Yes.

8 VICE CHAIRMAN ISRAEL: Somebody's asleep at the
9 switch there, but we may have just woken them up.

10 MR. ENGLISH: I'll let you know.

11 EXECUTIVE DIRECTOR BREED: What about the
12 moonshiners?

13 VICE CHAIRMAN ISRAEL: That's your people.

14 CHAIRPERSON HARRIS: So how is your meet going,
15 are you relatively showing it flat or off or --

16 MR. ENGLISH: This year we're down slightly from
17 last year, but not as bad as the daytime meets, we've been
18 maintaining our handle up pretty consistently throughout
19 this year.

20 COMMISSIONER BRACKPOOL: And your attendance is
21 pretty constant as well?

22 MR. ENGLISH: Yes, it's constant.

23 CHAIRPERSON HARRIS: How much of your handle is
24 doing via ADW?

25 MR. ENGLISH: The ADW, approximately 20 percent,

1 15, 20 percent.

2 CHAIRPERSON HARRIS: Any other questions on this
3 application, any Commissioners or the audience?

4 Need a motion to approve.

5 COMMISSIONER CHOPER: I move.

6 VICE CHAIRMAN ISRAEL: Second.

7 CHAIRPERSON HARRIS: Second and approval. All in
8 favor?

9 (Ayes.)

10 MR. ENGLISH: Thank you.

11 CHAIRPERSON HARRIS: So moved.

12 Okay, now this next item might get a little more
13 complicated. It's a discussion on our -- ongoing discussion
14 on dates for 2010 and beyond.

15 Kirk, do you want to give us an update on where we
16 are on this now?

17 EXECUTIVE DIRECTOR BREED: Mr. Chairman, last
18 month we -- the fairs in Northern California, represented by
19 CARF, was not in a position to really complete their
20 presentation with dates, there was still some things that
21 needed to be done.

22 In terms of arrangements with the Thoroughbred
23 Owners of California and also the Thoroughbred Trainers of
24 California, I don't know, to the best of my knowledge
25 there's still some distance between the two organizations.

1 So I would recommend that we just have presentations from
2 each side and go forward.

3 CHAIRPERSON HARRIS: Yeah, I think, because I'm
4 personally not happy with any of the proposals, some parts
5 of them. I think they're all -- but I don't know if we're
6 right where we need to be on making a final decision today.

7 I think we need to hear from the parties and give
8 us a little bit of time. But none of these meets the
9 target, though. It's really in summer, anyway.

10 Do you want to start off with somebody from CARF?

11 MR. KORBY: Thank you Mr. Chairman, Commissioners,
12 Chris Korby, Executive Director of California Authority of
13 Racing Chairs.

14 VICE CHAIRMAN ISRAEL: Chris, can you pull a
15 microphone closer, please. Thank you.

16 MR. KORBY: Is this any better?

17 VICE CHAIRMAN ISRAEL: Yeah.

18 CHAIRPERSON HARRIS: I don't know if that's really
19 working.

20 MR. KORBY: I think the --

21 VICE CHAIRMAN ISRAEL: You've got to play with
22 your microphone, it's not picking up.

23 MR. KORBY: The best way to kick this off is just
24 to begin at the beginning of the year and the calendar, and
25 go through the calendar that we are proposing.

1 CHAIRPERSON HARRIS: Okay, it's in the packet
2 here, let's get it all out.

3 MR. KORBY: Would you like a minute just to look
4 at it?

5 CHAIRPERSON HARRIS: Okay.

6 MR. KORBY: If we start the year December 26th,
7 we're proposing that the year begin with December 26th
8 running at Golden Gate Fields, with a combination of their
9 winter and spring meets, and would run through --

10 EXECUTIVE DIRECTOR BREED: Excuse me, where are
11 you starting, December 26th?

12 MR. KORBY: December 26th.

13 EXECUTIVE DIRECTOR BREED: I thought you were just
14 going to discuss the fair dates, the summer fair dates.

15 MR. KORBY: Well, the calendar is a whole. Our
16 proposal has Golden Gate Fields running through June 13th,
17 at which time San Joaquin County Fair would run for the week
18 of --

19 CHAIRPERSON HARRIS: The application we just
20 approved, was that through June 13th?

21 MR. KORBY: Yes.

22 CHAIRPERSON HARRIS: Yeah, so basically there's no
23 dispute up until June 13th.

24 MR. KORBY: That's correct.

25 CHAIRPERSON HARRIS: Okay.

1 VICE CHAIRMAN ISRAEL: Can we skip to --

2 CHAIRPERSON HARRIS: Just skip on to June 13th.

3 EXECUTIVE DIRECTOR BREED: Right.

4 VICE CHAIRMAN ISRAEL: Skip the first five and a
5 half months.

6 MR. KORBY: We're proposing that the first fair
7 meet, San Joaquin County Fair, begin on June 16th and run
8 through June 20th, five days.

9 That then three weeks of racing commence at
10 Alameda County Fair in Pleasanton, running June 23rd through
11 July 11th.

12 Followed by two weeks of racing at the California
13 State Fair in Sacramento, July 14th through 25th.

14 Followed then by three weeks of racing at Santa
15 Rosa, Sonoma County Fair, July 28th through August 15th.

16 Followed by three weeks of racing at Alameda
17 County Fair, August 18th through September 6th, noting that
18 in the third week of Santa Rosa and following through the
19 first week of the August meet at Alameda County Fair,
20 Humboldt County Fair would run concurrently with those two
21 meets.

22 In September, following Labor Day, we're proposing
23 that September dates be run at Golden Gate Fields from
24 September 8th through October 3rd, with the fair circuit
25 wrapping up for next year with Fresno, October 6th through

1 October 17th.

2 We think this calendar represents a solid
3 foundation for racing in Northern California for 2010. It
4 has a significant number of dates anchored at Golden Gate
5 Fields, which we think is good for the industry.

6 We're proposing that there be the beginning of
7 consolidation of fair meets into fewer venues through the
8 mechanism of a combined fair meet run for fair dates that
9 are conducted in Northern California.

10 CHAIRPERSON HARRIS: So basically -- well, I'm
11 asking the question, Vallejo goes away under this.

12 EXECUTIVE DIRECTOR BREED: I got a letter here
13 from Vallejo.

14 CHAIRPERSON HARRIS: Go ahead, David.

15 VICE CHAIRMAN ISRAEL: All right. Chris, in a
16 letter that -- it was basically an e-mail, that you sent us
17 dated November 5th -- anyway, in a letter you sent dated
18 September 5th, you say, "fairs have a great tradition of
19 racing and a role to play in the future. We're a major
20 stakeholder in the industry, fairs own racetracks, operate
21 20 plus" -- et cetera, "longevity is the stability of the
22 fairs, which sit on publicly owned property which is
23 especially important in our industry."

24 Well, the consolidation of your dates to fewer
25 fair sites flies in the face of it and renders it somewhat

1 hypocritical.

2 If you're trying to spread that fair experience
3 around, you wouldn't consolidate and run at fewer tracks
4 because then it's less accessible to the people who attend
5 those fairs, and it strictly becomes, frankly, about more
6 revenue raised and not about the experience, that you're
7 purporting this morning.

8 And it makes an assumption that CARF, as an
9 entity, owns the racing dates as opposed to the people of
10 California, who actually own the racing dates and that you
11 can apply those dates to whatever racetracks you see fit
12 without really spreading or protecting the experience.

13 The overlap with Ferndale clearly is not making
14 the people in Humboldt County happy. I mean, they've
15 written a letter, that John shared with us, if I'm not
16 mistaken, saying that they feel as if they have no choice
17 but to go along with this, but they're not happy about it.
18 And they believe it will diminish the experience at Humboldt
19 County Fair to have that kind of competition.

20 MR. KORBY: I think there are two issues operating
21 in your question and it's a good question and reasonable.
22 First of all, there's the issue of the number of fair racing
23 venues that we have in the State, and whether the revenues
24 generated from the short meets that those meets operate can
25 keep those facilities at the level of safety and

1 attractiveness that we all want, that's one part of the
2 issue that we're trying to deal with in this approach we're
3 taking.

4 The other part of it, and I think this is the part
5 that looks to the future, is that there are racing
6 facilities that are in very good condition, they're in
7 excellent markets, they're great venues for racing and I
8 think they can be an important part of the future for racing
9 in California.

10 And I think those are the facilities that fall
11 into the characterization that I was attempting to
12 articulate in that letter, that they bring a stability and a
13 certain insulation against the development, the development
14 forces that we're seeing play out with privately owned
15 racetracks in California.

16 VICE CHAIRMAN ISRAEL: Then shouldn't they apply
17 for those dates as separate entities and not hide behind the
18 dates that have traditionally been run in other geographic
19 locations and saying, oh, they're just loaning us their
20 dates and we're going to cut some deal with them. I mean,
21 that's what's going on here, I mean, at which tracks,
22 Vallejo.

23 MR. KORBY: That's right.

24 VICE CHAIRMAN ISRAEL: So somebody's arbitrarily
25 or through some sort of deal is assigning Vallejo's dates to

1 somebody else. And then I'm sure there's money changing
2 hands.

3 MR. KORBY: Well, I want to make one thing
4 abundantly clear, the only entity that assigns racing dates
5 is the California Horse Racing Board. We're proposing a
6 calendar --

7 VICE CHAIRMAN ISRAEL: Proposing, right.

8 MR. KORBY: -- that would accomplish the things
9 that I'm describing, that you're also characterizing.

10 CHAIRPERSON HARRIS: I think in all -- isn't there
11 something in the law that relates to this, that there's only
12 so many dates available for the associations, even if you
13 wanted --

14 EXECUTIVE DIRECTOR BREED: Fourteen days for each
15 fair.

16 CHAIRPERSON HARRIS: Well, the fairs have got
17 ample dates, say, but the other -- I think that the way they
18 did it is there's a limit on how many dates the associations
19 can have.

20 VICE CHAIRMAN ISRAEL: At any specific
21 association.

22 MR. KORBY: Golden Gate 35.

23 VICE CHAIRMAN ISRAEL: What's that?

24 MR. KORBY: Northern California is 35, 35 weeks.

25 VICE CHAIRMAN ISRAEL: Of racing.

1 MR. KORBY: In the northern zone. There is also a
2 provision in the law that allows for fairs to combine their
3 dates and operate as a combined fair meeting, we did that
4 for the first time last year. And that would be part of it,
5 one of the mechanisms that we would use in order to effect
6 this calendar, if you decide to allocate these dates as we
7 propose.

8 VICE CHAIRMAN ISRAEL: Okay.

9 COMMISSIONER CHOPER: I take it the main -- maybe
10 I'm wrong and you tell me, the main controversy concerns the
11 two weeks, the last two, I think it's two at -- or is it
12 three weeks a Pleasanton, or two.

13 VICE CHAIRMAN ISRAEL: Three weeks.

14 COMMISSIONER CHOPER: Three weeks at Pleasanton
15 operated by CARF, right, whereas the Horsemen are proposing
16 that those weeks be run at Golden Gate Fields and that the
17 Golden Gate Fields be -- gain the benefit of them; is that
18 right?

19 MR. KORBY: As I read the calendar, and other
20 parties can come up and clarify this, I don't want to speak
21 on their behalf, as I read the calendar that's been proposed
22 by TOC, Golden Gate Fields, and the California Trainers --

23 COMMISSIONER CHOPER: Yes.

24 MR. KORBY: -- the issue really comes down to one
25 week, the week prior to that.

1 COMMISSIONER CHOPER: I'm sorry, I missed --
2 you're not -- the mike. No, no, no, the mike, I'm missing
3 what you last said.

4 MR. KORBY: As I read the calendar that's been
5 proposed by Golden Gate Fields, CTT, and TOC --

6 COMMISSIONER CHOPER: Yes.

7 MR. KORBY: -- the difference comes down to where
8 the week prior to and including Labor Day is run.

9 COMMISSIONER CHOPER: August 18th through
10 September 6th seem to be the dates.

11 CARF is requesting that the August to Labor Day
12 dates -- oh, to Labor Day be run as a combined fair meet and
13 the others are requesting the dates -- so it's a two-week
14 operation; is that right?

15 Why do I see three weeks here, that's what I'm a
16 little confused about?

17 MR. KORBY: Well, someone from CTT, TOC or Golden
18 Gate may wish to speak to this, but I'm looking at the
19 calendar in the packet --

20 COMMISSIONER CHOPER: Yes, so am I.

21 MR. KORBY: -- that was sent to the Board by them
22 and --

23 COMMISSIONER CHOPER: The light blue here, you --

24 VICE CHAIRMAN ISRAEL: Yeah, but he's looking at
25 the other calendar.

1 COMMISSIONER CHOPER: Oh, a different calendar.

2 VICE CHAIRMAN ISRAEL: He's looking at the -- oh,
3 wait a minute, the CARF proposal.

4 CHAIRPERSON HARRIS: Well, the competing dates are
5 really CARF at Pleasanton versus somebody else's proposal.

6 MR. DOUGHERTY: Commissioner Choper, Charlie
7 Dougherty, California Thoroughbred Trainers.

8 The calendar that was submitted by TOC, CTT, and
9 Pacific Racing, the request that we have is that that Labor
10 Day week be run here at Golden Gate Fields, whereas the CARF
11 proposal is asking that the week be run over at Pleasanton.

12 And that is a discrepancy between the two calendars that
13 have been submitted.

14 COMMISSIONER CHOPER: And it's not just where it's
15 run, it's also under whose auspices it's run; is that right?

16 EXECUTIVE DIRECTOR BREED: Yes.

17 VICE CHAIRMAN ISRAEL: Yes. They're assuming --
18 Charlie, you want that week to be run under the auspices of
19 Pacific Racing and Golden Gate Fields; right?

20 MR. DOUGHERTY: The Labor Day week, yes, it would
21 be run under Golden Gate Fields, whereas they're requesting
22 it be run at Pleasanton.

23 VICE CHAIRMAN ISRAEL: Okay, now, Jesse, you done?

24 COMMISSIONER CHOPER: I'm done, yes, thank you.

25 VICE CHAIRMAN ISRAEL: All right, so to that end

1 we've been told and we've heard others onboard, my
2 understanding is secondhand that the County Supervisors at
3 Alameda County don't necessarily support those additional
4 three weeks of racing at Pleasanton. Can anybody address
5 that? Can you address it?

6 CHAIRPERSON HARRIS: Also, this calendar, I'm
7 looking at it, maybe it's got the wrong colors.

8 COMMISSIONER CHOPER: Yeah, the colors. I liked
9 the colors, that's why I looked at the other one, I liked
10 the colors better.

11 MR. PICKERING: Rick Pickering, CEO, Alameda
12 County Agricultural Fair Association. I think media
13 relations 101 is never to comment on third-party comments.
14 So if this Board's been told by the Alameda County Board of
15 Supervisors that they don't desire additional racing at the
16 fairgrounds in Pleasanton, I think the Board of Supervisors
17 of Alameda County would like to know who shared that with
18 this group.

19 VICE CHAIRMAN ISRAEL: Well, I'm asking, does
20 anybody know? As I said, I've heard that secondhand.

21 CHAIRPERSON HARRIS: I've never heard that,
22 actually. I've heard that, you know, there's not a
23 unanimous support from Pleasanton for racing, but I'm --

24 VICE CHAIRMAN ISRAEL: No, just these extra dates.

25 MR. PICKERING: Yeah, I don't purport to speak on

1 behalf of the Alameda County Board of Supervisors.

2 VICE CHAIRMAN ISRAEL: Well, have you discussed
3 the extra dates with them or --

4 MR. PICKERING: Clearly, Golden Gate Fields and
5 the Alameda County Fairgrounds are in the same county, the
6 success of both are tied together. The training at both
7 facilities support -- the shipping back and forth supports
8 the fair association's relationship with Mr. Hartman, Mr.
9 Tunney and Golden Gate Fields standing, and I believe that
10 we can come to an agreement.

11 Because what happens in Alameda County supports
12 labor in Alameda County, supports horse racing in Alameda
13 County. It makes sense to continue to grow racing in
14 Alameda County.

15 So I think what you'll hear from Golden Gate
16 Fields and from the Fair Association is we think we can work
17 things out in a very positive manner that helps racing grow.

18 COMMISSIONER CHOPER: Ah-hah.

19 VICE CHAIRMAN ISRAEL: So the Board of Supervisors
20 took no position on this?

21 MR. PICKERING: This matter has not been
22 agendaized in front of the Board of Supervisors. There is
23 Liaison Committee consisting of Supervisor Carson and
24 Supervisor Hagardy, which we meet with on a regular basis,
25 the liaison to the Fair Association. We've discussed racing

1 over the last three or four years, particularly as Bay
2 Meadows was closing. So yes, we've had numerous
3 conversations with the members of the Board of Supervisors.

4 EXECUTIVE DIRECTOR BREED: Mr. Pickering, excuse
5 me, does this -- the question was does this require any sort
6 special permitting from the Board of Supervisors.

7 MR. PICKERING: Well, contrary to the CHRB staff
8 report, which states that there would need to be permits
9 issued by the City of Pleasanton, the fairgrounds is owned
10 by the County of Alameda and supersedes land use control of
11 the city when it comes to horse racing.

12 Certainly, there's been dialogue with the city
13 leaders, and city council, and city manager that support the
14 concept of additional racing at the oldest one-mile track in
15 America.

16 CHAIRPERSON HARRIS: Yeah, I just don't see where
17 we've heard from anybody at Pleasanton saying they didn't --
18 you know, there was a bureaucratic problem.

19 VICE CHAIRMAN ISRAEL: I heard it --

20 EXECUTIVE DIRECTOR BREED: No, no, it was a -- no,
21 the question was does -- in terms of additional dates at
22 Pleasanton does this require any additional permits from the
23 city or county and does this require any sort of financial
24 arrangements with the golf course operator, that was the
25 question.

1 MR. PICKERING: That's not the question that I
2 heard from Vice Chair Israel.

3 VICE CHAIRMAN ISRAEL: He's vetting I guess what I
4 heard more specific and bureaucratic so --

5 MR. PICKERING: Yeah. The question I heard
6 specifically was that the Board of Supervisors -- the rumor
7 was the Board of Supervisors was opposed to any additional
8 racing at the fairgrounds.

9 EXECUTIVE DIRECTOR BREED: My question was what
10 was in the analysis. The analysis was picking up on the
11 fact that does it require -- we're asking a question, does
12 this require any additional permitting from the city or
13 county?

14 MR. PICKERING: Actually, the CHRB staff report
15 stated in detail that it required permits from the City of
16 Pleasanton and that is an inaccurate statement in the CHRB
17 staff report.

18 EXECUTIVE DIRECTOR BREED: Okay, so it's
19 inaccurate but what about the question?

20 MR. PICKERING: At this point in time the County
21 of Alameda has not asked us to pursue any permits. Horse
22 racing is a 150-year practice at the fairgrounds.

23 What they have specified in our direct meetings
24 with the Liaison Committee is, number one, that the Fair
25 Association not enter into any contracts that would exceed

1 the lifetime of our current contract that enters the
2 property as a nonprofit. The current contract goes through
3 the year 2017 and we don't believe that this would go beyond
4 that timeframe as far as signing a contract because we
5 haven't seen this Board issue dates as a multiple-year
6 calendar, so we feel very confident there.

7 VICE CHAIRMAN ISRAEL: Does your contract specify
8 the number of days or weeks that you race in any given year
9 and when those dates occur?

10 MR. PICKERING: The operating agreement between
11 the Nonprofit Fair Association and the County of Alameda
12 does not specify the number of dates it would be racing at
13 the fair.

14 VICE CHAIRMAN ISRAEL: Is there a maximum?

15 MR. PICKERING: It does not specify anything to
16 the --

17 VICE CHAIRMAN ISRAEL: Is there a minimum?

18 MR. PICKERING: It does not specify anything
19 related to the number of dates of racing at the fairgrounds.

20 VICE CHAIRMAN ISRAEL: So if you wanted to race
21 300 days a year, you could?

22 MR. PICKERING: I don't believe State law would
23 currently allow that, no.

24 COMMISSIONER CHOPER: Could we -- I don't mean,
25 but you said that Pleasanton and Golden Gate Fields, you're

1 confident can work this out; right?

2 MR. KORBY: Well, the survival --

3 COMMISSIONER CHOPER: This conflict over the two
4 weeks, that's what I heard.

5 MR. KORBY: Well, the survivability of Golden Gate
6 Fields depends upon -- currently depends upon training and
7 the survivability of Northern California racing is
8 definitely tied to the success of Golden Gate Fields.

9 So I think you see the fairs being willing to
10 cooperate for the success of Golden Gate Fields and you see
11 Golden Gate Fields being willing to cooperate, as much as
12 they can being owned by an out-of-state corporation, as they
13 can with the fairs.

14 COMMISSIONER CHOPER: But last year they ran
15 several, I forget how many weeks exactly it was, but that
16 CARF ran several weeks at Golden Gate Fields during the
17 summer, I forget exactly when it was as well. That's right.

18 And they did that simply to cover out-of-pocket expenses,
19 as I understood it.

20 The proposal, this alternative proposal is a
21 change in that, that it's not just run for out-of-pocket
22 expenses, but it is run for a normal, entrepreneurial way;
23 is that right?

24 MR. HARTMAN: That's correct.

25 COMMISSIONER CHOPER: And I guess my own -- I may

1 change, if I hear more, but if you two agree as to how to --
2 who gets paid here, then maybe that's all right. I came
3 here thinking there's a conflict over this question of who
4 is going to get the net proceeds of the operation of those
5 two weeks. So I just wonder, maybe we can hear from --

6 CHAIRPERSON HARRIS: I think part of the issue,
7 too, with both Santa Rosa, and Pleasanton, and all the fairs
8 is to give them enough income to keep their tracks viable
9 and as an alternative because we have so much uncertainty if
10 Golden Gate goes away where are we going to go.

11 So if these other tracks decide that their whole
12 business is not a viable business, then that is very
13 damaging for Northern California racing.

14 COMMISSIONER CHOPER: Yeah.

15 CHAIRPERSON HARRIS: It's somewhat of a guessing
16 game, but I think there's a real reason to keep them going.

17 MR. PICKERING: Commissioner Choper, I would add
18 that in the 11 years that I've been standing in front of
19 this Board, this Board, the TOC, and the Trainers have
20 constantly encouraged the fairs to consolidate to fewer
21 facilities so that funds are not being divided among seven
22 or six fair racetracks when it comes to capital
23 improvements.

24 So this concept, we've been constantly encouraged
25 by this Board, by the various Executive Directors of the

1 Horse Racing Board to consolidate. Not to give back dates,
2 but to consolidate the number of facilities so that the
3 monies that are available can be reinvested in those
4 facilities that have, perhaps, the greatest long-term
5 viability.

6 COMMISSIONER CHOPER: Uh-huh. But how -- well, I
7 understand that, you're right, at least in the time that
8 I've been here.

9 MR. HARTMAN: Robert Hartman, Golden Gate Fields.

10 Before I get started with my comments, I just want
11 to clarify the 35-week maximum, because I think there may be
12 some confusion regarding that.

13 One association, per current State law, can run
14 for 35 weeks. That would not prohibit another association
15 running at Golden Gate Fields. It's not venue specific,
16 it's association specific.

17 So there's a long history in Northern California,
18 Tanforan, which I believe Chairman Harris is very familiar
19 with, ran dates at Golden Gate Fields and at Bay Meadows, so
20 it was a separate association that ran dates here.

21 Los Angeles Turf Club ran dates at Golden Gate
22 Fields last year.

23 So if there were to be more than 35 weeks of
24 racing at this venue, a different association would have to
25 run those dates. Pacific Racing Association could run up to

1 35 weeks and there would be a separate association that
2 would come before this Board asking for the additional
3 weeks.

4 So I just wanted to make sure we're on the same
5 page there.

6 I want to echo what Mr. Pickering said, Golden
7 Gate Fields and Pleasanton have got a great working
8 relationship, the closure of Bay Meadows was difficult, to
9 say the least, on Northern California, we had to relocate up
10 to 800 horses from their barn area. Pleasanton stepped in,
11 graciously, to take on that role and they were identified by
12 the members of this -- of this industry, people that are
13 sitting next to me, the TOC and CTT, as the entity that
14 would take on more racing dates over time in Northern
15 California.

16 Now, of course that's going to be up to the Board
17 to approve those racing dates, but it made the most economic
18 sense, it made I think the most sense from a trainer stand
19 point, the two facilities are in close proximity to one
20 another, our staff helps run the barn area at Pleasanton,
21 Pacific Racing Association staff.

22 So there's a connection there and we need that
23 connection.

24 So I do think that Mr. Pickering and I can work
25 out the calendar.

1 There is another conflict that hasn't been
2 mentioned, the week of Labor Day is probably one of the
3 biggest events run at the Alameda County Fair on the track,
4 which is called the Scottish Games. So there is a conflict
5 there with racing and this big even that, Rick correct me,
6 40,000 people, 50,000 people, how many -- 30,000 people.
7 Thirty thousand people attend this event, which is great,
8 but it does use the racetrack area, so I think there is a
9 conflict there and I think we can work that out.

10 So I would urge the Board to take into account the
11 health of this industry when deciding dates. Purses have
12 gone down across the State, we're trying to keep trainers in
13 the game, we're trying to keep owners in the game, and
14 figuring out how to do that within this calendar is the one
15 thing that we really need to figure out. Because we can't
16 afford, now, to run at venues where purses are substantially
17 less for extended periods of time.

18 So if anybody has any questions about the
19 calendar, we'd be --

20 COMMISSIONER CHOPER: Yes. Are you both saying
21 that you can come in with a -- this group and CARF, that in
22 another month or two months you'll come -- you'll have an
23 agreement and you'll come with a specific proposal that you
24 all agree to?

25 MR. HARTMAN: Yeah, but again, even if these

1 parties agree, that still may not be acceptable to the
2 Board.

3 COMMISSIONER CHOPER: No, I understand. But I
4 mean, as I said before, my inclination is that if you agree,
5 right, and the dates are taken, I don't know what the
6 objection would be.

7 I guess I am curious and if it's none of our
8 business, then it's none of our business, but how is
9 Vallejo, Solano County, what has prompted them to agree to
10 reduce -- have they agreed, the Board of whatever it is, the
11 Supervisors there in Solano County, because they came and
12 complained to us last year, if you recall, have they agreed
13 to cut back a week of live racing there and are -- are they
14 being compensated in some way for that through the CARF
15 system?

16 EXECUTIVE DIRECTOR BREED: Commissioner Choper,
17 John Vasquez, from -- who is Chair of the Board of
18 Supervisors, has sent us a letter stating that the General
19 Manager of the Solano County Fair, Mr. Paluszak is here, and
20 he might want to comment on the status of the Solano.

21 CHAIRPERSON HARRIS: This just came in, I guess.
22 Go ahead.

23 MR. PALUSZAK: Mike Paluszak, General Manager,
24 Solano County Fair Association.

25 As indicated, you received a letter late yesterday

1 from Supervisor Vasquez, Chairman of the Board of
2 Supervisors, indicating that a lot of time has been spent
3 with stakeholders in the industry studying the issues that
4 were brought up a year ago with respect to our continued or
5 not continuing participation in live horse racing.

6 I can tell you that today represents a sad day in
7 Solano County, we have enjoyed a 60-year tradition of
8 hosting live racing at the Solano County Fair and a 60-year
9 relationship with the live horse racing industry.

10 Sadly, the state of the industry and our
11 circumstances dictate the difficult decision, but we are in
12 concurrence with the proposed calendar, as submitted by
13 CARF.

14 The Solano County Fair continues its commitment
15 and involvement to racing in California as an operator of a
16 successful satellite wagering facility. We look forward to
17 putting more of our efforts into that operation and
18 improving it.

19 Solano County Fair is not stepping out of live
20 racing by choice, but really as a matter of necessity to be
21 part of the solution to the challenges facing horse racing
22 in California.

23 COMMISSIONER CHOPER: Are you going to continue to
24 have stalls there?

25 MR. PALUSZAK: Yes.

1 COMMISSIONER CHOPER: And are they used by the
2 horse population -- they're not used?

3 MR. HARTMAN: There wouldn't be if there was no
4 racing.

5 COMMISSIONER CHOPER: If there were no live racing
6 there, it wouldn't be used. And it wouldn't be -- it would
7 not be -- it wouldn't prejudice anything if they weren't
8 there anymore, as you're saying, so long as there's no live
9 racing there?

10 VICE CHAIRMAN ISRAEL: Are you getting any
11 financial consideration from CARF in exchange for
12 relinquishing your dates?

13 MR. PALUSZAK: Within the context of the combined
14 race meet there is a revenue sharing conversation going on
15 with respect to how the fairs can provide a soft landing to
16 us over a period of time to give us an opportunity to
17 replace those revenues with new activities, new parts of our
18 operation. But again, it's within the context of --

19 VICE CHAIRMAN ISRAEL: Is your race meet operating
20 in the black or in the red?

21 MR. PALUSZAK: In the black, currently.

22 VICE CHAIRMAN ISRAEL: So why are you giving it
23 up?

24 MR. PALUSZAK: Two reasons, first the -- you know,
25 the notion of redevelopment of our facility has been an

1 ongoing conversation which would perhaps not include racing,
2 a racetrack.

3 And the condition of our facilities is such that
4 we don't have the resources to put them in a condition that
5 we believe would be acceptable to the owners and trainers.
6 We've been encouraged by those parts of the industry, those
7 people to consider not racing in deference to the facilities
8 who perform better.

9 COMMISSIONER BRACKPOOL: I have a follow-up
10 question to Commissioner Choper's question. You said your
11 in discussions about a soft landing.

12 MR. PALUSZAK: Correct.

13 COMMISSIONER BRACKPOOL: If those discussions
14 don't lead to a soft landing, but look as if they're heading
15 towards a more crash landing, will you be back in front of
16 us saying, actually, that was then and this is now?

17 MR. PALUSZAK: There's been considerable
18 discussion with both the Board of Supervisors and with the
19 Fair Board regarding the notion of having to let go of one
20 rope before we have our hand firmly around the other.
21 However, we have the commitment of the other racing fairs
22 that we -- that they will make sure that those revenue
23 sharings are appropriate given our circumstances.

24 COMMISSIONER BRACKPOOL: So I take it the answer
25 is no, you won't be back in front of us?

1 MR. PALUSZAK: Yes, that's the answer. No, we
2 won't back in front of you.

3 VICE CHAIRMAN ISRAEL: And, Chris, maybe I have a
4 question, and maybe you can help provide an answer for it.
5 Since there seems to be a lot of quid pro quo going on here
6 regarding that exactly means, might it be appropriate for me
7 to ask if CARF might act on behalf of the entire racing
8 industry in waiving the 20-mile rule so we can get an off-
9 track facility approved in San Francisco?

10 And Rod, are you here somewhere? Rod Blonien's
11 card club would get -- didn't you have a -- weren't you
12 representing a casino that was looking to get an off-track
13 facility sometime, somewhere within the 20-mile zone, up
14 here in the East Bay, is that --

15 MR. KORBY: We're here to talk about dates, we're
16 glad to talk about dates and we'll also talk about --

17 VICE CHAIRMAN ISRAEL: Well, there's a lot of
18 horse trading going on and this is the horse business, so
19 let's trade some other horses.

20 MR. KORBY: We'll be glad to talk about that, as
21 we've told everyone. I'm not sure if we want to talk about
22 that in the context of dates allocations.

23 CHAIRPERSON HARRIS: Yeah, I think it's a
24 different issue. I think it's really the San Mateo County
25 Fair is the problem, but I don't know how much leverage CARF

1 or anyone --

2 VICE CHAIRMAN ISRAEL: Are they a member of CARF?

3 MR. KORBY: They are.

4 VICE CHAIRMAN ISRAEL: Okay. I mean you're
5 swapping dates here that, you know, trading dollars.

6 CHAIRPERSON HARRIS: Yeah, if in fact San Mateo
7 County Fair is somewhat of a partner in the overall CARF
8 date allocation, I guess that could be a factor.

9 VICE CHAIRMAN ISRAEL: Well, I think they are.
10 Don't their old dates somehow wind up at Golden Gate or
11 Pleasanton, or something.

12 EXECUTIVE DIRECTOR BREED: Santa Rosa.

13 VICE CHAIRMAN ISRAEL: Huh?

14 EXECUTIVE DIRECTOR BREED: Santa Rosa.

15 VICE CHAIRMAN ISRAEL: Santa Rose, I knew it was
16 someplace. They used to be run at Bay Meadows, if I'm not
17 mistaken.

18 EXECUTIVE DIRECTOR BREED: Right.

19 CHAIRPERSON HARRIS: The most dates one fair can
20 have is basically two weeks, 14 days or something, so
21 there's -- basically, they're borrowing -- those San Mateo
22 dates are being borrowed and I'm sure there's some
23 compensation that should be part of the equation.

24 VICE CHAIRMAN ISRAEL: You should deal with the
25 Fresno dates.

1 CHAIRPERSON HARRIS: Nobody's within 20 miles of
2 Fresno.

3 (Laughter.)

4 CHAIRPERSON HARRIS: Anyway, what I think what
5 we're going to do on this whole issue is defer, anyway, but
6 what I wanted to do is get a lot of the discussion on the
7 table.

8 One of my concerns is -- is anyone here from
9 Ferndale? Ferndale, I feel, is one of the real bright
10 spots, even though it's a small bright spot, that it's
11 bright, of California racing. It's in such a unique setting
12 and has such a history, I'd like to see them get at least a
13 week of non-overlap racing so they can be a host in
14 generating enough funds to give better purses and give money
15 for -- you know, provide money for improvements.

16 At the same time I think it might help the other
17 meets if we have a week that was somewhat of a bye week,
18 where some horses were competing, but the major horses in
19 the circuit were not racing that week and it built up demand
20 for whoever's going to follow them or precede them.

21 So that was one of my thoughts that I'd like to
22 have the -- looked at when these dates are reconstructed.

23 VICE CHAIRMAN ISRAEL: Ferndale, was that up this
24 year; right?

25 CHAIRPERSON HARRIS: I think they were. The two

1 meets are --

2 MR. CASTRO: Way up.

3 VICE CHAIRMAN ISRAEL: Way up.

4 MR. CASTRO: Yeah, Ferndale, I'll stand for
5 Ferndale. Richard Castro.

6 CHAIRPERSON HARRIS: I think the two meets were up
7 at Ferndale and Fresno, so we've got -- but I think we need
8 to reinvent the whole deal.

9 And I know that some of the trainers will moan
10 about they don't want to go to Ferndale, they don't have to
11 go to Ferndale, they can take a week off.

12 MR. KORBY: Mr. Chairman and Board members, I'd
13 like to make a request that since we've narrowed down the
14 issue to the week prior to and including Labor Day, that if
15 there's agreement on the calendar for the whole year, except
16 for that week, that we --

17 VICE CHAIRMAN ISRAEL: If I may interrupt you,
18 that's not the question. John wants Ferndale to be
19 reconsidered. And while you guys were talking he asked if
20 you could see your way clear to give Ferndale a week in the
21 clear, as opposed to a two-week open, and he just requested
22 that for Ferndale.

23 I don't want to speak for you but --

24 CHAIRPERSON HARRIS: Yeah, that's right. Because
25 Ferndale's damaged doubly because they're not the host and

1 also the minor -- the emerging breeds are damaged because
2 they're overlapped by another meet.

3 I mean just with the shortage of horses we have, I
4 just can't see doing very extensive overlap during the fair
5 circuit, even though it may mean that some people may lose
6 some opportunities. But I think there's going to be plenty
7 of opportunities in the north in total.

8 MR. HARTMAN: Robert Hartman, Golden Gate Fields.

9 I would like to ask Mr. Pickering, for the good of
10 the sport, if he would accept, if the Board approved it, two
11 weeks to run in that August time frame, rather than three
12 weeks during that August time frame. I think it's something
13 the trainers support, the owners support, Golden Gate Fields
14 support, and I would just like to see if that would be
15 acceptable to him, again pending Board approval?

16 MR. PICKERING: Always dangerous to come to the
17 microphone. But I think the bigger question is, is actually
18 CARF proposing to run a CARF meet at Pleasanton, and would
19 CARF consider running the two weeks, giving us a two-week
20 proposal instead of a three-week proposal?

21 CHAIRPERSON HARRIS: Yeah, as I understand it,
22 you're running three weeks in July, anyway, aren't you --

23 MR. PICKERING: We're running concurrent with the
24 fair dates in June and July.

25 CHAIRPERSON HARRIS: Is that two weeks? That is

1 two weeks, I guess, or three weeks.

2 MR. PICKERING: It's been proposed that it be 15
3 days, that Hollywood goes for four days and they go 12 days.

4 CHAIRPERSON HARRIS: So it would basically be over
5 a three-week period, which is an expansion there.

6 MR. PICKERING: Yes, sir.

7 CHAIRPERSON HARRIS: So you get that and then,
8 plus, you get another two weeks.

9 MR. PICKERING: Actually, we ran three weeks with
10 the fair this year, we ran Vallejo dates at Pleasanton.

11 COMMISSIONER CHOPER: Right.

12 CHAIRPERSON HARRIS: But I'm not clear if all of
13 these meets are going to be CARF at something meets and then
14 or all stake --

15 COMMISSIONER CHOPER: So as I understand the
16 proposal, the compromise proposal is that you run under the
17 auspices of Pacific Racing for the first week of September,
18 and they get the two weeks additional in Pleasanton. So I
19 don't know, I mean I'm not trying to force a deal here, but
20 that's the proposal.

21 MR. LAMOTHE: Well, Guy Lamothe, from Thoroughbred
22 Owners of California.

23 I'd like to offer some perspective from the
24 owners. I hear a lot of horse trading going on, but I'd
25 like to focus back on some of the key issues at hand here,

1 and from our perspective this is an economic issue. Because
2 we all know the current state of affairs in this industry,
3 purses are going down and costs, somehow, are going up.

4 What we want to focus on is maximizing purse
5 generation and we feel we can achieve that at Golden Gate
6 Fields.

7 The other issues here are on the cost side. But
8 if we keep moving within this CARF block and, by the way, we
9 do believe that it's California that owns these dates and
10 dispenses these dates, and this notion of a CARF block, I
11 think in the long run is detrimental.

12 We need to look at what venues, what meets
13 generate the highest purses. And in the documentation here
14 you can see that Golden Gate Fields generates up to 30
15 percent more in average daily purses.

16 CHAIRPERSON HARRIS: Yeah, on that data, I was
17 trying to analyze that. By Golden Gate, is that like a year
18 round number or what is that?

19 MR. HARTMAN: That's this year so far, so the
20 Golden Gate Fields meet would have been January through
21 June, and then the other fairs, so it's just 2009 data
22 through the end of Fresno.

23 CHAIRPERSON HARRIS: Yeah, it's not the goal that
24 -- because one of my concerns was that CARF at Golden Gate,
25 which would probably be similar at Golden Gate at Golden

1 Gate, was 300,000 overpaid in purses, which would be, you
2 know, quite a bit per day. I didn't understand that and it
3 looks like that -- I'm not sure if that did substantially
4 worse than just the Golden Gate or --

5 MR. HARTMAN: Yeah, the revenue was down but what
6 we find is that the better horses don't ship to some of
7 these fairs. So Golden Gate Fields, the way we set up the
8 calendar I think worked for most of our trainers, was to
9 have a stepping stone type approach, so you could run at
10 Pleasanton, run at Santa Rosa, and then run at Golden Gate
11 Fields, and have the Fresno meet or the, you know, other
12 meets kind of tucked in, Cal-Expo meet.

13 You know, some of those fairs, like Cal-Expo and
14 Stockton, really can't fill allowance races, they can't fill
15 maiden special weight races. And it's fine, it's for
16 different types of horses, but we set up a system for our
17 trainers that have those type of horses to compete, so they
18 paid out less purses, and then Golden Gate Fields paid out
19 substantially more purses because those better horses
20 competed here.

21 So it was a system that I think worked for the
22 trainers and I think the system that we've proposed also
23 will work for our trainers in 2010.

24 COMMISSIONER CHOPER: When you say you --

25 MR. DOUGHERTY: Commissioners, Charlie Dougherty.

1 COMMISSIONER CHOPER: I'm sorry. When you say
2 what you propose is the three weeks at Golden Gate and not
3 going back to two weeks to Pleasanton.

4 MR. HARTMAN: Correct.

5 COMMISSIONER CHOPER: But you've suggested that
6 you may be willing to do only one week at Golden Gate at the
7 end in exchange for giving them two weeks at Pleasanton; is
8 that right?

9 EXECUTIVE DIRECTOR BREED: They want Labor Day.

10 MR. HARTMAN: I'm not sure I understood the
11 question.

12 COMMISSIONER CHOPER: You want the Labor Day --
13 you want the Labor Day --

14 MR. HARTMAN: We're talking about Labor Day week
15 on through the start of Fresno, correct.

16 COMMISSIONER CHOPER: Yeah, and Pleasanton would
17 have two more weeks at the end of August.

18 MR. HARTMAN: Correct.

19 COMMISSIONER CHOPER: And I'm just curious, do you
20 folks agree with that or you don't?

21 MR. DOUGHERTY: Yes, we do. Yes.

22 COMMISSIONER CHOPER: Maybe this is not the right
23 forum to discuss all the --

24 MR. DOUGHERTY: No, we support the week at Golden
25 Gate Fields, of Labor Day week, and we're also very

1 supportive of the two weeks at Pleasanton to be run right
2 prior to that five-week meet at Golden Gate Fields, from
3 Labor Day through the end of September.

4 VICE CHAIRMAN ISRAEL: When would Pleasanton
5 close, on the previous Monday before Labor Day, is that --

6 COMMISSIONER CHOPER: No, the week before the
7 Labor Day -- the week preceding Labor Day.

8 MR. DOUGHERTY: We have them closing on August
9 29th.

10 COMMISSIONER CHOPER: Yeah.

11 CHAIRPERSON HARRIS: And their proposal was to run
12 through. Is this the Labor Day issue that was brought up
13 with the Scotsman, or whatever it is, is that a true concern
14 for Pleasanton as far as running concurrently, as far as the
15 Pleasanton dates? Is there a rebuttal or that's not really
16 going to be the problem.

17 MR. PICKERING: You know, Pleasanton's not here to
18 fight for additional dates. The industry keeps telling the
19 Alameda County Fairgrounds we want to race more at the
20 fairgrounds, we want you to be ready to accept more racing
21 because we don't know what the future at Golden Gate Fields
22 is going to be.

23 So we're not here begging for dates, I apologize
24 if it sounds that way. We're trying to help the industry
25 and if you believe that this helps the industry, then God

1 bless us and let's all move forward.

2 The concept of bringing new people to the sport,
3 this is the Scottish Caledonia Games, it's the largest
4 gathering of Scots athletes outside of Scotland, a very
5 successful event, we've had it for about 14 years at the
6 fairgrounds. Before that it was at Santa Rosa. It's a
7 fantastic event. On Labor Day weekend, it's only a Saturday
8 and Sunday event on our property. The Scotsmen do a great
9 job, they bring in 30,000 plus folks. They're heavyweights,
10 which is tossing the caber and throwing some of the heavier
11 weights, which traditionally have been done on the racetrack
12 so the audience can sit in the grandstands.

13 We have a multi-year contract with the Caledonia
14 Club of San Francisco that actually has a clause in it that
15 talks about if additional racing were to come during
16 Scottish Games, how we would relocate the heavy games off of
17 the racetrack.

18 So if you want to introduce 30,000 more people who
19 like to game, and their sportsmen and their athletes to the
20 sport, that's fantastic. If you feel the deal needs to be
21 struck as a 2010 move forward, I mean we all have to move
22 forward.

23 But I would encourage you to approve the rest of
24 the fair calendar because there's thousands of people we do
25 business with, that Cal-Expo, Santa Rosa, Ferndale, they're

1 all waiting to hear the calendar so they can sign their
2 contracts as well.

3 COMMISSIONER BRACKPOOL: I can assure you there's
4 not a Scotsman alive who hasn't been to a racetrack.

5 (Laughter.)

6 MR. PICKERING: We want to bring you this year,
7 right.

8 CHAIRPERSON HARRIS: Well, what are these -- are
9 you going to play one of these games, Keith? What do they
10 actually throw, like shotputs or something?

11 COMMISSIONER BRACKPOOL: Cabers, telephone cabers.

12 VICE CHAIRMAN ISRAEL: The most encouraging thing
13 about you said, Rick, is that you discussed the industry as
14 a model, as if it speaks as one, and it's pretty clear to me
15 that it's not the case right now.

16 MR. DOUGHERTY: Well, Commissioner Harris, one of
17 the things that --

18 MR. PICKERING: I would just point out that this
19 Board has talked about issuing multi-year calendars, we've
20 gone to a number of date committee hearings in the last
21 several years, so there seems to be an awful lot of logic to
22 that when we try to get the industry to go forward, but then
23 we get back into can a government agency issue a multi-year
24 license, et cetera.

25 CHAIRPERSON HARRIS: Right.

1 MR. PICKERING: Can anybody represent multi-years?
2 For example, when Bay Meadows was in the process of winding
3 down there was an awful lot of debate as to how many more
4 days, how many more weeks of racing would go to Bay Meadows
5 and what time during the calendar, early, late, mid, a lot
6 of horse trading went back and forth with Golden Gate
7 Fields, and I believe you're seeing the same thing with
8 Hollywood Park and Santa Anita. As we look to a potential
9 closure, horse trading happens every day.

10 Five years ago Cal-Expo went out on a limb and
11 tried to help the harness industry and keep it alive in
12 California. There were deals that were struck to make that
13 happen and also to move Cal-Expo dates.

14 And I'm paraphrasing it, the dates have moved
15 between facilities and money has changed hands.

16 In our case everything we do is open to public
17 scrutiny. Our deal with Vallejo this last year is a public
18 document, we'd be happy to provide you with a copy of it.
19 It was negotiated in good faith between multiple
20 organizations.

21 So there's no shenanigans behind the scenes with
22 the fairs, their government agencies and they're on
23 government property.

24 We wish there could be open book for all of racing
25 in California, like the fairs' books are.

1 MR. DOUGHERTY: Commissioners, one of the things I
2 cannot implore enough on you, that the schedule that was put
3 forth to you by the TOC, the CTT, and Golden Gate Fields was
4 given with much consideration in terms of where we stand as
5 an industry currently, given our economic situation, and a
6 ton of consideration was put into the fact that what we are
7 trying to do is maximize purse generation, reduce stabling
8 costs, and also reduce the costs to owners and trainers
9 during the summer fair seasons because they -- during the
10 summer those costs do rise because fairs do not provide
11 vanning. So there is significant time and travel to put
12 into the trainers leaving and having to run on the fair
13 circuit.

14 So the schedule that we did put forth to you
15 factored in all those and we are trying to maximize the --
16 all the revenues and reduce the costs.

17 As you've probably seen, we have from Jerry
18 Hollendorfer, Steve Sherman, Tim Bellasis, Gloria Haley,
19 Bill Anton and Ed Moser are trainers who are here on a year
20 round basis and are willing to share their stories with you,
21 if you're so inclined, as to why they support this calendar
22 and why they feel it's important for the best economic
23 conditions to agree to the calendar that we submitted here
24 today.

25 So if you'd like to have any of the trainers talk

1 about, you know, the problems that they incur and why this
2 schedule does help them keep their better horses here in
3 Northern California, and keep their owners to the happiest
4 they can be given the economic situation right now.

5 CHAIRPERSON HARRIS: Do you have any trainers here
6 that do not support it?

7 MR. DOUGHERTY: That stay on a year round basis,
8 running, I don't know.

9 CHAIRPERSON HARRIS: Well, I mean, my concern, if
10 we're going to have a debate by trainers, we don't want
11 basically just one aspect of the trainers. Now maybe -- and
12 I don't think we can stipulate that no trainers, you know,
13 all trainers -- I don't think all trainers agree on
14 anything, so I'd rather just have it be more of a debate
15 than just everyone coming up and saying the same thing.

16 MR. LAMOTHE: Commissioner, Guy Lamothe.

17 That's fine, they're welcome to step up if they're
18 here, we encourage that. If there's --

19 CHAIRPERSON HARRIS: Well, it wasn't on the agenda
20 as a debate is the problem.

21 MR. LAMOTHE: Well, if there's no debate, that's
22 fine. If everybody's on one side, I think that needs to be
23 pointed out, and maybe they should come up.

24 I mean, this is about keeping owners in the game.
25 We heard the same discussion in the south. We heard the

1 discussion with Santa Anita, Hollywood Park. You know, five
2 days -- for example, five days of racing generates more
3 purses than four days. I believe that's what you said,
4 Commissioner Harris.

5 CHAIRPERSON HARRIS: Exactly.

6 MR. LAMOTHE: And that's what we're looking at
7 here. These guys are going out of business or they're
8 moving out of state. You want to create, you know, where
9 there might -- as Charlie is indicating, they may -- in
10 order to avoid shipping all over, they go race somewhere
11 else. Are they going to come back at the end of the summer?

12 So these are serious issues and, you know, I'm
13 trying to look at it -- our organization is trying to look
14 at it economically, keeping the owners in the game, giving
15 them the racing opportunities for the best purses available
16 and to minimize costs.

17 And at the same time, look, we do support
18 Pleasanton. We've got an additional two weeks here.
19 Overtime can that grow? Possibly.

20 The number one priority, I think everybody agrees,
21 we have to keep Golden Gate in business. If they flounder,
22 well okay, does anybody know if they will or not?

23 Does anybody know how long Hollywood's going to be
24 running or Santa Anita's going to be running?

25 But we know today we need to keep a strong Golden

1 Gate Fields and we also -- you know, we've got multiple
2 objectives here and we do want to keep a strong Pleasanton
3 at the same time.

4 VICE CHAIRMAN ISRAEL: Mr. Hartman expressed some
5 optimism that given more time you can reach an accommodation
6 and there's a compromise that you can reach.

7 Should we give you that time and you work on this
8 for, say, two or three weeks? Get through the holiday and
9 then come back to us with a calendar that you've all agreed
10 on or is that a hopeless situation?

11 MR. HARTMAN: Well, if Mr. Pickering and Mr. Korby
12 are willing to talk right now, we can step outside and talk
13 over the next hour and maybe we can roll up our sleeves and
14 get it done, and come back to you later today and reach a
15 compromise.

16 I think you hear the urgency on all of our parts
17 to get a calendar approved, whether it's from signing ferris
18 wheel vendors, to food vendors to --

19 VICE CHAIRMAN ISRAEL: No, I'm sensitive to Mr.
20 Pickering's comments about that, or I'm sensitive to those
21 comments you need to start making deals with all your
22 various vendors. It's getting late in the day to do that
23 so --

24 MR. HARTMAN: So if the Board is willing to allow
25 us to go do that, I'm all for that.

1 COMMISSIONER CHOPER: Yeah, I agree with every --
2 I mean, I don't think anybody disagrees with everything
3 that's been said here about the need to keep trainers here,
4 to keep horses here, to keep owners happy and to keep the
5 tracks going; right. And yeah, I think you want to go out
6 and do it in less than an hour, if you can.

7 You don't have to sign the ferris wheel contract
8 right now, do you?

9 CHAIRPERSON HARRIS: Well, we need to separate
10 which areas. I mean some of that, I mean clearly Golden
11 Gate has solidified certain dates, there's just a few weeks
12 that are in --

13 VICE CHAIRMAN ISRAEL: Well, the Labor Day week
14 seems to be crucial --

15 COMMISSIONER BRACKPOOL: And the Ferndale.

16 VICE CHAIRMAN ISRAEL: And the Ferndale, giving
17 them at least a few days free and clear of competition. Is
18 that important -- that's important to you.

19 CHAIRPERSON HARRIS: Yeah, I'd like to see
20 Ferndale have its own -- one week in there somewhere. But
21 I'm not sure if Sacramento or Cal-Expo wants or are they
22 happy with two weeks, or do they want anymore weeks; that's
23 the other part of the puzzle that Sacramento's a potential
24 track for expanded thoroughbred racing.

25 MR. BARTOSIK: Norb Bartosik, with Cal-Expo. To

1 answer your question directly, as you know there's been much
2 discussion about Cal-Expo's racing future and we're still in
3 the midst of those discussions with the redevelopment. As
4 many fairgrounds have been told by the Governor's staff that
5 they're all for sale, we continue to work on developments
6 around that whole issue and we believe that we have a
7 resolution to work through that process with or without an
8 MBA arena at Cal-Expo property, the property will be
9 redeveloped and it will continue to represent the long-
10 standing Cal-Expo and the State Fair history.

11 Does Cal-Expo -- would Cal-Expo wish to have more
12 racing dates? If they industry will support that, we've
13 stated that a number of times, we would be happy to do that.
14 We're happy to work with the harness industry to make that
15 continue to be successful.

16 We have a great facility at Cal-Expo, it is under-
17 utilized. We look forward to some changes that would make
18 that be a better place and we're happy to participate in any
19 continuation of expansion of racing and experiments to make
20 things work, and a reinvestment in the property if that
21 makes sense to the racing industry and if it supports it.

22 CHAIRPERSON HARRIS: Mr. Halpern?

23 MR. HALPERN: Ed Halpern, California Thoroughbred
24 Trainers.

25 Mr. Harris, I would just like to ask or comment

1 that finally, the dis-invitation of the trainers, who have
2 taken the trouble here to show up to speak to you on this
3 issue --

4 CHAIRPERSON HARRIS: No, we're happy to hear from
5 everybody, but I'm saying if we're going to make a final
6 decision based on trainer opinion, I don't think the group
7 of trainers here -- and I'm not saying I don't agree with
8 them -- is the way of necessarily representative of the
9 trainers who are at Ferndale, or Stockton, or here or there.

10 MR. HALPERN: No, you're correct about that. But
11 I just -- I think it is important, if this cannot be worked
12 out, to have these trainers impart to new members of the
13 Board, as well as old members of the Board, and educate the
14 Board as to what the issues are.

15 CHAIRPERSON HARRIS: You've got it, go ahead.

16 MR. HALPERN: No, my point was if they can't
17 be -- if they can't reach a settlement. There's no reason
18 to do it if they can reach a settlement.

19 CHAIRPERSON HARRIS: Right. Well, I don't think
20 they're going to reach a settlement, quite frankly.

21 Let's go ahead with some of the trainers that are
22 here, though, Bill Anton.

23 MR. ANTON: Bill Anton, California Thoroughbred
24 Trainers.

25 I'd like to start off by telling Kirk Breed happy

1 birthday.

2 EXECUTIVE DIRECTOR BREED: Thank you.

3 (Applause.)

4 (Ron Blonien Singing Happy Birthday.)

5 (Applause.)

6 MR. ANTON: I told him I wouldn't do that, so I'm
7 in trouble now, I'm sure.

8 As far as the dates go, it looks like that
9 everybody's worked them out as best they can, but I do agree
10 that being stabled here and I know it's against the grain of
11 some people but, you know, the Ferndale people are going to
12 run in Ferndale whether they're overlapped or not. And
13 those of us that don't run in Ferndale, we're not going to
14 run in Ferndale. The cost is too prohibitive to drive up
15 there and back, so I would take that out of my thought
16 process and not worry about that or maybe you could -- and I
17 don't want to make Santa Rosa unhappy, but you could have
18 that last week of Santa Rosa where they don't have the fair,
19 that's a possibility for people to go to Ferndale.

20 However, I do have another issue that I rated your
21 analysis and, of course, it's very dear to me and that's the
22 fact that there's \$190,000 coming to the horsemen in 2008
23 from Sacramento Expo.

24 I feel that the TOC, and CARF, and Sacramento cut
25 a backdoor deal that's totally inappropriate. And as far as

1 I'm concerned, they picked the pockets of the horsemen. And
2 until that's settled, I don't think they should be issued
3 any dates. Thank you.

4 CHAIRPERSON HARRIS: As I understand it, the issue
5 is Sacramento was underpaid and basically all those horsemen
6 were both for '08 and '09, and I'm not clear why that's not
7 getting paid out.

8 MR. ANTON: Well, you might ask the people that
9 did it, although of them are on the TOC board anymore. I
10 think on TOC ought to be heads up and with the approval of
11 this Board make Sacramento pay that money. They still have
12 it and they gave it to them to do something, it worked,
13 you've got money, please pay the horsemen. That's \$190,000
14 of the horsemen's money.

15 And whatever excuse they give, our money is in
16 their pocket and that's not right.

17 CHAIRPERSON HARRIS: Well, I mean, has TOC
18 consented to this or --

19 MR. ANTON: I don't know if they're going to work
20 it out with us, but it was their backdoor deal. It's Guy
21 and we can't blame the new TOC President, Steve, this is
22 something Couto did, definitely in the backdoor with Mr.
23 Elliott and Mr. Courtney (phonetic). The money belongs to
24 the horsemen, pay the horsemen.

25 CHAIRPERSON HARRIS: Guy, are you aware of this?

1 MR. LAMOTHE: Yes. In fact, I believe there's
2 been an investigator, Greg Frabre or Fabre with the CHRB,
3 who's looked into this matter. I'm not sure what the status
4 of that, the results of that investigation are.

5 I will say, to my understanding of this, is that
6 per the contract between CARF and the TOC that any amount
7 above 50,000 under-paid is to be retroed, except with the
8 consent and agreement between CARF and the horsemen, which
9 was done, which was done in a Racing Affairs meeting up here
10 in Northern California.

11 And the reason for that was based on a racing
12 program that was proposed by CARF and ultimately agreed to
13 with TOC. This was the first year that CARF, at Golden Gate
14 Fields, had two meets and they were trying something new,
15 and they were trying to increase offer purses 25 percent
16 higher at Cal-Expo. Cal-Expo being sandwiched between the
17 two meets, the two CARF and Golden Gate fields meets, and
18 they felt it was necessary to support the Cal-Expo purses at
19 that time.

20 The meet ran, we have results from that meet.
21 There is an under-payment coming out of that meet this year,
22 2009, and the status of those funds has not yet been
23 determined, but will be handled per contract.

24 CHAIRPERSON HARRIS: I'm not sure, are there two
25 under-payments that are distinct, or did that '08 under-

1 payment roll in to be part of the '09 under-payment.

2 MR. LAMOTHE: The '08 under-payment rolled into
3 the purse program for the '09. I don't have the exact
4 figure on what the resulting '09 is, but we can get that.

5 CHAIRPERSON HARRIS: Because that money really
6 belongs to the horsemen that earned it during those meets,
7 that it seems like it needs to be -- whatever it is, it is,
8 and it seems like it needs to be sorted out once there's
9 some logic to it.

10 MR. ANTON: Mr. Chairman, I'm quite perplexed that
11 the Thoroughbred Owners of California would allow their
12 owners to have their pockets picked. That is not their job.

13 CHAIRPERSON HARRIS: So you feel that -- I'm still
14 not clear on -- you have '08 owners that earned money at
15 Cal-Expo, that were under-paid and they still haven't gotten
16 anything, but then some of that was pushed into -- I'm sure
17 if we're trying to unravel how somebody would do it, it's
18 really up to TOC and CARF.

19 MR. ANTON: Well, it boils down to there's
20 \$190,000. It wasn't only the 50,000 that was pushed ahead
21 and that leaves 140,000.

22 CHAIRPERSON HARRIS: That's total.

23 MR. ANTON: I'm going to be kind of rude, they
24 played games with the money to suit themselves, and the fact
25 that they went upside down at the CARF meet here, at Golden

1 Gate Fields is not the problem of the owners and the
2 trainers that earned that money in 2008 at the Cal-Expo.
3 Please pay the owners.

4 COMMISSIONER CHOPER: What do they say when you
5 ask them about the payment and what's the response? See,
6 all we got is about three sentences here and it's a little
7 hard to grasp onto the whole situation. I mean, it seems
8 pretty simple the way you've stated it, I'd like to hear
9 what the other side's got to say, whoever it is.

10 MR. ANTON: Well, they're gone.

11 COMMISSIONER CHOPER: Ah-hah.

12 MR. ANTON: Drew Couto is --

13 COMMISSIONER CHOPER: That's a Cal-Expo --

14 CHAIRPERSON HARRIS: Well, Couto left after -- I
15 mean before the --

16 MR. ANTON: Well, he made the deal. You can't
17 blame Marsha and Steve, but the deal was --

18 COMMISSIONER CHOPER: You mean Drew Couto made the
19 deal, but he was representing you guys.

20 MR. ANTON: No, the TOC -- well, yes, and the TOC.

21 MS. NAIFY: Yeah, let me just state for the record
22 that, yeah, the deal -- the deal was made by Mr. Couto and
23 neither myself, nor a majority of Board members knew about
24 it until the matter was brought up to me, I think back in
25 May or June of this year, so we were not aware of it.

1 COMMISSIONER CHOPER: I see.

2 MS. NAIFY: We understand the rationale, which Guy
3 pointed out, what we believe was the rationale for making
4 the decision.

5 MR. BACHMAN: Tom Bachman, former TOC Board
6 member, and Drew and I was Chairman of the Northern
7 Committee, the Purse Committee at that point.

8 And as Guy related to you, the use of that money,
9 he was absolutely right on. Cal-Expo, we did not know about
10 the other payment until February because CARF does not come
11 forward with their figures until 60 days after the last
12 fair, which was Fresno.

13 And in February, when we learned of the under-
14 payment, Cal-Expo came forward to the Committee and said, in
15 '09 we are to be sandwiched between two CARF meets at Golden
16 Gate Fields and we're very concerned about our ability to
17 draw horsemen away from Golden Gate Fields for our two
18 weeks. This is our second year back in racing, and they
19 asked if they could have that money to supplement their
20 purses to try and draw horses to Sacramento, and reinvest
21 the under-payment in their 2009 meet.

22 Drew and I, and the Committee up north,
23 particularly the trainers, agreed that that was a good idea
24 to try and ensure the success of their two weeks between the
25 two CARF meets at Golden Gate, and gave approval to that use

1 of the money.

2 The meet was successful, they did enhance their
3 purses, they did have a good draw, and for that reason they
4 had another under-payment in 2009.

5 When I was still on the Committee, they came
6 forward and asked about the under-payment of 2009 and the
7 suggestion was made if they moved their dates, they could
8 use some of that money to promote their new movement of
9 their new meet again, otherwise they had to repay everything
10 to the horsemen sans the 50,000 by contract.

11 What we're trying to do is help the fairs at this
12 point, if they're -- one of the problems we have in Northern
13 California is the continual movement of racing dates. And
14 what happens is the people, the bettors don't know where
15 racing is.

16 And hopefully, some of the money they keep is used
17 to promote whatever the calendar is going to be in the
18 future. And one of the things I think this Board should try
19 and do is to sustain a calendar that replicates itself year
20 after year, so that the people and the players in Northern
21 California know where racing is. It seems to me that that
22 would be very helpful to the future.

23 And while I'm here, I'd like to speak on one other
24 issue.. It seems to me that the only -- the charter of the
25 California Horse Racing Board is to make successful racing

1 in Northern California.

2 As stated earlier, the only way that they really
3 can do that is to enhance revenues and cut expenses.

4 Now, over the years the owners have helped sustain
5 some of the fairs, they've given up their purse revenue to
6 sustain fairs, with the thought that they would move racing
7 around the State, as Commissioner Israel said, and bring new
8 people into racing.

9 Under today's economic conditions, owners don't
10 have that ability anymore. We're awful close to life
11 support. I have to think, as an owner, that the proposal
12 put forward by the TOC, CTT, and Golden Gate Fields reflects
13 the best ability to raise purses and help an owner stay in
14 business.

15 When I came forward at your last meeting, with the
16 proposal of having an independent meet come forward, under
17 Tanforan auspices, as a nonprofit, there was great support
18 amongst owners and trainers.

19 Because MEC and the future ownership of Golden
20 Gate Fields is in debate, I was asked to put that on hold
21 for a year, which I'm going to do.

22 But I will remind you that the proposal and the
23 reason I was doing that was to try and make racing as
24 healthy as I can in Northern California.

25 I asked Bernie Thurman to put together a sheet

1 that would reflect the different revenues under the
2 different scenarios. I have that with me, I'll give it to
3 the Board, to each member of the Board in the hopes that
4 they can study those numbers and see why the proposal by
5 Golden Gate, CTT, and TOC seems to be the best for the
6 owners and for health of racing in the future.

7 If we did the wrong thing in trying to help Cal-
8 Expo, so be it. But the money should be distributed now,
9 whether you want to go back to '08 and '09, but as far as
10 the under-payment goes that's fine.

11 But I still -- Drew and I thought we did and I
12 still think we did the right thing to try and sustain the
13 health of the northern circuit.

14 If you have any questions, I'll answer them.

15 COMMISSIONER CHOPER: Yeah, is Cal-Expo willing to
16 distribute the money now? I mean, do you know about that?

17 MR. BACHMAN: But I think by law they have to.

18 COMMISSIONER CHOPER: Uh-huh.

19 CHAIRPERSON HARRIS: Yeah, I think we do need to
20 get an audit of this whole thing and I'd like to direct Kirk
21 to do that..

22 Because the problem is, as Tom has mentioned, the
23 industry is on life support and it's pretty frustrating to
24 be on life support and have \$300,000 of owners' money that's
25 out there circulating someplace that could be paid, and we

1 need to get that taken care of.

2 Bill?

3 MR. BACHMAN: Thank you.

4 MR. ANTON: I don't wish to belabor the fact, but
5 through his own admission, the owners can't afford it
6 anymore, you heard him say that, so give them the money.

7 And I did have a conversation with Mr. Bachman,
8 where they all agreed to this or not, or tell you that it's
9 true, I asked him one day why did you do that? He said,
10 you're right, but we did it anyway.

11 CHAIRPERSON HARRIS: Well, there might have been
12 logic to be doing it, but I think it is important that the
13 money go to the people that earned it and to the races,
14 especially when it's that much, because we've heard about
15 30,000 a day during that meet, and it was 200,000 that was
16 under-paid.

17 Chris?

18 MR. KORBY: Thank you. Someone made a suggestion,
19 one of the Board members I think, that perhaps we break on
20 this and those of us who have an interest in the calendar go
21 see if we can work something out. I come back again to the
22 notion that we're down to at most a few weeks in August, and
23 in my estimation we're down to one week prior to Labor Day.

24 I'll be glad to join in those discussions if the
25 Board would allow us to go meet and come back, and report.

1 COMMISSIONER CHOPER: No, I think that's a good
2 idea, but we've now moved to this question of the under-
3 payments.

4 EXECUTIVE DIRECTOR BREED: We really need an
5 audit.

6 CHAIRPERSON HARRIS: Well, we're going to do an
7 audit of that.

8 COMMISSIONER CHOPER: We're just going to do that.
9 Okay, fine.

10 CHAIRPERSON HARRIS: I don't think we can sort
11 that out today.

12 But should we hear from -- we do have the trainers
13 here that would -- I think you want to comment.

14 REGULATION/LEGISLATION MANAGER WAGNER: Well, if
15 they have a break and they get it solidified, then there's
16 no problem.

17 CHAIRPERSON HARRIS: Yeah, why don't we take and
18 we'll come right back, and you guys can keep meeting.

19 (Off the record.)

20 EXECUTIVE DIRECTOR BREED: I think everybody's
21 fed, bring your food with you and let's get started.

22 CHAIRPERSON HARRIS: Okay, let's reconvene here.
23 I know some of the trainers would like to comment. Let's
24 give it about three minutes.

25 EXECUTIVE DIRECTOR BREED: Okay, everybody, let's

1 give the -- let's be quiet, please. Thank you.

2 MR. MOSER: I'm Ed Moser, a trainer. It's just
3 for me the fairs are -- I used to get excited about it when
4 the fairs came around, I'd never been to the fairs before
5 when I started in Northern California, and it seems like
6 they keep getting longer and longer, because we used to
7 race -- after Golden Gate we'd only go to Pleasanton,
8 Vallejo and Santa Rosa and then we were back at the main
9 meets, so it was basically six weeks. And it seems like
10 it's getting longer and longer. I think right now it's like
11 three months.

12 And it's very, very costly for owners and trainers
13 to be racing with the fairs for that long. I add an extra
14 man every time we run at the fairs.

15 I ran one horse at Fresno this year and the only
16 reason I ran one is because I got my vaning bill down
17 there, it cost \$260 to run that one horse down there, so I
18 didn't run anymore horses down there.

19 So to me, the more they run at Golden Gate Fields,
20 the better.

21 CHAIRPERSON HARRIS: I'm not sure if I agree on
22 your historic dates, though. I was under the impression
23 that the fairs, as far as the span they were operating is
24 pretty similar to the way it is now.

25 MR. MOSER: No, actually, because we used to

1 overlap with Stockton, so we'd skip that one.

2 EXECUTIVE DIRECTOR BREED: Stockton and the State
3 Fair.

4 CHAIRPERSON HARRIS: I guess you -- so previously
5 there was overlap.

6 MR. MOSER: Yeah. Oh, I'm talking about -- yeah,
7 I'm talking like in the eighties.

8 COMMISSIONER CHOPER: Yeah.

9 MR. MOSER: Thank you.

10 CHAIRPERSON HARRIS: Okay, Jerry wanted to say
11 something?

12 MR. HOLLENDORFER: Jerry Hollendorfer, trainer and
13 owner.

14 I support the CTT, TOC and Golden Gate proposal.
15 And then I have a question for the Board. You know, if you
16 give Ferndale unopposed racing for one week during Del Mar,
17 wouldn't that significantly impact the handle between north
18 and south as far the simulcast goes?

19 CHAIRPERSON HARRIS: Well, that's a consideration.

20 MR. HOLLENDORFER: Well, Mr. Fravel could probably
21 say something on that.

22 CHAIRPERSON HARRIS: Well, I'm that --

23 VICE CHAIRMAN ISRAEL: He's eating potato chips.

24 MR. FRAVEL: Are we on that part of it?

25 CHAIRPERSON HARRIS: Well, I don't think we're

1 really quite there yet, anyway.

2 I think I'm aware of that issue, I'm not sure it's
3 enough to make a super big difference.

4 MR. HOLLENDORFER: I think it would make a real
5 big difference.

6 CHAIRPERSON HARRIS: To who?

7 MR. HOLLENDORFER: For all the overall handle.

8 CHAIRPERSON HARRIS: Yeah, I mean, all the handle
9 in the south stays in the south and all the handle in the
10 north stays in the north, so I think it would -- it could
11 impact Del Mar, but I'm not sure how much they're handling
12 now on -- to really analyze all this stuff, we need to
13 really look at what the actual data is now and on the
14 different scenarios.

15 I think that did happen some, that there were some
16 days where Humboldt didn't overlap and how that worked
17 versus whoever else was running.

18 MR. HOLLENDORFER: Okay. Well, anyway, I run a
19 lot of horses and support the program here in Northern
20 California quite extensively, and I really do favor the
21 Golden Gate, TOC, CTT proposal for the dates. Thank you.

22 CHAIRPERSON HARRIS: Thank you.

23 Anybody else?

24 Okay, we've got --

25 VICE CHAIRMAN ISRAEL: Craig, do you want to

1 address that or not?

2 MR. FRAVEL: Craig Fravel, Del Mar. We do have
3 some data. I don't have data on days that Ferndale ran
4 unopposed, I don't think there were any of those.

5 But we average somewhere around \$2.7 million per
6 week on northern races in the south which, you know, on any
7 given week, in terms of purses, it's been 130 and a hundred
8 -- well, actually, between 107 and \$150,000 a day in purses
9 in the south, and a similar number in commission.

10 So it is a vitally important element to us. And
11 candidly, we've never had an unopposed Ferndale as a
12 supporting meet for Del Mar in the south which -- and I
13 don't think it's reasonable to assume that that money will
14 simply shift to a live product or something else, I think
15 that would be lost to the purse account and commission
16 account.

17 So we do have some concerns. I don't know if
18 you're going to take action on that particular item today.
19 If it's something you're going to defer some action on, we'd
20 like to do some further analysis and submit it to you.

21 But it is a highly relevant factor. Even though
22 the money stays in the south, you know, it's a big part of
23 our daily handle.

24 CHAIRPERSON HARRIS: Let's put together some
25 numbers because I think there were some days that Ferndale

1 ran non-overlapped. There weren't?

2 MR. FRAVEL: I don't believe there were.

3 CHAIRPERSON HARRIS: Not this year that
4 everybody's talking about.

5 MR. FRAVEL: I don't ever recall that.

6 COMMISSIONER CHOPER: Not in my lifetime.

7 MR. FRAVEL: I am a big fan of the Humboldt County
8 Marathon, I will tell you, it's my favorite race. I like to
9 see if jockeys forget that I'm going to be around. But
10 otherwise, we have some concerns with having that. Thank
11 you.

12 VICE CHAIRMAN ISRAEL: Don't they have pit crews
13 all those numbers for?

14 MR. FRAVEL: They have break girls, I think.

15 CHAIRPERSON HARRIS: Okay, anyone else? I think
16 we're not going to solve this today, anyway, because there's
17 so many pieces to the pie and really all we're talking about
18 is from August on.

19 Are there any other -- I don't know if I missed
20 anybody's comment?

21 But Sonoma County Fair has a comment card and I
22 don't believe we've heard from them.

23 MS. TESCONI: Thank you, Chairman Harris. Tawny
24 Tesconi, Sonoma County Fair.

25 First of all I want to thank you all, you seem

1 very supportive of the fair industry and I do appreciate
2 that and the traditionalism. And I'm very supportive of the
3 fair industry and love Humboldt County Fair, it's one of our
4 fair families.

5 But we really -- Sonoma County Fair's put a lot of
6 money into their facility. In 2005 we opened up our turf
7 track, it was roughly a \$2 million project. We still owe
8 almost a million dollars on that project, we're paying it
9 every year.

10 But in that period of time we've gone from a 12-
11 day meet to a 10-day meet. Even though with less days
12 running, of course there's less revenues, but our
13 commissions have dropped, our expenses remain about even.

14 So we need a way to revitalize and help our race
15 program.

16 Just so you know, in 2010 our budget, that's going
17 to be approved tomorrow night at our board meeting, is
18 looking at staff layoffs. But even with staff layoffs,
19 we're proposing over -- or \$120,000 in improvements between
20 our turf and our paddock area.

21 Also, we continually get compared to the 2009 --
22 or excuse me, the 2007 program, with the third week of
23 racing that didn't have a fair. That was kind of a unique
24 year for us for a number of reasons. Our race dates were
25 changed, we had a lot of management changes going on.

1 I think that in the interest of racing in Northern
2 California and I think by support of the horsemen, having us
3 have a third week of racing provides an opportunity for
4 people to stay in the north.

5 I think the people that are going to run at
6 Humboldt are going to run at Humboldt. I think there's ways
7 of using the same racing secretary, that we can write races
8 that will protect Humboldt.

9 We're obviously going to do two or three turf
10 races a day, that's something that Humboldt can offer.

11 And so I hope you guys give us a chance. If
12 you've looked at our meet in the last two years, you'll see
13 that our live meet continues to be very strong. I think
14 that has a lot to do with our promotional efforts in the
15 last two years.

16 For a third week of racing, even though we're not
17 going to be running a fair, we're talking about a lot of
18 special events for that third week. We're also having --
19 it's almost an opportunity to bring some new people to
20 racing because at this point we have box seat holders that
21 have held boxes for hundreds of years, and there's no
22 opportunity for people to buy into our box seat program
23 because all the seats are reserved way ahead of time.

24 This will be an opportunity for people, maybe that
25 haven't come to the races before or who haven't had that box

1 seat experience to get in there. We're not going to be
2 charging admission, it's going to be a great, fun party and
3 we're going to promote it that way.

4 And so as much as I appreciate your concern for
5 Humboldt, I think the two fairs can work together. The fair
6 industry has shown a history of working together and I hope
7 you take that into consideration.

8 CHAIRPERSON HARRIS: Thank you. And just to
9 clarify, I was never advocating less than the three weeks
10 for Santa Rosa, I was just trying to also --

11 MS. TESCONI: Okay.

12 CHAIRPERSON HARRIS: -- with the 52 weeks of
13 racing that we have, fit in a week for Humboldt. But I
14 think that Santa Rosa does have the turf course, they've a
15 great area up there and it -- as I understand it, everyone's
16 for three weeks. Is there anybody here that's not for three
17 weeks for Santa Rosa?

18 But the thing is there's only -- there's more than
19 three weeks in the year, though. So will Humboldt have any
20 opinions on how you could do if you could get a week of non-
21 overlap?

22 MR. TITUS: Thank you, Mr. Chairman, Stuart Titus,
23 General Manager Humboldt County Fair.

24 We're, I guess, just asking for a fighting chance
25 here. Historically, our race meet has been -- has been

1 founded on subsidies, that's the only way we can make ends
2 meet. Non-overlap race dates would relieve us of the need
3 for those subsidies and would, in fact, return those
4 subsidies back to their sources of origin which, in effect,
5 would be returned to the horsemen or to whatever track is
6 overlapped with us.

7 We understand, as I indicated in my correspondence
8 to you, Chairman Harris, and as my Board members, two Board
9 members reflected to you as well, we understand that this is
10 an economic issue.

11 I tried to outline in my correspondence the
12 difference between the macro and the micro. If Ferndale
13 were to receive two unoverlapped weeks, we would not need
14 subsidies at all.

15 We realize that that doesn't match up with the
16 macro aspect of it and how that works for owners, trainers,
17 and Del Mar's of the world.

18 If we were provided an opportunity for our second
19 week to be non-overlapped, I think that -- I know that that
20 would be welcomed by my Board of Directors and by the
21 supporters of horse racing in our part of the State, and
22 that we could at least have hope of generating revenues that
23 we could use to enhance our racetrack facility.

24 I'm also confident that we could work with Santa
25 Rosa on our -- what would be our first week, to correspond

1 with conditions, racing conditions that would allow horses
2 to come up, encourage horsemen to come up to Ferndale.

3 There are a number of other resource-based issues
4 that we've talked about conceptually, but the peri-mutual
5 clerks to race office personnel, starting gate crews, and
6 none of that has ever been explored before, we've never been
7 overlapped by another county fair, and there's some serious
8 concerns there on the stress on those resources.

9 But all I can do is hold out hope that we can work
10 those things out and move forward with a new day for
11 Humboldt.

12 I'm not sure that we are in a position, speaking
13 on my own behalf now, but that CARF is in a position to
14 alter previous decisions made by the Board of Directors and
15 the Live Racing Committee, as we are a public entity.

16 Notwithstanding whatever side deals may have been
17 proposed here during the break.

18 But that's what we're asking for is just an
19 opportunity to have a place in the future.

20 CHAIRPERSON HARRIS: Is that money on the
21 subsidies, they -- that money -- where does that money come
22 from?

23 MR. TITUS: Most of it comes from the supplemental
24 purse fund, it's \$1.1 million that is allocated for purse
25 supplement reasons every year.

1 And in 2009 we had about \$300,000, \$290,000
2 reserved for Humboldt's purse program. We did not need all
3 of that in the end because the handle was up for us
4 substantially.

5 The remainder of it is a product of legislation
6 that we had written back into the law this year, and it's
7 commissions earned actually by whichever entity is running
8 concurrent with the Humboldt signal, so it's coming out
9 of -- this year it's out of purses and Commissions at the
10 CARF one at Golden Gate Fields.

11 CHAIRPERSON HARRIS: So there's some sharing of
12 those commissions back to Humboldt?

13 MR. TITUS: Yes.

14 CHAIRPERSON HARRIS: I didn't know that. I think
15 it would be helpful if we could see some pro formas of a lot
16 of these different scenarios and see kind of where the money
17 flows and how it really works.

18 MR. TITUS: Thank you.

19 CHAIRPERSON HARRIS: Maybe we can have our staff
20 put this out.

21 EXECUTIVE DIRECTOR BREED: Yeah.

22 MR. PICKERING: Mr. Chairman, Rick Pickering. At
23 the risk of having something thrown at me from the Board
24 here, if this Board is going to vote to allow Ferndale to
25 have one or two weeks unoverlapped just tell us, and then

1 we'll figure out what to come back with the rest of the
2 calendar.

3 If you're not going to do that then tell us.
4 Because for example, if Santa Rosa runs three weeks, from
5 the end of Santa Rosa until Labor Day is only three weeks
6 left. So if we're going to unoverlap Ferndale for one of
7 those three weeks, then there's only two weeks left between
8 the end of Ferndale and Labor Day.

9 And if this Board's been signaling, along with TOC
10 and the trainers, that they would like to have that Labor
11 Day weekend ran at Golden Gate Fields, then there's no point
12 in any further discussion about Pleasanton because we're not
13 going to be available to open up for one week of racing
14 between an unoverlapped Ferndale and a Golden Gate Fields
15 Labor Day there's only one week left in there.

16 So perhaps the Board wants to vote that direction
17 today, unoverlap Ferndale, that leaves two weeks left and
18 shift them to Golden Gate Fields. Just tell us and we'll
19 adjust.

20 VICE CHAIRMAN ISRAEL: Can I ask, did you just say
21 in different words that you're amenable to taking the two
22 weeks and letting Golden Gate run that third week?

23 MR. PICKERING: I'm pointing out that if this
24 Board wishes to have one week of Ferndale unoverlapped --

25 VICE CHAIRMAN ISRAEL: No, I'm changing the

1 subject, I'm using my -- whatever I can use to change the
2 subject.

3 Forget Ferndale. Did you just say that you can
4 open for two weeks and Golden Gate Fields can run that third
5 week?

6 MR. PICKERING: I said that earlier today.

7 VICE CHAIRMAN ISRAEL: Okay. All right and --

8 MR. PICKERING: And a two-week race meet works at
9 a fair.

10 VICE CHAIRMAN ISRAEL: That does, okay.

11 MR. PICKERING: But as a member of CARF, I voted
12 for those three weeks to stay in the fair block, which
13 included running in Pleasanton.

14 CHAIRPERSON HARRIS: Yeah, and I personally would
15 like to see just one week of non-overlapped Ferndale, and
16 then I could sort of go either way on -- I kind of like the
17 idea of Labor Day at Pleasanton, if that could show to be a
18 good go for Pleasanton, with all the Scotsmen and stuff.

19 MR. PICKERING: Well, and the one week you're
20 asking us to give up as overlap, or unoverlap with Ferndale,
21 is the Good Guys Car Show, which generates close to 70,000
22 people at the Alameda County fairgrounds. And I would argue
23 that week would even be more profitable for racing at
24 Pleasanton, because people who can afford a hundred thousand
25 dollar play call and a \$400,000 motor home to drive it

1 around with, are people who need introduced to racing as
2 much as do the Scotsmen.

3 CHAIRPERSON HARRIS: Okay. Well, pick the one you
4 like.

5 MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of
6 California. I'd like to add a few comments with respect to
7 Humboldt getting unoverlapped.

8 Frankly, I don't think we had enough time to
9 assess what was not in the Board package. We don't have the
10 data. We have run analysis before. So this is relatively
11 new to us, this proposal.

12 Up until now, I just want to reiterate an
13 important point here that the calendars, the two calendars
14 you see here in front of you, the one submitted by --
15 jointly by TOC, CTT and Golden Gate Fields, and the other
16 one presented by CARF were the result of, you know, not five
17 minutes discussing the calendars, they were over several
18 weeks, if not months.

19 They also reflect some historical discussions as
20 well.

21 So I think there's a fairness issue when another
22 proposal comes to us and we're asked to decide on it.

23 CHAIRPERSON HARRIS: I don't think we're asking
24 anyone to decide anything today.

25 MR. LAMOTHE: Well, we're being asked our opinion

1 on it.

2 CHAIRPERSON HARRIS: Opinion is different than
3 deciding.

4 MR. LAMOTHE: Okay, then I'll rephrase my words
5 then. You know, I think TOC's position on this would be
6 that we're heading in the wrong direction if we're looking
7 to unoverlap Humboldt, for some of the reasons stated
8 before, it's an enormous expense to move up there.

9 Here we are trying to solidify the assets that we
10 do have, yet we're now contemplating looking at supporting a
11 system that's been built on subsidies. I mean, the
12 subsidies, you know, things are giving right now. Things
13 have got to give. And this is not picking on Humboldt,
14 specifically.

15 It's been pointed out there's a direct impact on
16 Del Mar in the south when we run unoverlapped Humboldt.

17 You know, we can get the data, but I think we all
18 know what it's going to show.

19 We extend the period up north. You know, what
20 about turf racing? You know, I'll point out that we support
21 three weeks at Santa Rosa.

22 Okay, one iteration of this calendar had Santa
23 Rosa followed -- the dates were flip flopped, we had dates
24 running at Golden Gate following so we can have a solid six
25 weeks or so of turf racing, in the middle of the summer

1 calendar in Northern California and keep the good horses and
2 good stables up there.

3 Okay, we've compromised to get to this point. And
4 I just see, you know, there's this other point, you know, we
5 talk about the subsidies that support Humboldt. Well, as I
6 understand it, and I don't understand all the details but,
7 you know, there's some legislation passed I believe this
8 year, or last year, that provided additional funding for
9 Humboldt.

10 And frankly, you know, maybe we were asleep at the
11 wheel at TOC, I think there were a lot of people asleep on
12 that one, on how that got passed, but it did.

13 So I would reiterate that we -- you know, it
14 appears that we'd be going in the wrong direction.

15 MR. HARTMAN: Just one thing on the funding. I
16 believe it's the first time in history, and I feel for
17 Stuart, let me say that first, everybody's facing rough
18 economic times right now, everybody's struggling. But for
19 the first time in history purses were taken from one meet,
20 through this legislation, and put to the bottom line of a
21 track.

22 Let's get that again. Purses from CARF one year,
23 horsemen's money, owners money, a portion of that went to
24 Ferndale's bottom line. Not to their purses, to their
25 bottom line. That was the legislation that was passed.

1 VICE CHAIRMAN ISRAEL: For the racetrack or the
2 county fair?

3 MR. HARTMAN: The county fair, the racetrack --

4 CHAIRPERSON HARRIS: Was that legislative?

5 MR. HARTMAN: Legislative.

6 CHAIRPERSON HARRIS: I don't recall that
7 legislation. Could we get a break down on what that was?

8 EXECUTIVE DIRECTOR BREED: If we can find it.

9 MR. HARTMAN: So I mean that's -- and, you know,
10 we want to support Stuart and that was something that the
11 tracks did to support them. Just not to pick on Ferndale
12 because I think we all love them, but 99 percent of their
13 races was claiming 6250s and under. They're just different
14 horses, they're not --

15 CHAIRPERSON HARRIS: I agree. I'm not saying that
16 everyone's going to pack their bags and go to Ferndale with
17 every last horse, and Jerry, and Ed, and all those guys are
18 going to be running up there.

19 I'm just saying that that break, what it might
20 accomplish is less subsidy because they would earn money
21 that would otherwise they'd have to be subsidized, and
22 besides that you'd get a little bit of a break for the
23 regular horses that don't go to Ferndale, which would be the
24 majority of them, and it would help field sizes at the
25 subsequent meets.

1 So I was looking at it as not a lose/lose deal,
2 but possibly a win/win deal.

3 MR. HARTMAN: So I guess the question then would
4 be where would that one point -- if there's no more
5 overlapped fairs, which was the purpose of that \$1.1 million
6 in subsidy, where does that money go?

7 CHAIRPERSON HARRIS: Well, it should go back to
8 whoever paid it.

9 VICE CHAIRMAN ISRAEL: I'll take it.

10 MR. HARTMAN: It's the starter purses, it goes to
11 the horsemen, the 1.1 million.

12 CHAIRPERSON HARRIS: Yeah, it would go to -- I
13 mean, it would stay with purses somewhere.

14 I mean that's the reason I think that if you
15 really think it through and we get some of these pro formas
16 done, it may be that it's not that all bad of an idea.

17 MR. BACHMAN: Chairman, Tom Bachman, owner, I was
18 on the committee last year that set up the summer schedule.

19 And if the fairs will recall, there were certain
20 horses, being the 2,500 claimers and the 32s and the 43s
21 that we kind of excluded from the fair and left those for
22 Ferndale as a kind of exclusive use of those horses.

23 But if you will look back at last year's racing, I
24 believe Wednesday and Thursday of the middle week they were
25 able to fill two thoroughbred races, two only. And that's

1 with the condition book that probably had eight races for
2 that day.

3 So as you start to shrink your inventory of horses
4 and you start to look at the cost of going to Ferndale, and
5 you think in your mind that their one week unoverlapped is
6 going to be able to replace that 1.1 million? I think that
7 you're just way off base.

8 CHAIRPERSON HARRIS: Well, I'd just like to see
9 the numbers. I mean, I'm not thinking people are going to
10 go to Ferndale, I'm more trying to build up inventory
11 because I think we've got a horse shortage and that we may
12 have a scheme here to get more horses in the other races. I
13 mean, just running all these five-day weeks throughout the
14 summer may be more than we can really handle unless you
15 figure a break somewhere.

16 MR. BACHMAN: Chairman, the point I'm making is I
17 would suspect this summer that the operating fairs are going
18 to have to use those \$2,500 horses themselves throughout the
19 summer. Because that's inventory that was excluded from
20 their overnights last year, and I suspect that to put
21 together good cards at the other fairs, they're going to
22 have to reach all the way down to the bottom to fill fields.

23 CHAIRPERSON HARRIS: Well, the bottom's the bottom
24 regardless, I think.

25 VICE CHAIRMAN ISRAEL: Can I ask, during the break

1 did you guys work anything out, Chris? Which was the point
2 of the break. Nothing, nothing got resolved?

3 So wouldn't it be wise for us to put this over?

4 CHAIRPERSON HARRIS: Yeah, I think we need to put
5 it over and get everyone -- it will come up different --
6 we'll come up with some different versions.

7 But we need to have some numbers, a lot of numbers
8 get tossed around, that we have early. Because just like
9 today we're getting numbers submitted to us that we don't
10 have any way to verify if they're right or not. And we need
11 to have our staff take a look at them and do some due
12 diligence and see really what the numbers are.

13 But I'd like to see the numbers both on purses
14 generated, on commissions generated, and maybe we should
15 just have a full disclosure of who gets paid to have their
16 dates, and kind of the whole scenario of how this thing
17 works.

18 Because I think we all love the fairs, we all want
19 to also preserve Northern California racing, and Golden
20 Gate, and all the horsemen, but there's not just any one way
21 to do it, there's a lot of different ways to look at it.

22 MR. PICKERING: Rick Pickering, on behalf of CARF
23 and the racing fairs, and Alameda County Fair. I would
24 still strongly urge this Board to vote on the rest of the
25 fair dates as much as possible, so that we can go out and

1 enter into our contracts.

2 If you want to hold one week out on Labor Day
3 week, if you want to hold three weeks out so that we can
4 think about Ferndale again --

5 VICE CHAIRMAN ISRAEL: Well, Rick, before
6 obviously I said I empathize with we need to start cutting
7 deals. On the other hand, if we do that, then the
8 flexibility to rearrange a lot of cards that might need to
9 be rearranged disappears, and it makes it much harder to
10 solve the problem.

11 Because the problem, while it exists in a two- or
12 three-week block, may be solvable by moving other blocks in
13 other places. And, you know, and that's just the way --
14 that's the way math works.

15 CHAIRPERSON HARRIS: Isn't there, though, all the
16 parties are I think in agreement. Stockton's that first
17 week.

18 VICE CHAIRMAN ISRAEL: No, Robert --

19 MR. HARTMAN: It's not that we're not in
20 agreement, but it's just a matter of exactly what
21 Commissioner Israel said, there may need to be some horse
22 trading and some things may need to be moved around to solve
23 the problem, and we lose all flexibility if we panned in
24 just talking about those three weeks.

25 VICE CHAIRMAN ISRAEL: I know we don't have a

1 December meeting in all likelihood, but can we give you a
2 date of like December 10th to get this worked out by or
3 we'll just dictate a calendar; does that make sense?

4 CHAIRPERSON HARRIS: Yeah, I think we have to have
5 a meeting to dictate it to.

6 VICE CHAIRMAN ISRAEL: Then we'll have a meeting.

7 CHAIRPERSON HARRIS: Yeah.

8 VICE CHAIRMAN ISRAEL: Yeah.

9 CHAIRPERSON HARRIS: We could have a December
10 meeting, I guess.

11 MR. DOUGHERTY: Chairman Harris, Charlie
12 Dougherty.

13 One of the things that I could tell you over the
14 course of 25 years of being in the horsemen's representative
15 position, the frustrating thing that goes on a lot with
16 sitting down and trying to talk about the dates,
17 specifically in the summer months, is we have always been
18 told that no fair can move their dates in terms of, you
19 know, within one year. And then boom, all of the sudden
20 Sacramento votes to move their dates and it causes a spiral
21 effect and everything.

22 And so we then changed our schedule to accommodate
23 the request of Sacramento and all that.

24 And one of the things that, you know, I would just
25 ask you to ask Ferndale, if they're always looking to be

1 unoverlapped, he is -- Stuart has always indicated he's not
2 willing to move his fair.

3 So, you know, at what point do we, in the best
4 interest of horse racing, you know, take the position to
5 where, look, if you want to run unoverlapped, why aren't you
6 willing to move your fair and try and fit into the racing
7 schedule that might be for the better overall good?

8 So I would just ask if Stuart is ever willing to
9 move his fair dates?

10 COMMISSIONER CHOPER: But there are no weeks open,
11 so what good are you -- you're going to take someone's dates
12 at this point, unless you're going to run it around
13 Christmas.

14 MR. DOUGHERTY: But if Stuart had some
15 flexibility, I think we could talk about shuffling some
16 dates around. Up until this point he's had no flexibility
17 on it.

18 COMMISSIONER CHOPER: Okay.

19 CHAIRPERSON HARRIS: And that had been, Charlie is
20 somewhat right, and it's kind of the litany was always that
21 everyone had these dates and that's when the carnival would
22 show up, and all this and that, but that has been somewhat
23 disproven, I think.

24 But I mean, I guess we could just assign whatever
25 dates we wanted to anybody and they either run them or

1 don't.

2 But I'm not sure, as far as the Ferndale deal, if
3 it makes -- if the horsemen or anybody would particularly
4 want -- you know, it's not, I don't think the issue there so
5 much as which dates they run, I just don't want to see them
6 run non-overlapped.

7 VICE CHAIRMAN ISRAEL: Look, the longer this
8 conversation goes on, the better Alcatraz looks right now.

9 CHAIRPERSON HARRIS: Yeah, that's true.

10 (Laughter.)

11 CHAIRPERSON HARRIS: Okay, go ahead from Stockton
12 here.

13 MS. COOK: Yes, Debbie Cook, I'm the Manager of
14 the San Joaquin County Fair in Stockton.

15 And I would just like to repeat what Mr. Pickering
16 said that I am less than seven months from opening day at my
17 fair if you approve the dates that are on the proposal, for
18 the 16th to the 20th of June.

19 And as has been stated before, there are hundreds
20 of people, just from my fair, who need to know, who are at
21 home waiting for me to call and say these are our fair
22 dates.

23 It is extremely important for fairs, as it is with
24 any other business, it isn't just whether the ferris wheel
25 shows up, there are hundreds of other people who are

1 waiting.

2 VICE CHAIRMAN ISRAEL: No, I understand that, but
3 maybe if time is an issue you'll get this worked out in
4 three days, or four days, or six days and come back to us,
5 we have an emergency telephone meeting and approve the
6 calendar. I mean, that's the way life works. The union,
7 Richard can tell you, more union agreements are made in the
8 25th hour than are made 30 days ahead of time.

9 MR. DOUGHERTY: Very good example, he's telling
10 the truth.

11 CHAIRPERSON HARRIS: Okay, let's put it over and
12 figure on a meeting possibly December 10th to finalize the
13 whole thing, or Friday, or some day at -- we'll probably do
14 it at --

15 EXECUTIVE DIRECTOR BREED: John, it's on the
16 calendar on the 17th.

17 CHAIRPERSON HARRIS: The 17th. Okay, we have --

18 EXECUTIVE DIRECTOR BREED: I thought it was the
19 10th.

20 CHAIRPERSON HARRIS: Oh, okay, maybe actually it's
21 the 17th is the day we did have it on our calendar, which is
22 also a Thursday, I think.

23 MR. LIEBAU: Mr. Chairman, I'd like to make one
24 observation. You know, I was up here in Northern California
25 in 1992 without -- Pickering knows what I'm going to say.

1 I was up here from 1992 to probably 2008 and I
2 tell you that everyone that's been up here arguing, but
3 jeez, if we could ever get Liebau out of here, we would
4 really be able to reach agreements and there wouldn't be any
5 problem with dates.

6 I have never seen a discussion over dates take
7 this long. And as just a possible suggestion, I mean all
8 you're talking about is economics, you're not talking about
9 money.

10 So why don't you think about working something out
11 so that maybe Titus is not overlapped on Wednesday and he
12 gets to get, you know, the commissions or the purse money on
13 the races that are imported on that day.

14 They already got something in the law that I think
15 was passed, that there's so many races run during Del Mar
16 and Ferndale, that Ferndale gets the benefit of.

17 I mean, instead of talking about who's going to be
18 dark and everything else, I think just a suggestion is take
19 it --

20 VICE CHAIRMAN ISRAEL: Are you volunteering to
21 mediate this dispute?

22 MR. LIEBAU: No.

23 CHAIRPERSON HARRIS: Yeah, I think he'd be a
24 perfect mediator.

25 (Laughter.)

1 MR. LIEBAU: No. I'm just saying it wasn't as
2 hard when I was up here, that's for damn sure.

3 UNIDENTIFIED MALE SPEAKER: Bring back Jack.

4 VICE CHAIRMAN ISRAEL: He can't, he blew up his
5 racetrack.

6 (Laughter.)

7 CHAIRPERSON HARRIS: Okay, we'll tentatively come
8 back on December 17th with the draw for race entries. But
9 let's try to get everyone to work on a pro forma of how they
10 think that scenario will work. I mean, they probably won't
11 all agree with what, but let's at least get down to some
12 people are all agreeing on the numbers.

13 COMMISSIONER CHOPER: I'd like to follow up by
14 saying that I think that Jack Liebau's suggestion is a very
15 good one, and that is that if what we're talking about here
16 is revenue for Ferndale on the one hand and not taking away
17 racing dates from any of the other fairs, that's one thing,
18 that's something that can be worked out.

19 But it seems to me, perhaps, more --

20 (Music playing.)

21 COMMISSIONER CHOPER: I apologize for that, but I
22 recognize the song.

23 (Laughter.)

24 COMMISSIONER CHOPER: But it seems to me that that
25 would make a big difference.

1 Now, John, I don't know how you feel about that?

2 CHAIRPERSON HARRIS: Yeah. No, I think that's --
3 I mean, my idea isn't to -- was trying to get rid of
4 subsidies by letting people earn, you know, their money
5 through commissions and that's the concept and maybe it's a
6 way to do that.

7 I'm concerned, one, I like Ferndale and I'd like
8 to keep that meet viable and up there, but then --

9 COMMISSIONER CHOPER: Financially viable.

10 CHAIRPERSON HARRIS: Financially viable.

11 COMMISSIONER CHOPER: Yeah.

12 CHAIRPERSON HARRIS: But also I'm concerned with
13 just our horse population that we may need a break in there
14 at some point anyway, and we've got the luxury now, with Bay
15 Meadows going away, that you've really got more weeks to run
16 and it might not be all that bad for the preceding meets and
17 subsequent meets to have that, so I think it could be a
18 win/win situation.

19 In fact, I see Ray -- is that Ray Thomas over
20 there?

21 EXECUTIVE DIRECTOR BREED: Yeah.

22 CHAIRPERSON HARRIS: Should have had you just
23 testify on the -- when all those trainers were up there.
24 He's a leader trainer, he and Ruby are leading trainers at
25 Ferndale and I'm sure the TOC has consulted with them.

1 (Laughter.)

2 COMMISSIONER CHOPER: Well, it essentially -- it
3 essentially falls within the jurisdiction of the fairs, as I
4 understand it, and it seems to me that CARF ought to take a
5 look and come up with a proposal.

6 Now, there are two. One is actually take the week
7 off because of the horse population. Well, I mean the
8 owners and the trainers have got to advise us on that sort
9 of thing, it's not the sort -- you know, we just don't guess
10 at what's going to happen, you know what's going on and you
11 ought to take their views into account.

12 And the CARF ought to take the financial situation
13 into account as to whether or not that there is some way to
14 help Ferndale out financially. If you can do all of that,
15 it seems to me we ought to reach a solution. We're very
16 close to a solution on the whole calendar as it is.

17 It really is down to one week. I noticed here,
18 again, that both calendars give the two weeks to Pleasanton
19 at the end of August, we're talking about the first week in
20 September.

21 And I don't know why you didn't reach an agreement
22 -- that's not me -- why you didn't reach an agreement, I
23 don't know, but I hope you can.

24 MR. PICKERING: Mr. Chairman and Commissioner
25 Choper, the fairs were discussing how to further help out

1 Ferndale. The fairs were afraid that if Labor Day weekend
2 leaves the fair block, then there's less available for the
3 fairs to use to help out Ferndale, Vallejo and Stockton, so
4 that's where the discussion broke down.

5 COMMISSIONER CHOPER: Well, maybe you ought to
6 talk to the Pacific Racing Association about whether they
7 can make some concessions with respect to that.

8 CHAIRPERSON HARRIS: Okay, let's move on now.
9 Yeah, we've got all these rules --

10 EXECUTIVE DIRECTOR BREED: Seven through 12.

11 COMMISSIONER CHOPER: I mean, I think we really
12 ought to. Stockton's point, you know, is not only yours, a
13 number of people have said so, let's get it done at least in
14 four weeks, that's what we're talking about, four weeks and
15 two days.

16 CHAIRPERSON HARRIS: Yeah, there's always a lot of
17 kind of dancing around on these dates. I've been on the
18 Dates Committee for a long time and this is typical of what
19 we do, it's kind of like the mideast deal or something but,
20 hopefully, we'll get some resolution.

21 Okay, on these rule changes I think there's
22 probably only one of these that are somewhat controversial.

23 EXECUTIVE DIRECTOR BREED: And that's 14.

24 CHAIRPERSON HARRIS: It would be 14. Why don't we
25 do 14, first, and see if there are any comments. This is

1 safety helmets required, safety vests required.

2 I think, Jackie, can you give us a brief survey of
3 this and what they controversial issue, I think, is with
4 trainers and helmets?

5 REGULATION/LEGISLATION MANAGER WAGNER:

6 Absolutely. Jackie Wagner, CHRB staff.

7 The rules up for discussion are Rule 1689, safety
8 helmets required; 1689.1, safety vets required; 1685,
9 equipment requirement; and 1658, vesting of title to claimed
10 horse.

11 All of these rules were discussed by the Board at
12 its last Board meeting and at that meeting staff was
13 instructed to go ahead and initiate the public comment
14 period, the 45-day public comment period.

15 Since that time we have been asked to put this
16 back on the agenda for further discussion and that is why it
17 is here before you.

18 CHAIRPERSON HARRIS: So there's no -- the comment
19 period is not open officially, now?

20 REGULATION/LEGISLATION MANAGER WAGNER: No, the
21 comment period is not officially open as of yet.

22 The text that you have in your packet is the
23 result of the meeting that we had last month, where we
24 discussed the proposed amendments to safety helmets
25 required, let's start with that one.

1 That's rule 1689, safety helmet required. And
2 what this will do will add any person handling a horse on
3 the racetrack to the list of those who must wear a safety
4 helmet.

5 The rule also is being amended to establish the
6 safety standards required for each helmet that a person or
7 licensee must wear.

8 And what you see here is the text that was agreed
9 upon at the last meeting. This text will be noticed for 45
10 days and sent out to the public comment period as you see it
11 in the packet, if there are no changes. We have not
12 received any comments.

13 CHAIRPERSON HARRIS: Okay, I think everyone's on
14 agreement on all the parts of this, except if a trainer is
15 just walking his horse on the track does he have to have a
16 helmet, which I'm not clear if the current rule says he does
17 or doesn't.

18 EXECUTIVE DIRECTOR BREED: No.

19 CHAIRPERSON HARRIS: He does not?

20 EXECUTIVE DIRECTOR BREED: He does not.

21 CHAIRPERSON HARRIS: He does not.

22 EXECUTIVE DIRECTOR BREED: He's leading a horse.

23 CHAIRPERSON HARRIS: Well, as opposed to ponying a
24 horse.

25 EXECUTIVE DIRECTOR BREED: If he's ponying a horse

1 on the track, he's suppose to be wearing a helmet.

2 CHAIRPERSON HARRIS: Under the current rule.

3 EXECUTIVE DIRECTOR BREED: Under the current rule.

4 If he's not --

5 VICE CHAIRMAN ISRAEL: If he's what a horse?

6 EXECUTIVE DIRECTOR BREED: Ponying a horse.

7 REGULATION/LEGISLATION MANAGER WAGNER: If he's
8 ponying a horse.

9 VICE CHAIRMAN ISRAEL: Oh, he's ponying a horse.

10 CHAIRPERSON HARRIS: Ponying is different than
11 leading sometimes but --

12 REGULATION/LEGISLATION MANAGER WAGNER: That's
13 correct. But with the proposed amendment, the way that we
14 have it here, "or handling a horse on the racetrack," that
15 can be construed that, yes, they would have to wear a
16 helmet.

17 CHAIRPERSON HARRIS: Okay, so I think that's the
18 issue with it. I think the trainers, I know Ed and Charlie
19 ride quite a bit out there; would you like to comment?

20 VICE CHAIRMAN ISRAEL: Are we worried about
21 trainers having brain injuries? There's a presupposition
22 there.

23 MR. HALPERN: I'm not sure I want to be the one
24 who's up here doing this. You know, I was under the
25 impression that the new language was -- was pretty much the

1 same -- is the same as the old language, which is fine with
2 us, except that it added this "or handle the horse on the
3 racetrack."

4 I was under the impression that that was really
5 the concern there was gate crews. And my suggestion for
6 this language is that the underlying section, "or handles a
7 horse on he racetrack" be deleted, and inserted it just be
8 "or works as a member of the gate crew," unless the person
9 is -- you know, it just makes no sense and it's over kill
10 and over regulation to start saying that Jack VanBerg has to
11 wear a helmet when he sits on his pony on the track.

12 And it's also over kill, as it's currently worded,
13 to say that a groom, who is walking a horse off the track
14 after a race needs to wear a helmet. I mean, these people
15 are professional at working with horses, we haven't had an
16 accident regarding a horse onto the track or walking a horse
17 off the track for as long as I know, at least the seven
18 years that I've been running the Worker's Comp program.

19 We have not had a trainer injury, sitting on their
20 horse watching other horses work, or pony, or whatever. So
21 the situation there, it's necessary, is yes, if you're
22 ponying a horse, if you're galloping a horse, or if you're
23 working a horse, then wear a helmet, we're all for that.

24 So I would hope that this suggested language that
25 I just provided would solve the problem.

1 CHAIRPERSON HARRIS: Yeah, I think that's what we
2 should put out for comment, unless there's any objections.

3 REGULATION/LEGISLATION MANAGER WAGNER: So what we
4 will do is we'll -- the language "or handling a horse on the
5 racetrack will be deleted."

6 MR. LIEBAU: Jack Liebau, Hollywood Park. All I
7 can tell you is that with respect to the examples cited by
8 my good friend, Mr. Halpern, Jack VanBerg will have a helmet
9 on if he is on the horse at Hollywood Park. That is our
10 house rule, that is the basis for which our track was
11 certified by the NTRA, and I will report that there are Hall
12 of Fame trainers across the country that are raising wearing
13 hats, one of them being DeWayne Lucas, when he's sitting on
14 his pony, either at Oak Lawn or at Churchill Downs.

15 So, you know, as far as our house rule is
16 concerned, if you're on the horse, you wear the hat.

17 CHAIRPERSON HARRIS: Yeah.

18 MR. LIEBAU: And that doesn't necessarily mean
19 that the Horse Racing Board has to have the same rule, but
20 that was part of the discussion that we had with the NTRA
21 Safety Committee when our track was certified.

22 CHAIRPERSON HARRIS: Yeah, I think that's a good
23 way to handle it.

24 COMMISSIONER CHOPER: Jack, how about the groom
25 leading the -- leading the horse off the track?

1 MR. LIEBAU: I don't have a problem with that.

2 COMMISSIONER CHOPER: That is not your house rule?

3 MR. LIEBAU: No. If you're on the horse, on the
4 racetrack, you have --

5 COMMISSIONER CHOPER: On the horse.

6 CHAIRPERSON HARRIS: How about the starting gate?

7 MR. BROAD: I should speak to that because they're
8 my people.

9 CHAIRPERSON HARRIS: Okay, yeah.

10 MR. BROAD: Barry Broad, on behalf of the
11 Teamsters. I understand some of our starting gate people
12 don't want to wear helmets, they should be required to wear
13 helmets.

14 CHAIRPERSON HARRIS: Are there --

15 MR. BROAD: A lot of times workers don't like
16 safety equipment and that's too bad, so because it's safer.

17 CHAIRPERSON HARRIS: It should really be required
18 by the employer, which would be the track, I mean anyway, if
19 it's a safety issue.

20 MR. BROAD: Yeah. I mean, in terms of the
21 trainers, themselves, I mean if they don't want to wear that
22 equipment, maybe you could have a rule, but they ought to
23 sign away their liability if they're injured while they're
24 not wearing a helmet, so that they don't sue someone after,
25 there's some negligence and they break their neck and then

1 they sort of say, gee whiz, that's not fair, you know.

2 So I think they ought to sign away their liability
3 completely if they don't wear a helmet.

4 And secondly, anybody who's an employee of anybody
5 on the track, their employees, anybody who's covered by a
6 Worker's Comp policy should be wearing a helmet while their
7 on the horse, and that includes the jockeys and anybody else
8 who's covered by Worker's Comp.

9 COMMISSIONER CHOPER: You said "on the horse."

10 MR. BROAD: On the horse.

11 COMMISSIONER CHOPER: And at the gate.

12 MR. BROAD: And at the gate.

13 COMMISSIONER CHOPER: But not the groom leading
14 the horse off the track?

15 MR. BROAD: I don't believe that that's necessary.

16 If someone determines that it is -- I mean, if there really
17 are accidents -- someone should look at have there been
18 accidents where wearing that equipment would be necessary.
19 If there really haven't been any accidents --

20 COMMISSIONER CHOPER: Well, Ed said he knows of
21 none; is that right?

22 MR. BROAD: Right. Okay, then I'm not going to
23 push that issue. But when you're mounted on a horse or
24 you're in that starting gate, you should be wearing a
25 helmet.

1 COMMISSIONER CHOPER: So your proposed amendment
2 is anyone on a horse, no matter whom, and --

3 MR. BROAD: And if the trainers want to be
4 trainer, themselves, who owns the business, wants to waive
5 that right, then they should waive that right in writing,
6 you know, before the meet, so that they're not going to sue
7 the track, or sue the horse owner, or sue somebody else if
8 they get injured because they're doing a macho thing, or
9 whatever their deal is.

10 CHAIRPERSON HARRIS: Well, it's pretty hard to
11 waive liability. I mean, usually you don't see too many
12 attorneys suggesting that as a good resource.

13 MR. BROAD: Well, I just think that this is, you
14 know, this is like boys with toys, you know, so they don't
15 think they need to wear a helmet because they're beyond
16 getting injured. I think that's kind of stupid because
17 they're not beyond getting injured. And they're not
18 athletes, a lot of them are middle-aged guys that are out of
19 shape and they should probably wear a helmet.

20 But I don't represent them so I don't --

21 VICE CHAIRMAN ISRAEL: And if the get hurt on a
22 horse, I'm going to represent the horse.

23 COMMISSIONER CHOPER: Can I ask you one more
24 question, or either -- the language says, the existing
25 language, it says "may not permit any person to gallop or

1 pony a horse."

2 Is your trainer who's out there, whether it's Jack
3 VanBerg, or DeWayne Lucas, sitting -- I hear the expression,
4 "sitting on his horse with his hat on," is he ponying a
5 horse?

6 MR. MOSER: No. In the general definition and the
7 understood use of the word "ponying," ponying amounts to
8 leading a horse at a job or a gallop.

9 COMMISSIONER CHOPER: I understand. And is he
10 galloping a horse?

11 MR. MOSER: No.

12 COMMISSIONER CHOPER: He's not.

13 MR. MOSER: No.

14 COMMISSIONER CHOPER: If he's galloping a horse,
15 he's covered.

16 MR. MOSER: That's right.

17 COMMISSIONER CHOPER: He's moving the horse.

18 MR. MOSER: That's correct.

19 COMMISSIONER ROSENBERG: But what's the definition
20 of galloping for the --

21 COMMISSIONER CHOPER: Walking.

22 MR. MOSER: Well, the gallop is a gate.

23 COMMISSIONER ROSENBERG: No, that's the -- the
24 trainer goes on the track and sits there watching his horse
25 train, is that galloping onto the track or is that --

1 CHAIRPERSON HARRIS: No.

2 COMMISSIONER ROSENBERG: It's just slowly going on
3 the track?

4 MR. MOSER: Yeah, well, it's a different gait,
5 it's a walk or something less than a gallop.

6 COMMISSIONER ROSENBERG: Okay.

7 CHAIRPERSON HARRIS: The house rule can take care
8 of that at Hollywood. I think we should put this rule out
9 without --

10 MR. BROAD: Just cover my people, that's what I
11 care about.

12 CHAIRPERSON HARRIS: Your people.

13 REGULATION/LEGISLATION MANAGER WAGNER: I will go
14 ahead and put the rule out with the deleted language.

15 VICE CHAIRMAN ISRAEL: Chilly wants to make a
16 comment.

17 MR. CHILLINGWORTH: Sherwood Chillingworth, at Oak
18 Tree. As part of our accreditation for our meet, we had to
19 agree that we would adhere by the NTRA standards, where you
20 have to wear a helmet and you have to wear -- the gate crew
21 has to have helmets.

22 The trainer only has to wear a helmet when he's
23 ponying, moving with the horse. If he's just standing there
24 with his cowboy hat on, watching horses go by, he doesn't
25 need a helmet.

1 COMMISSIONER CHOPER: How about walking them on,
2 walking the horse onto the track?

3 MR. CHILLINGWORTH: No, if you're moving with the
4 horse, you have to wear a helmet.

5 COMMISSIONER CHOPER: Moving with a horse.

6 MR. CHILLINGWORTH: Yes.

7 COMMISSIONER CHOPER: Well, I think you and Jack
8 have a disagreement it would seem.

9 VICE CHAIRMAN ISRAEL: No, no, that's what ponying
10 a horse is, if you're moving with the second horse.

11 MR. CHILLINGWORTH: But Jack, I think said, that
12 he's going to require trainers wherever they are, when
13 they're on a horse on-track to have a helmet.

14 And we just got a waiver on our two weeks at Oak
15 Tree, and I think Santa Anita's going to invoke the NTRA
16 rule when they open.

17 CHAIRPERSON HARRIS: Okay. Well, let's put it out
18 for comment and we're going to revisit it anyway, and
19 everyone can --

20 COMMISSIONER CHOPER: But I think the main changes
21 are to take out "handle a horse on the racetrack" and
22 language that comprehends "anyone on a horse," all right, or
23 "at the gate crew."

24 REGULATION/LEGISLATION MANAGER WAGNER: "Or works
25 as a member of the gate crew."

1 EXECUTIVE DIRECTOR BREED: Exactly.

2 COMMISSIONER CHOPER: Works as a member of the
3 gate crew.

4 MR. CHILLINGWORTH: I'm sorry, my understanding
5 was that we were not going to add "anybody on a horse,"
6 because you happen to be just sitting on a horse.

7 COMMISSIONER CHOPER: No, I thought we were. I
8 thought that's your rule.

9 VICE CHAIRMAN ISRAEL: No, no. No.

10 MR. CHILLINGWORTH: That's his house rule.

11 CHAIRPERSON HARRIS: That's a house rule, but
12 that's not our rule.

13 COMMISSIONER CHOPER: I understand. And Chilly
14 just said that the NTRA required that in order to --

15 VICE CHAIRMAN ISRAEL: No, no, only if you're
16 ponying a horse.

17 MR. CHILLINGWORTH: If you're moving.

18 MR. LIEBAU: Mr. Chillingworth may be incorrect, I
19 may be incorrect but, I mean, as far as I know and what I've
20 been told by Mike Seigler, who oversees it, is that the
21 Hollywood Park rule, house rule, is in line with our
22 accreditation.

23 COMMISSIONER CHOPER: Which is on the horse.

24 MR. LIEBAU: On the horse.

25 COMMISSIONER CHOPER: Even just walking it?

1 MR. LIEBAU: But I, frankly, don't care and you
2 shouldn't waste this time because of my house rule --

3 COMMISSIONER CHOPER: No, I understand that. No,
4 no, I understand that.

5 MR. LIEBAU: -- because I have the right to make
6 that rule.

7 CHAIRPERSON HARRIS: Yeah, I think our rules
8 should be pretty broad and a house rule, the good thing
9 about a house rule, they can change it tomorrow if they
10 want, where if we try to change something, it's going to
11 take an act of God just about.

12 REGULATION/LEGISLATION MANAGER WAGNER: All right.

13 CHAIRPERSON HARRIS: Okay, so let's go back -- or
14 the other one the --

15 VICE CHAIRMAN ISRAEL: Can we do the claiming one?

16 CHAIRPERSON HARRIS: Let's do the claiming, that's
17 the other one that's somewhat controversial is -- which rule
18 is that?

19 EXECUTIVE DIRECTOR BREED: 1658.

20 VICE CHAIRMAN ISRAEL: Rule 1658.

21 REGULATION/LEGISLATION MANAGER WAGNER: 1658,
22 vesting of title to claimed horse, this rule was also
23 discussed at -- this rule was also discussed at the last
24 meeting of the Board and at that time staff was directed to
25 amend the rule to add language that would require the

1 stewards to void a claim in cases where a claimed horse
2 fails to return to the designated unsaddling area due to
3 distress or injury, unless the claimant informs the stewards
4 prior to the start of the race that he would still accept
5 the claimed horse.

6 That language has been added to the text, as you
7 see it in your packet.

8 Since that meeting, subsequent to the meeting,
9 staff did receive two letters in opposition to the proposed
10 amendment. The first letter of opposition was submitted by
11 the CTT, and in that letter it's stated that it's
12 represented, it was reported in error that CTT supports the
13 proposed amendment when, in fact, the CTT found that the
14 proposed amendment to the rule would be problematic.

15 In addition, we received a second letter from a
16 thoroughbred horse owner who objected to the proposed
17 amendment as it was drafted.

18 This amendment is before the Board again for
19 further discussion, and I'm sure there's going to be a lot
20 of that.

21 VICE CHAIRMAN ISRAEL: Yeah, Ed, could you clarify
22 the trainers' opposition because currently it wasn't --

23 MR. HALPERN: Yeah, Ed Halpern, California
24 Trainers.

25 You know, the overwhelming view that I heard from

1 trainers about this issue was a very strong reaction that
2 opposed such a change in the rules.

3 The first part of looking at it is really the
4 owner/trainer view of how it affects racing, and that the
5 claiming game is part of racing. It has always been for as
6 long as I know, for as long as my involvement and much
7 longer than that. And this idea of dropping horses and
8 raising horses is just part of the game, it's part of a
9 poker game, it allows owners to move their horses around, to
10 take chances, to play the race game.

11 And to create a rule like this destroys part of
12 that lure of racing. You must remember that horses dropping
13 and horses going up, sometimes horses that drop, lay down
14 become Breeders' Cup horses. Blues The Standard, I think,
15 ran for \$10,000 and finished second in the Breeders' Cup
16 some months after that. So this is all part of why people
17 get into racing.

18 Now, the other way of looking at this item, and I
19 know your other concern, is horse safety. You know, and
20 some people proposed this idea because they -- the idea was,
21 well, if we have a rule like this, people won't drop their
22 horses to get rid of them, they won't take lame horses and
23 drop them in the races, because if the horse breaks down,
24 they're not going to have them claimed anyway.

25 Well, the truth is that if any, very few people, I

1 mean we've got six to eight hundred trainers, of course
2 they're in Nevada, here and there, but trainers care about
3 their horses and it's just not my impressions that trainers
4 or owners go around with horses they know are about to break
5 down and put them in a race. I mean, we're all conscious of
6 the kind of liability that creates.

7 Over and above Worker's Compensation, if a horse
8 breaks down and a rider gets killed, you're going to get
9 sued as the trainer and the owner, so I don't think
10 anybody's looking to do that.

11 Secondly, the number of times horses break down
12 when they're dropped is probably not much different from the
13 number of time horses break down when they're moving up or
14 when they're staying the same, it's just not an effect that
15 relates to the rule that is being proposed here.

16 VICE CHAIRMAN ISRAEL: Might there also not be an
17 economic aspect to this in that claiming keeps liquidity in
18 the system because there's cash changing hands?

19 MR. HALPERN: It does. It does. And I think a
20 part of it -- I mean, I don't attack the motives of the
21 people who thought about this because I think part of the
22 thinking was, well, if you have a rule like this, it will
23 force people with low-level horses to turn them out.

24 And the problem is the expense of turning out a
25 horse and bringing it back for a 10, 12, 6, 8, 10, 12

1 claimer just makes no sense and it's not going to change
2 people's minds and cause them, instead of trying to get a
3 horse claimed, to turn the horse out. I just don't see that
4 as a realistic result of such a rule as this. So I'm not
5 sure the rule accomplishes anything in that vein.

6 CHAIRPERSON HARRIS: Okay, any other comments on
7 this, or are you done?

8 MR. SCHWARTZ: Yes, Steve Schwartz, appearing for
9 the Thoroughbred Owners of California.

10 CHAIRPERSON HARRIS: Yeah, welcome to your new
11 position.

12 MR. SCHWARTZ: Thank you, Mr. Chairman.

13 The TOC vigorously opposes this rule for a number
14 of reasons. For the sake of brevity I can pass on the
15 reasons and do it in writing, unless any Commissioner wishes
16 to hear now.

17 VICE CHAIRMAN ISRAEL: Thank you.

18 COMMISSIONER CHOPER: Thank you.

19 VICE CHAIRMAN ISRAEL: Boy, you get a big prize
20 the first speech.

21 CHAIRPERSON HARRIS: That was good.

22 VICE CHAIRMAN ISRAEL: Yeah.

23 CHAIRPERSON HARRIS: Well, I think this rule had
24 merit or does have merit, it's just a question of if it's
25 the best remedy.

1 And I think in this game we don't want to make --
2 I mean, claiming, racing at total is a game, but I don't
3 think we want to make us a sport that we're purposely
4 subjecting horses to injury for a motive of losing a horse,
5 and this was just thought of as a way that -- even though
6 that may well not happen that often, this is just thought of
7 as a way to further discourage that.

8 MR. SCHWARTZ: But I'd like to remind Chairman
9 Harris that the horses that are racing have been inspected
10 four times by veterinarians before they ever go into the
11 gate. That affords the prospective claimant more protection
12 than a person buying in an auction transaction or in a
13 private transaction where -- if where they've had the horse
14 inspected on one occasion.

15 The horse is inspected in the morning, in the
16 receiving barn, in the saddling paddock, and then on the
17 racetrack. And so there's ample protection against a horse
18 who shouldn't be in the race because of soundness issues
19 make the claimant at risk for getting a bad horse, because
20 it's been inspected four times by veterinarians.

21 VICE CHAIRMAN ISRAEL: I think generally speaking,
22 I wasn't at the last meeting, this falls into "if it ain't
23 broke, don't fix it," and the claiming rule ain't broke.

24 MR. SCHWARTZ: I agree.

25 VICE CHAIRMAN ISRAEL: That's my position.

1 MR. FRAVEL: Craig Fravel, Del Mar. I know Tom
2 Robbins, our Director of Racing, has some serious concerns
3 about this rule, as well, particularly the way it's written
4 currently, that there are a lot of issues that are
5 unaddressed in it..

6 But I think it's worth pointing out that the --
7 there is a national effort, now, to create this national
8 injury database that will tell us a lot more about both
9 injuries, noncatastrophic, as well as catastrophic, amongst
10 various classes of horses.

11 And I believe that there will be some kind of data
12 released within the next several months.

13 And if you're going to consider a rule like this,
14 according to Commissioner Israel's point, let's see what
15 that data shows and figure out whether there really is a
16 problem more so within claiming ranks than allowance
17 company, or whatever, so perhaps you can make that judgment
18 based on some more data that might be available in the
19 relatively near future.

20 Thank you.

21 CHAIRPERSON HARRIS: I suggest we table this rule
22 until we see more data, unless anyone else has a comment.
23 Go ahead.

24 MR. BESENFELDER: Yeah, I'd like to comment, for
25 sure. David Besenfelder, thoroughbred owner. I'm

1 relatively new to this business, but I do have some thoughts
2 about this particular rule that's under consideration, and I
3 guess that I would go even further in terms of suggesting
4 that, you know, before something be put out for public
5 comment that they go to something that -- again, I'm not an
6 expert on this, and this is based on a letter that was sent
7 to the "Thoroughbred Times" back in March, that a gentleman
8 reflected on the process, the claiming process that was used
9 in France, where claims are submitted up to 20 minutes after
10 the race, and this would eliminate any issues with figuring
11 out whether or not a horse was lame during the race, or
12 something happened during the race, that each prospective
13 new owner or claimant could look and see what had happened
14 in the race, and make his decision of whether or not a claim
15 should be submitted.

16 And in France it's gotten a little bit more
17 complicated where actually you can bid more than the
18 claiming price, and they put the difference into owners'
19 purses.

20 I'm not suggesting that, I think that has an added
21 complication that doesn't need to be included. But if there
22 was multiple claims, you could do the shake, just as it's
23 being done today.

24 But again, as I read that letter and again, as
25 I've thought about it, I guess as a relatively new owner, it

1 sure made a lot of sense to me.

2 And as far as playing this claiming game, I mean,
3 yeah sure, that's been going on for a hundred years in
4 racing, I think it's time that we made changes. And in the
5 brief time that I've been an owner, I understand, I realize
6 how tough it is in the economic times that have hit us, and
7 it's time that we consider alternatives. And it sure seems
8 to me that this kind of alternative reduces the risk to new
9 owners, you know, they can see the results of the race.

10 And likewise, it reduces the risk of the horse
11 being hurt, the jockey being hurt, and also makes it more
12 fair to the bettors.

13 And again, those are just comments that were made
14 in this letter to the "Thoroughbred Times," but it all fits
15 into the way I see things.

16 COMMISSIONER BRACKPOOL: I think you're talking
17 about re-engineering the building, when we're talking about
18 the fact there's a stuck door. I think you're talking about
19 a much bigger issue than the rule that we have in front of
20 us right now.

21 CHAIRPERSON HARRIS: Yeah, I think we should table
22 this right now. But I agree that the mechanism we have now
23 might not be perfect, and it may be some auction theory may
24 work, but that's going to take a while.

25 But for now why don't we just table this because

1 the sun's going down.

2 MR. BESENFELDER: Okay, one other comment, I guess
3 I took issue with the idea, though, that you would have to
4 turn a horse out alternatively.

5 Somebody's going to have to turn that horse out.
6 Again, in the brief time that I've been an owner, I know
7 that people are putting in horses that aren't fit, hoping
8 that they get claimed. So somebody's going to have to turn
9 that horse out, whether it's the trainer that has it and the
10 owner that had the horse before it races, or the trainer and
11 the owner that end up getting stuck with the horse. And I
12 just --

13 CHAIRPERSON HARRIS: Yeah, it's hard to get one
14 claimed, actually.

15 MR. BESENFELDER: -- and I just wish that the
16 Board and other people would take that into consideration.
17 Thank you.

18 CHAIRPERSON HARRIS: Yeah. Well, it's amazing how
19 few claims there are right now. Yeah, we've got a horse
20 that's one four in a row up here and no one will claim him.

21 VICE CHAIRMAN ISRAEL: Why do you want to lose
22 him?

23 CHAIRPERSON HARRIS: I don't want to lose him, I
24 just want to win a race.

25 VICE CHAIRMAN ISRAEL: I thought you said he's won

1 four in a -- won or run four in a row?

2 CHAIRPERSON HARRIS: Won.

3 VICE CHAIRMAN ISRAEL: Won four.

4 EXECUTIVE DIRECTOR BREED: All right. Are you
5 going to pass on the helmet and vest and leave off the --
6 with those changes, leave off the --

7 CHAIRPERSON HARRIS: Yeah, with the changes. And
8 we've got -- I know everyone's reviewed items on the agenda,
9 basically, Items 7 through 13; are there any comments on any
10 of those? These are things that have been discussed and
11 have been out for comment.

12 REGULATION/LEGISLATION MANAGER WAGNER:

13 Commissioner Harris, if I may, those are public hearings and
14 we would need to open the hearing for each one of those
15 items in order for the process to be complete for the Office
16 of Administrative Law.

17 CHAIRPERSON HARRIS: Okay, let's do that. Okay,
18 you're a good counsel.

19 Okay, we'll start off with the carbon dioxide
20 testing, Item 7, authorizes the medical director and the
21 stewards, as well as the official veterinarian to direct
22 that a blood sample be taken from the horse for purposes of
23 TCO2 testing.

24 CHAIRPERSON HARRIS: Did we get any comments on
25 this one?

1 REGULATION/LEGISLATION MANAGER WAGNER: No
2 comments on this. This has been submitted for the 45-day
3 comment period. Staff received no comments and we would
4 recommend that the Board adopt the rule as presented.

5 VICE CHAIRMAN ISRAEL: So moved.

6 CHAIRPERSON HARRIS: And I may -- you had a
7 comment, Mr. Charles?

8 MR. CHARLES: Yeah, just real quick, Ron Charles,
9 MEC.

10 When you say you're going to table that last issue
11 does that -- because I think it's important that no action
12 be taken until we absolutely readdress it and look at new
13 language.

14 Because I don't a person, other than the gentleman
15 who just stood up, who has actually supported this and I
16 think --

17 CHAIRPERSON HARRIS: No, I did support it. I have
18 supported it.

19 MR. CHARLES: That's true, I'm sorry.

20 CHAIRPERSON HARRIS: But I agree --

21 MR. CHARLES: That's the second time you've been -
22 -

23 CHAIRPERSON HARRIS: But the thing is part of the
24 problem is we --

25 MR. CHARLES: So we know we're on the right side.

1 CHAIRPERSON HARRIS: We want to get the data, some
2 sound science.

3 MR. CHARLES: No, I just -- okay, I just want to
4 be sure we're not going ahead until we can sit down and
5 rework the language.

6 Because and I will tell you that the English
7 claiming rule and the French claiming rule are trying to
8 find a rule that works better than theirs is working right
9 now, it doesn't work over there.

10 COMMISSIONER BRACKPOOL: It does not work?

11 MR. CHARLES: No, it doesn't. So anyway, I
12 appreciate the fact that we're just going to table that
13 until -- and move on. Thank you.

14 CHAIRPERSON HARRIS: Okay, the next one is --

15 EXECUTIVE DIRECTOR BREED: Did we vote on 7?

16 CHAIRPERSON HARRIS: Oh, let's vote. All in
17 favor? Or did --

18 VICE CHAIRMAN ISRAEL: Well, I moved, somebody
19 needs to second.

20 CHAIRPERSON HARRIS: Moved, okay.

21 COMMISSIONER BRACKPOOL: Second.

22 CHAIRPERSON HARRIS: Okay, Keith seconded.

23 All in favor, it's the TCO2

24 (Ayes.)

25 CHAIRPERSON HARRIS: Okay, the next one is a

1 public hearing and action by the Board, the proposed -- why
2 don't you read these, Jackie.

3 EXECUTIVE DIRECTOR BREED: Jackie.

4 CHAIRPERSON HARRIS: Let's go through these.

5 REGULATION/LEGISLATION MANAGER WAGNER:

6 Absolutely. Item Number 8 is the public hearing and action
7 by the Board regarding the proposed amendment to CHRB Rule
8 1858, test sample required. This would authorize the Equine
9 Medical Director to designate horses for testing, as well as
10 the steward and official veterinarian.

11 The rule was put out for a 45-day comment period.

12 Staff received no comments on the proposal and would
13 recommend that the Board adopt the rule as presented.

14 VICE CHAIRMAN ISRAEL: So moved.

15 COMMISSIONER CHOPER: Second.

16 CHAIRPERSON HARRIS: All in favor?

17 (Ayes.)

18 CHAIRPERSON HARRIS: Okay, go ahead.

19 REGULATION/LEGISLATION MANAGER WAGNER: The next
20 item is the public hearing and action by the Board regarding
21 the proposed amendment to CHRB Rule 1859. This is taking,
22 testing and reporting of samples. And this will provide
23 that the urine, blood, and other official test samples may
24 be taken under the direction of the Equine Medical Director,
25 as well as the official veterinarian.

1 This rule was put out for a 45-day comment period.

2 Staff received no comments on the proposal and would
3 recommend that the Board adopt the rule as presented.

4 COMMISSIONER BRACKPOOL: I'll make a motion.

5 VICE CHAIRMAN ISRAEL: Second.

6 CHAIRPERSON HARRIS: It's been moved and seconded.

7 All in favor?

8 (Ayes.)

9 CHAIRPERSON HARRIS: Okay, the next?

10 REGULATION/LEGISLATION MANAGER WAGNER: Item
11 Number 10 is the public hearing and action by the Board
12 regarding the proposed amendment to CHRB Rule 1866,
13 veterinarian's list, to prohibit a horse placed on the
14 veterinarian's list and injured, unsound, or lame from
15 working out within 72 hours of being placed on the list
16 without the permission of the official veterinarian.

17 This rule was out for 45-day comment period.
18 Staff received no comments and would recommend that the
19 Board adopt the rule as presented.

20 COMMISSIONER ROSENBERG: I have a question on the
21 language.

22 EXECUTIVE DIRECTOR BREED: You've got a question.

23 CHAIRPERSON HARRIS: A question, go ahead.

24 COMMISSIONER ROSENBERG: A question. I'm in favor
25 of the rule, but the word "workout" is that a word of art,

1 is that defined anywhere?

2 REGULATION/LEGISLATION MANAGER WAGNER: Yes, it
3 is.

4 COMMISSIONER ROSENBERG: So it's an official
5 workout versus getting on the track and jogging a horse?

6 REGULATION/LEGISLATION MANAGER WAGNER:
7 Commissioner, for purposes of this particular rule, the
8 definition of workout is in the amendment, and workout means
9 an exercise at, near or close to full speed. That is part
10 of the rule.

11 CHAIRPERSON HARRIS: So it can gallop, but it
12 couldn't breeze.

13 EXECUTIVE DIRECTOR BREED: So trotting is not --

14 VICE CHAIRMAN ISRAEL: So for me, it would mean
15 walking.

16 CHAIRPERSON HARRIS: Yeah, really.

17 COMMISSIONER ROSENBERG: How about galloping,
18 that's for the trainers to distinguish between -- is that a
19 condition for the trainer.

20 MR. HALPERN: Ed Halpern. Yeah, the question is
21 the distinction between a gallop and a breeze, is that your
22 question?

23 EXECUTIVE DIRECTOR BREED: A workout.

24 REGULATION/LEGISLATION MANAGER WAGNER: The
25 question is for the definition for workout as it pertains to

1 Rule 1866. We used that term in the rule and the amendment
2 also provides a definition.

3 For the purpose of this regulation, veterinarian's
4 list, workout means an exercise session at near or close to
5 full speed.

6 MR. HALPERN: That's exactly how we would define
7 it. And as part of that those, what are called workouts,
8 are required to be clocked and reporting to and by the
9 clocker. And so around the racetrack it's clearly known by
10 all parties what constitutes a workout and what constitutes
11 a gallop. You can't miss the difference.

12 COMMISSIONER ROSENBERG: But a gallop, you're
13 saying that a gallop is okay, where someone said before that
14 it wasn't okay.

15 CHAIRPERSON HARRIS: No, a gallop is okay.

16 MR. HALPERN: Yeah, no, a gallop is just used to
17 keep the horse fit until you get to the point of where --

18 COMMISSIONER ROSENBERG: Thank you.

19 VICE CHAIRMAN ISRAEL: Okay, I'll move it.

20 CHAIRPERSON HARRIS: Okay, is there a second?

21 COMMISSIONER ROSENBERG: Second.

22 CHAIRPERSON HARRIS: All in favor?

23 (Ayes.)

24 REGULATION/LEGISLATION MANAGER WAGNER: Item
25 Number 11, public hearing and action by the Board regarding

1 the proposed amendment to CHRB Rule 1867, prohibited
2 veterinarian practices, to provide that the presence of any
3 drug substance prohibited under this rule, found in a test
4 sample obtained consistent with our Board rules, shall apply
5 in the same manner as to a horse entered to race.

6 This was also noticed for 45 days. Staff received
7 no comments on the proposal and would recommend that the
8 Board adopt it as presented.

9 CHAIRPERSON HARRIS: Okay. Any comments on this?
10 A motion?

11 COMMISSIONER BRACKPOOL: I'll make a motion.

12 CHAIRPERSON HARRIS: A motion.

13 VICE CHAIRMAN ISRAEL: Second.

14 CHAIRPERSON HARRIS: All in favor?

15 (Ayes.)

16 CHAIRPERSON HARRIS: Okay, the next case.

17 REGULATION/LEGISLATION MANAGER WAGNER: Item
18 Number 12 is the public hearing and action by the Board
19 regarding the proposed amendment to CHRB Rule 1890,
20 possession of contraband, to prohibit the possession of, at
21 a facility under the jurisdiction of the Board, of any
22 veterinary treatment or medicine which has not been
23 prescribed or labeled in accordance with Rule 1840 and Rule
24 1864.

25 This rule was also placed for 45-day comment

1 period. Staff received no comments on the proposal and
2 would recommend that the Board adopt it as presented.

3 CHAIRPERSON HARRIS: Any comments on this?

4 A motion?

5 VICE CHAIRMAN ISRAEL: Moved.

6 COMMISSIONER BRACKPOOL: Second.

7 CHAIRPERSON HARRIS: All right, all in favor?

8 (Ayes.)

9 CHAIRPERSON HARRIS: Okay, the riding fee --

10 THE REPORTER: Chairman Harris, excuse me, who was
11 the second on that one?

12 CHAIRPERSON HARRIS: The second was Brackpool.

13 COMMISSIONER BRACKPOOL: Me.

14 CHAIRPERSON HARRIS: Okay, 13.

15 REGULATION/LEGISLATION MANAGER WAGNER: Thirteen.

16 Item 13 is a discussion and action by the Board regarding
17 the proposed amendment to CHRB Rule 1632, jockeys riding
18 fee, to revise the jockeys riding fee schedule pursuant to
19 Business and Professions Code Section 19501. This proposal
20 would amend our jockey Rule 1632, as required by the B and B
21 Code, and the proposed amendment to the rule increases the
22 jockeys' fees for losing mounts by \$10, for jockeys who ride
23 in races with a gross purse of \$1,500 to \$9,999 .

24 The fee for second and third mounts is also
25 increased by \$10, as required by the B and P Code

1 19501(b)(2).

2 In addition, the proposed amendment will eliminate
3 the gross purse categories that are currently in our rule,
4 of \$599 to \$1,499, as it appears that gross purses no longer
5 fall below that particular category.

6 Staff would recommend that the Board instruct us
7 to initiate the 45-day comment period on this proposal.

8 CHAIRPERSON HARRIS: Any comments on this proposal
9 before we put it out for comment?

10 EXECUTIVE DIRECTOR BREED: Mary?

11 CHAIRPERSON HARRIS: Mary, you're fine with it.
12 And the TOC, are you guys fine with it?

13 REGULATION/LEGISLATION MANAGER WAGNER: It's the
14 law, this is a response to the --

15 CHAIRPERSON HARRIS: It's a law. So we just -- I
16 don't even understand why we even have to do it if it's --
17 basically, we've got to incorporate the law into our rules?

18 REGULATION/LEGISLATION MANAGER WAGNER: That's
19 correct.

20 CHAIRPERSON HARRIS: Okay, can I get a motion?
21 I'll move it.

22 COMMISSIONER BRACKPOOL: Second.

23 CHAIRPERSON HARRIS: Brackpool seconds.

24 All in favor?

25 (Ayes.)

1 CHAIRPERSON HARRIS: Okay, the Disabled Jockeys
2 Fund.

3 EXECUTIVE DIRECTOR BREED: Number 15.

4 CHAIRPERSON HARRIS: Anything else, which one are
5 we on here?

6 EXECUTIVE DIRECTOR BREED: Item 15.

7 VICE CHAIRMAN ISRAEL: We did 14 already.

8 CHAIRPERSON HARRIS: Fifteen, okay, we're down to
9 15, a discussion by the Board on the request to recognize
10 the Permanently Disabled Jockey Fund.

11 Who's presenting? Do you present this or --

12 REGULATION/LEGISLATION MANAGER WAGNER: Jackie
13 Wagner, CHRB staff.

14 The organization currently designated to receive
15 charity race dates fund under the B and P Code 19556, is the
16 Disabled Jockey Endowment.

17 We received a letter from the Jockeys' Guild and
18 the Jockeys' Guild council, informing us that the Endowment
19 Fund and the Permanently Disabled Jockeys' fund are
20 combining and they are requesting that the Board recognize
21 the Permanently Disabled Jockeys' Fund as the organization
22 designated to receive the charity race dates funds.

23 We do have a representative from the Guild here to
24 answer questions.

25 MR. BROAD: And Mr. Chairman and members, Barry

1 Broad. I am the volunteer attorney for the winding up of
2 the Disabled Jockeys' Endowment and the merger of the two
3 corporations. I'm available to answer any questions. There
4 just is no need for two separate corporations, you know, two
5 separate entities run by more or less the same people, to
6 administer these funds.

7 CHAIRPERSON HARRIS: Yeah, it makes a lot of
8 sense.

9 Can we get a motion to approve it?

10 COMMISSIONER BRACKPOOL: Happy to make a motion.

11 COMMISSIONER CHOPER: Yes.

12 CHAIRPERSON HARRIS: Moved and seconded.

13 All in favor?

14 (Ayes.)

15 CHAIRPERSON HARRIS: Okay, now we're going to go
16 into these ADW applications.

17 EXECUTIVE DIRECTOR BREED: No.

18 CHAIRPERSON HARRIS: What else we got?

19 EXECUTIVE DIRECTOR BREED: The Oak Tree about TVG.

20 CHAIRPERSON HARRIS: Oh, okay, where was that?

21 EXECUTIVE DIRECTOR BREED: Do 16.

22 CHAIRPERSON HARRIS: Oh, 16, I was looking at the
23 wrong thing.

24 Okay, who's covering 16? This is a report on TVG
25 -- I don't know whose item this is, actually, but --

1 EXECUTIVE DIRECTOR BREED: Yours. No, no, it's
2 David's.

3 CHAIRPERSON HARRIS: I think it's David Israel.

4 EXECUTIVE DIRECTOR BREED: David.

5 CHAIRPERSON HARRIS: David, you got to explain
6 what this item is about.

7 VICE CHAIRMAN ISRAEL: Hello. How you doing?
8 Okay, I was watching -- I had the pleasure of having
9 pneumonia during most of the Oak Tree meet, so during the
10 week the only thing to watch was TVG, if I wanted to watch
11 sports during the day.

12 And it came to my attention while I was watching
13 that you give pathetically short shrift to Oak Tree. And so
14 I started asking why and I was told, oh, it was the way the
15 contract worked out.

16 And frankly, that affected adversely California
17 racing, I believe, because I work in the television
18 business, and the lifeblood of television and all its
19 affiliated businesses is promotion. And you were providing
20 no promotion of Oak Tree races, because you didn't have the
21 same contract with them that you did with, say Hawthorne,
22 between races.

23 And I think, in my opinion, and I can't prove it,
24 obviously, that served to depress handle. Oak Tree's handle
25 was off. I would assume Oak Tree's handle was off on TVG

1 accounts.

2 Because you drive interest by discussing the
3 prospects of the next race. Sports is about what's next,
4 not what's about -- it's not about what just occurred for
5 the part.

6 And what's next at Oak Tree was only of import as
7 they were loading the horses, that's when you went to the
8 race, if you went to the race that early.

9 The first three or four races, when you had live
10 racing back east, you didn't go to them until after the race
11 was already run and a lot of the time you never gave the
12 results.

13 And I found that very troubling, I found it a
14 passive/aggressive attack on California racing because you,
15 frankly, it seems you lost your monopoly. You know, all
16 business in a monopolists, you had a monopoly, you had these
17 ten-year exclusive contracts and you lost your monopoly.

18 And so as a way to try to get back your monopoly,
19 you played hardball, but you played hardball with the State
20 that probably provides most of -- at least 48 percent, from
21 what we understand, of the handle in horse racing.

22 And I just happened to see it and I want an
23 explanation, I want to know a hard, real explanation for
24 what the hell happened besides, well, we signed this
25 contract.

1 MR. NICHOLS: Okay, thank you, Commissioner. Just
2 for everyone's edification, my name's Greg Nichols, I'm the
3 Managing Director of BetFair, the parent company of TVG. I
4 think you're well acquainted with John Fineman, who's
5 represented our interest under our tutelage and certainly
6 under the ownership of Jim Starr.

7 We share your view that maximizing a profit is a
8 vital component, we have a mutuality of interest with
9 California horse racing for that to occur.

10 If California horse racing is vibrant, then we
11 would have actually --

12 VICE CHAIRMAN ISRAEL: Can you speak closer to the
13 microphone, please, Greg?

14 MR. NICHOLS: Yes.

15 VICE CHAIRMAN ISRAEL: Thank you.

16 MR. NICHOLS: The if California racing is vibrant
17 and is well promoted, then we would hope that that would
18 have a significant financial impact for us, as well as the
19 participants who put on the show.

20 There was no vendetta against Oak Tree, there was
21 no vindictiveness towards Oak Tree. We have -- TVG has a
22 number of exclusive arrangements with a number of tracks,
23 also Del Mar and other tracks.

24 Unfortunately, we weren't able to negotiate a
25 continuation of a ten-year relationship with Oak Tree for

1 the successive year, but there were numerous discussions
2 with Chilly before and during the meet, when he alerted us
3 to some of the concerns that you've expressed today.

4 And I would like to think that the company heeded
5 what Mr. Chillingworth had put forward and had redeemed some
6 of the situation towards the end.

7 But there was not one element of malice in looking
8 to try to undermine the viability of the Oak Tree meet. Our
9 priority, as explained to Chilly, is to ensure that our
10 exclusive partners, who enter into arrangements with certain
11 expectations, that their -- those expectations are met.
12 Which we were able to do.

13 As the meet progressed, I think you'll find that
14 the coverage certainly --

15 VICE CHAIRMAN ISRAEL: Look, coverage improved
16 relative to the Breeders' Cup because it would have been
17 television malpractice for you to do anything other than
18 that. I mean, you might as well have committed suicide,
19 corporately and personally. I mean, that would have been
20 downright stupid.

21 But it didn't really, on a day-to-day basis, it
22 never changed terribly much. And what I'm concerned about
23 is as long as Magna, or one of its related companies, owns
24 and operates Santa Anita and Golden Gate Park, which have
25 the bulk of our racing days in California, you know, they

1 own HRTV. You're never going to have an exclusive
2 arrangement with them.

3 And so if this is going to be an ongoing practice
4 of -- you know, it will diminish California racing. And our
5 job here, on this Board, is to make sure California racing
6 is not diminished.

7 MR. NICHOLS: No, I appreciate your priority.

8 VICE CHAIRMAN ISRAEL: Yeah.

9 MR. NICHOLS: We have reached an agreement with
10 TrackNet and Santa Anita for the forthcoming meet, and also
11 Golden Gate. We intend to provide, within the scope of that
12 contract, a full service.

13 Now, obviously, we would like to televise Santa
14 Anita, we know that that --

15 VICE CHAIRMAN ISRAEL: Yeah, I know that's not
16 going to happen.

17 MR. NICHOLS: That's not going to happen.

18 VICE CHAIRMAN ISRAEL: Right.

19 MR. NICHOLS: But at least Ron and his team, and
20 certainly Scott and his team are vitally aware that we're
21 prepared to do that.

22 So we do have -- there's no doubt that one of the
23 items that particularly we know due diligence of the TVG was
24 the dependency of the -- the centrality of California to the
25 viability of TVG.

1 We don't have any intentions of undermining,
2 under-performing in our coverage of a preeminent racing
3 product.

4 VICE CHAIRMAN ISRAEL: How much was your handle
5 down at Oak Tree this year?

6 MR. NICHOLS: I haven't got the numbers in front
7 of me.

8 VICE CHAIRMAN ISRAEL: It was down though; right?

9 MR. NICHOLS: Yes, it would have been, because
10 we've had the same experience when Keeneland went from
11 exclusive wagering and exclusive television just to
12 exclusive television, there was a decline.

13 Now, if there's a decline with one part of the
14 equation fulfilled, then there's two parts in the situation
15 with Oak Tree where we didn't have exclusive television and
16 we didn't have exclusive ADW, so there was a decline.

17 VICE CHAIRMAN ISRAEL: Now, you weren't exclusive
18 with the NYRA either; right?

19 MR. NICHOLS: No.

20 VICE CHAIRMAN ISRAEL: But you provided more
21 thorough coverage and comprehensive coverage of the NYRA
22 racing than you did of ours, from what I saw.

23 MR. NICHOLS: I think there's a couple of -- there
24 are a couple of reasons, obviously, and you mentioned one
25 previously that these -- the time zone obviously has an

1 influential rationale behind that, it seems to do that.

2 The other factor is that NYRA is an entity that
3 provides racing roughly 350 days of the year and there is a
4 consistency of product, and we attempted to put a very much
5 a parallel in terms of quality of product to California
6 horse racing. Yes, we did get an excellent coverage of New
7 York racing.

8 But to say that we gave them a hundred percent
9 live television, I'm not going to use statistics to provide
10 an observation, but what I will say is that there were races
11 on the NYRA program that weren't televised live. There were
12 races on the NYRA program where we didn't go to the pre-race
13 coverage. So there is an element of the same accusation
14 that you bringing to us towards California racing, and you
15 can afford that to our coverage of New York racing.

16 COMMISSIONER BRACKPOOL: But to go to the
17 Commissioner's point, I think there were several times at
18 the start of that Oak Tree meet, where I was watching as
19 well, where there weren't other races being shown, there
20 were just people sitting in the studio talking and the race
21 went off.

22 MR. NICHOLS: I was unaware of that. But that is
23 -- if that is the truth, then I'm -- and I'm not accusing
24 you of telling me something that's not the truth, then that
25 is a stupidity, commercial stupidity and I'd like to think

1 after it's --

2 COMMISSIONER BRACKPOOL: Well, it's stupidity or
3 it's sending a message and I think that's the --

4 MR. NICHOLS: Well, we've been going 10 years as a
5 company and we've got a reputation amongst companies in the
6 world unequal, unparalleled, and of course I'm bound to say
7 that, but we've pulled the business up to zero to something
8 that's probably worth 2 to 3 billion, still, and we haven't
9 done that because we're stupid. We haven't done that
10 because we're unethical. We've done that because we believe
11 in playing fair.

12 There may have been instances where our subsidiary
13 may not have televised or approached coverage in the same
14 spirit that BetFair as the parent company would like it to.

15 VICE CHAIRMAN ISRAEL: One other item that's
16 related to this, but a little bit indirectly, is early in
17 the Oak Tree meet you were running some promotional spots
18 that were -- and John and I discussed with -- through our e-
19 mails -- there were, at least by implication, accusing the
20 other ADW companies of not paying off on their bets.

21 You know, every bet, you know, the way it was
22 stated, if I remember correctly, you were insured and every
23 bet was paid off, and the implication was the others
24 weren't.

25 And we brought that to Gerard Cunningham's

1 attention and he said I didn't know about those spots. And
2 when he saw it, he said he took it off the air. Well, two
3 weeks later they reappeared and they started running again.

4 And I have the DVDs of them.

5 MR. NICHOLS: Well, I wasn't aware of that. But I
6 was, as you all know, Commissioner, I was copied on the
7 chain of e-mails, so I'm not going to say that I wasn't
8 aware of your interest, nor the Chairman's interest.

9 VICE CHAIRMAN ISRAEL: Right.

10 MR. NICHOLS: Can I just give a defense of a
11 principle and then in the end come back and say it was
12 probably a little bit --

13 VICE CHAIRMAN ISRAEL: No, I admit it was smart
14 marketing, it just was the implication was dishonest because
15 every bet's been paid off.

16 MR. NICHOLS: Yeah. What we'd say is that during
17 due diligence, again, we discovered that the same rules
18 apply in most major racing nations in the world, where there
19 is a guarantee of funds is not necessarily the same, the
20 U.S. is not conformist to the same degree as other
21 jurisdictions.

22 To give you an example, BetFair has, at any given
23 moment, \$200 million still in trust. You know, that money
24 is fully guaranteed. And we have attempted over a period of
25 time to institute a similar system in this country, to

1 protect the consumer which, ultimately, really has two
2 consumers, it has the owners and it has the contestants.
3 And we need to protect both of those interests.

4 And we took a considerable period of time,
5 probably too long to institute this policy, though I believe
6 it's the right one, as undoubtedly Europe charted with the
7 responsibility or had the responsibility to ensure that the
8 consumer is protected for the racing industry and we're
9 making a contribution.

10 Now, it may have been ill-advised the way that we
11 went about it, but the President of BetFair U.S. and TVG
12 pulled that advertisement. And if it was replayed, then
13 that is certainly news to me, I'm totally unaware. After
14 the conversation, after the e-mail that you provided, I was
15 under the understanding that the ad was pulled and there was
16 no reference to any other competing ADWs in any advertising
17 relating to this specific subject.

18 VICE CHAIRMAN ISRAEL: Well, I may have the DVD
19 here. If I do, I'll give it to you.

20 MR. NICHOLS: I'm not doubting you. And we'll
21 follow internally to see if that did occur.

22 VICE CHAIRMAN ISRAEL: Yeah, I don't -- I guess I
23 don't have it with me.

24 MR. NICHOLS: If it did, though, then I apologize.

25 VICE CHAIRMAN ISRAEL: It was that guy sitting at

1 the desk and he got -- you know, you've seen it, I'm sure,
2 so --

3 MR. NICHOLS: Yes, I have.

4 VICE CHAIRMAN ISRAEL: Yeah.

5 MR. NICHOLS: But it was ill-advised, but the
6 principle is not ill-advised, in which I'm sure that I'd
7 like to agree with me that consumer protection is well-
8 advised.

9 VICE CHAIRMAN ISRAEL: Hey, negative advertising
10 works. You know, the implication was your bet's not safe at
11 the other places.

12 But I'm just not going to -- in fact, if there's
13 somebody here from TrackBet and Youbet, you can let us know,
14 aren't your bets all protected and covered?

15 SPEAKER FOR YOUBET: Yes.

16 VICE CHAIRMAN ISRAEL: Huh?

17 MR. SCOGGINS: Yes. And on behalf of XpressBet I
18 can say the same, yes.

19 SPEAKER FOR YOUBET: And I speak on behalf of
20 Youbet.

21 VICE CHAIRMAN ISRAEL: All right, so is your
22 situation any different from theirs?

23 MR. SCOGGINS: No.

24 VICE CHAIRMAN ISRAEL: Okay.

25 CHAIRPERSON HARRIS: Okay. Well, anything else on

1 this?

2 VICE CHAIRMAN ISRAEL: That's it.

3 CHAIRPERSON HARRIS: Let's keep moving along.

4 VICE CHAIRMAN ISRAEL: I just wanted to make sure
5 that California racing is protected.

6 CHAIRPERSON HARRIS: Thank you, it's good to get
7 it on the table.

8 MR. NICHOLS: Thank you.

9 VICE CHAIRMAN ISRAEL: Thank you, thank you very
10 much.

11 MR. CHILLINGWORTH: I want to report on the TVG
12 people, they -- Sherwood Chillingworth, Oak Tree.

13 We were very disappointed, after eight or ten
14 years with TVG, that when we agreed to share the signal with
15 HRTV that we really were treated very shabbily, particularly
16 the first part of the meet. We were shown on tape delay, an
17 hour after the race was on.

18 And when I complained about it, I was told, well,
19 this is how we differentiate between exclusive partners and
20 non-exclusive partners.

21 I then pointed out that they were showing
22 Louisiana Downs live racing at the same time our live race
23 was going on, and Louisiana Downs has two distributors, so
24 there's no difference between the two of us.

25 So the only implication you can draw from that is

1 that we were being punished.

2 Now, I'm -- if President Obama were going to
3 revise the Cabinet, I wouldn't go for the Secretary of War,
4 I'd like to be the Secretary of State. Because I think what
5 happened in the past is through, we can't change that.

6 I've had conversations and e-mails from four of
7 the top management people in TVG, stating that that will not
8 happen again this year.

9 We have a contract we have to enter in this year,
10 and we want to ensure that there's a provision in that
11 contract that will so provide that.

12 I just think that it's better to try and move
13 ahead constructively, than be critical all the time and not
14 accomplish anything.

15 And if no one will question my age, at Pearl
16 Harbor, I watched Pearl Harbor from --

17 VICE CHAIRMAN ISRAEL: Chilly, no one's going to
18 question your age once you said "Secretary of War."

19 (Laughter.)

20 MR. CHILLINGWORTH: Well, that equine flu is
21 around.

22 My point is, I watched Pearl Harbor burn from five
23 miles away and I drive a Japanese car now, so times change
24 and I'm looking forward to having a much better relationship
25 with you fellas next year.

1 CHAIRPERSON HARRIS: I'm sure you're going to
2 forgive and remember.

3 MR. CHILLINGWORTH: One of the things I wanted to
4 say is that for the Breeders' Cup, I wanted to compliment
5 the staff, who did an absolutely fantastic job. I don't
6 think anybody, or very few people realize how difficult it
7 is to put one of those things on. You have mutuel clerks,
8 you train 300 volunteers to show people around, and they did
9 an absolutely magnificent job.

10 And I also wanted to congratulate Jerry for being
11 the sportsman he was and putting Zenyatta in the big
12 classic, I thought that was a marvelous day of racing, as it
13 turned out to be one for all time. Thank you.

14 CHAIRPERSON HARRIS: Thank you. That was a great
15 day.

16 MR. NICHOLS: Thanks, I agree with all of those
17 comments.

18 CHAIRPERSON HARRIS: Okay, well, thank you for --
19 great.

20 EXECUTIVE DIRECTOR BREED: Item 17.

21 CHAIRPERSON HARRIS: Okay, Item 17. We're going
22 to go through the -- one item on ADW, while people are
23 getting it together, it's been brought to my attention that
24 this is a joint problem that all the ADW companies have, but
25 one of the credit card companies, Mastercharge, is

1 apparently telling their customers they will not let them
2 use MasterCard to fund their accounts, which is a pretty
3 serious issue because that's the major way to fund accounts.

4 Apparently Visa still is, but they've got a few hoops you
5 got to jump through to do it.

6 But I've been asked on behalf of the Racing Board,
7 which if there's no objection, I think I will, to send
8 something into both of those companies saying that it's very
9 important that they accept the credit cards of people that
10 are using those accounts, because that's part of the
11 California revenue stream.

12 COMMISSIONER CHOPER: What's their reason not to
13 do it?

14 CHAIRPERSON HARRIS: Well, there's a federal
15 law --

16 COMMISSIONER CHOPER: It's paid in advance, get
17 the money in advance.

18 CHAIRPERSON HARRIS: Yeah, I don't think it's a
19 collection problem. There's a federal law that went
20 through, I think that the --

21 VICE CHAIRMAN ISRAEL: It became law just as --

22 CHAIRPERSON HARRIS: Yeah. Well, the law
23 basically says that you can't fund gambling transactions,
24 but it has a clause in it that says except where gambling is
25 legal.

1 Like, basically, where somebody's got a carve-out
2 for racing, but they're not recognizing the carve-out.

3 VICE CHAIRMAN ISRAEL: Well, the reason is the
4 fines are so onerous, they're enormous, they're the
5 magnitude of --

6 EXECUTIVE DIRECTOR BREED: There are fines if
7 they're found to have violated it.

8 VICE CHAIRMAN ISRAEL: If they're found to have
9 violated the rule, the fine starts at like \$500,000.

10 COMMISSIONER CHOPER: This is revenue money, it's
11 not just for California racing?

12 VICE CHAIRMAN ISRAEL: No, no, no, it's for --

13 CHAIRPERSON HARRIS: Well, the law was really
14 directed at other stuff.

15 COMMISSIONER CHOPER: It's a what, a California
16 law?

17 VICE CHAIRMAN ISRAEL: It's a federal law.

18 COMMISSIONER CHOPER: It's a federal law, so it's
19 not the --

20 VICE CHAIRMAN ISRAEL: It's for off-shore, non-
21 horse-related related gambling.

22 COMMISSIONER CHOPER: They ought to get a ruling
23 on this.

24 VICE CHAIRMAN ISRAEL: They have, but Mastercard
25 has informed its member banks not to take any -- and you

1 guys can -- the TVG people can correct me if I'm wrong, not
2 to take anything that's coded as a gambling transaction
3 because it's not a big enough piece of the business to
4 warrant the risk of making a mistake.

5 COMMISSIONER CHOPER: You could use a Mastercard
6 right at this racetrack, I think.

7 VICE CHAIRMAN ISRAEL: But that's not internet.

8 COMMISSIONER CHOPER: That's not internet.

9 CHAIRPERSON HARRIS: The law is specific on
10 internet, I think.

11 VICE CHAIRMAN ISRAEL: It's internet, it's
12 internet gambling. And so you can use one at the casino,
13 too, but it's internet.

14 COMMISSIONER CHOPER: Well, it's not in their
15 interest.

16 VICE CHAIRMAN ISRAEL: Making the mistake is too
17 expensive to warrant --

18 COMMISSIONER CHOPER: And it's not in our
19 interest, so someone ought to do something about it.

20 VICE CHAIRMAN ISRAEL: Well, actually, their
21 interest is around -- they book about three and a half, four
22 million dollars a year in business, that's how much they get
23 out of it, yeah.

24 COMMISSIONER CHOPER: That's all?

25 VICE CHAIRMAN ISRAEL: Yeah, so it's not worth it

1 for them to risk a fine.

2 CHAIRPERSON HARRIS: But at any rate, it's
3 something to be concerned about as an industry. And I think
4 it's one thing we can all work together on.

5 Okay, on TVG's app., I think on all of these, too,
6 I would suggest that we make all these one-year applications
7 because there's so many changes going on just in the last
8 year, we've had ownership changes and there's probably going
9 to be some more going forward.

10 And even though without any discredit to any of
11 the applicants, I think a one-year license is more
12 reasonable, if there's no objections of the Board?

13 VICE CHAIRMAN ISRAEL: I agree.

14 REGULATION/LEGISLATION MANAGER WAGNER: Jackie
15 Wagner, CHRB staff.

16 TVG has filed it's application for to provide
17 services as an ADW provider, as an out-of-state multi-
18 jurisdictional wagering hub.

19 They currently have -- they are currently licensed
20 as an ADW provider, with their license expiring on December
21 31, 2009, of this year.

22 They have on file a bond of \$500,000, which is
23 required. That bond is on file and it will expire on
24 October the 12th.

25 They have applied for the two-year license, and

1 the Chairman has indicated that these applicants will all be
2 considered for a one-year license.

3 The announcement indicates that they have some
4 outstanding items and I am pleased to report that I have
5 received correspondence from TVG attesting to an agreement
6 for the Horsemen's agreement, so we do have a letter stating
7 that that is, indeed, in place.

8 I did receive a copy of their hub agreement and I
9 have been informed that they do have track agreements in
10 place for the December 26th meetings that are -- race
11 meetings that are going to be commencing here shortly.

12 We do have representatives from TVG, if there are
13 any questions on the application. The staff would recommend
14 that you hear from them and approve the application
15 contingent upon the receipt of any outstanding or missing
16 items.

17 COMMISSIONER CHOPER: Well, I notice in the
18 communication that you had with us, you said "we will
19 obviously continue to televise Oak Tree, however, we propose
20 to commit precedential coverage to those tracks that have
21 exclusive arrangements, this will mean that there will be a
22 number of Oak Tree races that are not televised live."

23 I guess what happens -- is that withdrawn?

24 VICE CHAIRMAN ISRAEL: That's what we just
25 discussed.

1 MR. HINDMAN: Hi, this is John Hindman, TVG. Can
2 you just reference, I think we're a little lost --

3 COMMISSIONER BRACKPOOL: I think it was in the
4 letter of the lost items, actually.

5 COMMISSIONER CHOPER: November 28th -- no, I'm
6 sorry. "TVG recently provided the following summary of
7 their negotiations with Oak Tree racing," I'll show you
8 this, you can read that.

9 MR. HINDMAN: Okay, okay. Again, I think we've
10 provided a letter on the Oak Tree matter, in terms of
11 televising the Oak Tree races.

12 COMMISSIONER CHOPER: I can't hear you.

13 MR. HINDMAN: I think we provided a letter
14 regarding the coverage of the Oak Tree races, that we just
15 spoke about with you a while ago.

16 COMMISSIONER CHOPER: Yes.

17 VICE CHAIRMAN ISRAEL: Okay, we're up to 17,
18 Jesse, that's 16.

19 COMMISSIONER CHOPER: 17.3, the top of the page.

20 VICE CHAIRMAN ISRAEL: No, 16.3.

21 EXECUTIVE DIRECTOR BREED: 17.3 of the analysis.

22 VICE CHAIRMAN ISRAEL: Oh, oh, of the analysis.

23 COMMISSIONER CHOPER: I just wanted to know what
24 the situation is, we don't have to go into where it is and
25 how it is, but it does say that since we don't have

1 exclusive arrangements, since Oak Tree does not have
2 exclusive arrangements with TVG, there will be a number of
3 Oak Tree races that are not televised live on TVG.

4 VICE CHAIRMAN ISRAEL: We just discussed this,
5 Jim.

6 CHAIRPERSON HARRIS: Yeah, we just went through
7 this, I think. If you don't have an exclusive, you really
8 don't have to show anybody.

9 COMMISSIONER CHOPER: Well, I understand that.

10 CHAIRPERSON HARRIS: Business-wise, it would be
11 wise to do it.

12 COMMISSIONER CHOPER: I can understand that if you
13 have precedential coverage with an exclusive, under
14 exclusive contracts, what happens if you have an exclusive
15 with both of them, what do you do?

16 CHAIRPERSON HARRIS: There is such a thing, isn't
17 it? I think then they've got to show both of them live. I
18 guess they must once in a while preempt each other. But I
19 think --

20 COMMISSIONER CHOPER: Look, I don't have any
21 quarrel with the proposition that if you've got an exclusive
22 with one and a non-exclusive with the other, if there's a
23 direct conflict, right, you favor the exclusive.

24 But I just want to know what do you do if you have
25 exclusive with both of them and they run -- I mean, is it

1 only when they run races at the very same time? You don't
2 know the answer to that question?

3 MR. HINDMAN: No. No, what he's saying is if
4 Saratoga and Del Mar have got an exclusive, what would you
5 do about --

6 VICE CHAIRMAN ISRAEL: Yeah, the 9th at Saratoga
7 goes at the same time as the first at Del Mar, what do you
8 do?

9 MR. HINDMAN: Well, the first thing you do is look
10 at what your legal obligations are at each track, so you
11 look at what your contract says in terms of what's required
12 to show, what you've promised the other side that you will
13 show.

14 If those commitments are equal, a lot of times --

15 COMMISSIONER CHOPER: Yeah, if those commitments
16 are equal, what do you do?

17 MR. HINDMAN: If those commitments are equal, many
18 times it will be a -- a lot of times post times change or
19 anything else, there will be a discretionary decision in the
20 booth. Generally, the one that starts first will get shown
21 and the one that starts after that will get shown a little
22 bit on tape. Because you can only show, basically, one race
23 at a time.

24 And then you also look, of course, to the benefit
25 of showing each race or which number of customers you think

1 would enjoy watching each race, you definitely would show
2 those.

3 COMMISSIONER CHOPER: So what I understand you to
4 say is you're not going to prejudice Oak Tree, so long
5 as -- except the situations in which you have a precedential
6 contract and there is a contract, have an exclusive contract
7 and there is a conflict.

8 CHAIRPERSON HARRIS: Well --

9 MR. HINDMAN: It's hard to say in a hypothetical
10 situation where you had, you know, two exclusives. But we
11 don't try to prejudice anybody, we try to stay within what
12 our contractual obligations are and also with what we think
13 people want to --

14 COMMISSIONER CHOPER: Well, understood. But is it
15 your contractual obligation to say, well, we have discretion
16 since you're not exclusive, if we've got some person that
17 we're interviewing, we won't show your race?

18 MR. HINDMAN: Well, yes, different contracts have
19 different --

20 CHAIRPERSON HARRIS: I mean, that's the whole -- I
21 mean, I would rather they show the race, possibly, if I have
22 a horse in the race, but I think they've got the right to do
23 anything that they want because it's just a TV -- I mean,
24 just like a TV station would.

25 COMMISSIONER CHOPER: Well, I didn't think they

1 had the right to do anything.

2 CHAIRPERSON HARRIS: Well, unless they've got an
3 exclusive, they've got a contract with that track saying,
4 you know, regardless we're going to show your race, but they
5 don't have to show the race.

6 COMMISSIONER CHOPER: I understand that if they
7 have an exclusive with somebody and it comes into conflict
8 with someone you don't have an exclusive with, and there is
9 a time conflict, you run the exclusive first; I don't have
10 any problem with that.

11 MR. HINDMAN: Yes, correct.

12 COMMISSIONER CHOPER: If there is the same sort of
13 conflict and Oak Tree is no less non-exclusive than the
14 competing track, how's Oak Tree going to be treated?

15 MR. HINDMAN: Oak Tree will be treated -- its race
16 will be shown and at that point it's really two factors.
17 First if there's no contractual factor's involved it is --

18 COMMISSIONER CHOPER: That's what I'm saying.

19 MR. HINDMAN: -- the call being made in the room
20 as to two races going off at the same time, what's the
21 producer going to do and what we believe would be most
22 beneficial to our customers or what they would want to see.

23 COMMISSIONER CHOPER: Okay, that's fair enough,
24 that's fair enough.

25 But in light of the discussion we had before, I

1 was concerned about the fact that you say, well, you know,
2 we can pretty much do what we want if we don't have
3 exclusive arrangements, there will be a number of Oak Tree
4 races that are not televised live on TVG.

5 Well, I would prefer if you said that if there was
6 a direct conflict with someone who has no contractual
7 preference over Oak Tree, that then this will happen.

8 Is that unreasonable?

9 MR. HINDMAN: Yes, sticking again to the previous
10 Oak Tree meet, we did show a hundred percent of Oak Tree's
11 races. I think what the discontent was over was that
12 sometimes they were shown on tape delay.

13 COMMISSIONER CHOPER: Yeah, live, not live.

14 MR. HINDMAN: Yeah, and so that was the issue, but
15 we do try to show them all.

16 COMMISSIONER CHOPER: Well, okay. Thank you.

17 CHAIRPERSON HARRIS: But on, basically like Golden
18 Gate, and when Santa Anita, you cannot show either of those
19 because they're exclusive to HRTV, or how does that work?

20 MR. HINDMAN: That's correct.

21 CHAIRPERSON HARRIS: So even if they wanted you to
22 show those, you couldn't?

23 MR. HINDMAN: Well, if they wanted us to show
24 those, we're willing to do that.

25 CHAIRPERSON HARRIS: You would show them if they

1 said, look, we'd like you guys to be part of our network,
2 but you wouldn't have to be exclusive, you would still --
3 you would go for that?

4 MR. HINDMAN: We would definitely be willing to,
5 we'd be happy to entertain those discussions.

6 CHAIRPERSON HARRIS: But clearly you've got -- you
7 can wager on via TVG and you have streaming video that
8 everybody can wager on?

9 MR. HINDMAN: Yes, we do streaming video for all
10 the tracks on our wagering venue, which include all
11 California racetracks, and we can accept wagers on all
12 California racetracks.

13 CHAIRPERSON HARRIS: Okay. You know, any
14 questions on this application or any issues we need to focus
15 on?

16 EXECUTIVE DIRECTOR BREED: Did you have some
17 comments to make?

18 MS. FRANK: I'm Melanie Frank here, on behalf of
19 the license application for TVG, so if you had any
20 questions. I just wanted to say that we have submitted all
21 of the documents requested by us, and we are in agreement to
22 a one-year license, if you're going to license all the other
23 entities for one year as well. Obviously, we applied for
24 two and we prefer that, but we understand.

25 CHAIRPERSON HARRIS: Thank you. I'm not clear on

1 all the rates, and I guess the Horsemen have signed off on
2 this, and -- but do they vary? When you make, when we're
3 talking about the Horsemen's agreement is that made for the
4 whole year, all those rates are agreed to or are they going
5 to be kind of negotiated as you go along?

6 MS. FRANK: Typically, it's track to track. I
7 mean, we do have an agreement for the upcoming races at
8 Golden Gate and Santa Anita, and the Horsemen have agreed to
9 those terms but, typically, the Horsemen's agree on the
10 rates.

11 CHAIRPERSON HARRIS: So the Horsemen's agreement
12 referred to here does not refer to 2010 for all the meets,
13 it just refers to the ones that are coming up, like Santa
14 Anita and --

15 MS. FRANK: Correct.

16 CHAIRPERSON HARRIS: Or not Santa Anita, I guess.
17 Which ones are coming up, Hollywood Park Fall.

18 MS. FRANK: Santa Anita and Golden Gate.

19 CHAIRPERSON HARRIS: Yeah, but they don't have
20 Santa Anita.

21 MS. FRANK: For wagering we do.

22 CHAIRPERSON HARRIS: Oh, for wagering.

23 MS. FRANK: For wagering we do, we just don't have
24 television rights, right.

25 CHAIRPERSON HARRIS: Yeah, I got it.

1 COMMISSIONER BRACKPOOL: But given that piecemeal
2 approach, is it the case then, Jackie, when you say you
3 have -- when you say you have the Horsemen's agreement, but
4 is that with -- you have it for every track for one year?

5 REGULATION/LEGISLATION MANAGER WAGNER: No. No, I
6 don't. No, we don't. And I was going to make mention of
7 this as we go forward in 2010.

8 As it appears with the ADW, at the time of
9 licensure most of the ADW companies are coming forth with
10 their HUB agreement, which covers the entire term of the
11 license.

12 But as it appears, most of the contracts between
13 the tracks are being negotiated at the time of the race
14 meeting coming forward.

15 So as we go forward in 2010, staff is going to be
16 more resilient in making sure that when we make the
17 representation before the Board for the license to operate a
18 race meeting, that they have their contracts in hand and
19 that they are all signed.

20 We attempted to do that for last year, to some
21 extent, but as I'm understanding the way that the
22 negotiations are handled for the contract for ADW, it's for
23 meet-to-meet, rather than one term.

24 COMMISSIONER BRACKPOOL: Okay, so as far -- I
25 wasn't here last year, so as far as I understand it then, we

1 would be approving this license conditional upon continuous
2 to you of --

3 REGULATION/LEGISLATION MANAGER WAGNER: Of track
4 agreements.

5 COMMISSIONER BRACKPOOL: -- of track agreements as
6 the year went on.

7 REGULATION/LEGISLATION MANAGER WAGNER: That is
8 correct.

9 COMMISSIONER BRACKPOOL: And we are relying on
10 staff telling us, if ever, there's a deficiency in one of
11 those agreements.

12 REGULATION/LEGISLATION MANAGER WAGNER:
13 Absolutely. That's correct. As we move forward and in
14 order to mesh the actual procedure with how it actually is
15 operating here in California.

16 CHAIRPERSON HARRIS: Because one of the
17 frustrations in the past, we would all of the sudden be told
18 the day before the meet starts that, oh, by the way there's
19 a dispute and --

20 COMMISSIONER BRACKPOOL: That's what we would be
21 told this time, so how would we avoid that very thing that
22 Chairman Harris just mentioned?

23 MS. CHRISTIAN: Commissioner, if I might be able
24 to address that. This has become -- Cathy Christian, I'm
25 sorry, also representing TVG -- a little confusing because

1 of the difference between licensing an entity and saying
2 you're eligible to conduct ADW and whether or not that
3 licensed entity has all the agreements in place that are
4 required before wagering can take place, what we can't do is
5 tell you know for the next year, two years, that every
6 single thing is done now; right.

7 COMMISSIONER BRACKPOOL: I understand, I
8 understand.

9 MS. CHRISTIAN: What we can tell you is that we've
10 met all of the eligibility requirements for licensure and
11 represent to you that we know that we cannot take wagers
12 without complying with the law for all the agreements.

13 COMMISSIONER BRACKPOOL: You're answering the
14 question as it pertains to you, I guess I'm asking Jackie a
15 question as it pertains to us.

16 MS. CHRISTIAN: Gotta.

17 COMMISSIONER BRACKPOOL: Which is how do we know
18 when there's a problem, and when do we know, and what can we
19 do about it?

20 REGULATION/LEGISLATION MANAGER WAGNER: At the
21 time the association comes forward before the Board for
22 licensure, just like we did this particular month, as we
23 make that representation to you, right now we are just
24 requiring the license applicant to identify who their ADW
25 providers are.

1 In going forward in 2010, we want to put the onus
2 on the applicant to make sure that all of those contracts
3 are indeed signed, and sealed, and delivered before the
4 association is licensed to conduct a race meeting.

5 Without that assurance, it is clearly within the
6 Board's prerogative not to license the applicant going
7 forward.

8 CHAIRPERSON HARRIS: I think the key is
9 negotiation between TOC and the ADW, and that they conclude
10 that, you know, well ahead of when it could create problems
11 if it's not concluded.

12 MR. LAMOTHE: Thank you, Guy Lamothe, TOC.

13 The other area that there's an agreement with the
14 Horsemen for the upcoming Santa Anita meet, we haven't
15 received it, so we look forward to receiving that for, I
16 believe, all of the ADW providers.

17 CHAIRPERSON HARRIS: So you don't have any
18 agreements for Santa Anita for ADW?

19 MR. LAMOTHE: No.

20 MS. CHRISTIAN: Commissioner, this is Cathy
21 Christian again, this gets so confusing. We delivered a
22 letter to the Board, dated November 16th, I hope you all
23 have a copy of that, because of the questions that we
24 received from staff. And the purpose of that letter was to
25 let the Board know that we have entered into an agreement

1 with TrackNet for advanced deposit wagering on the upcoming
2 races because that's the way that works.

3 And so it has been represented to us that the
4 terms are acceptable to the TOC.

5 VICE CHAIRMAN ISRAEL: We don't have that letter.

6 MS. CHRISTIAN: The November 16th letter, Jackie?

7 VICE CHAIRMAN ISRAEL: No, none of us got that
8 letter.

9 CHAIRPERSON HARRIS: But I don't know if TrackNet
10 was authorized to negotiate on behalf of TOC is the problem.

11 MR. HINDMAN: This is John Hindman, for TVG, they
12 weren't -- they weren't negotiating on behalf of the TOC,
13 but what we were cognizant of, and I think as TrackNet was
14 in the negotiations, are that the terms of that agreement
15 are completely consistent with the terms for ADW that the
16 TOC has been setting forth for some time now. And those
17 have been uniform terms across all ADWs, so we're very
18 conscious of making sure that we weren't making an agreement
19 that they would take objection to.

20 VICE CHAIRMAN ISRAEL: Wait, John, can you stay
21 there because you're blocking the glare beautifully.

22 (Laughter.)

23 VICE CHAIRMAN ISRAEL: The glare is terrible and
24 you were in exactly the right place.

25 CHAIRPERSON HARRIS: I'm not clear that the

1 parties really, necessarily, felt the terms were
2 sustainable.

3 COMMISSIONER BRACKPOOL: Well, I haven't read the
4 letter, so I don't know what's in the letter.

5 MS. CHRISTIAN: Well, we'd be happy to give you a
6 copy of the letter.

7 However, again, ADW is difficult in this way, it
8 remains difficult, in that the Horsemen always are
9 negotiating with tracks, they always have to give their
10 consent, and ADW is no different than any other across-
11 state-lines Interstate Horse Racing Act requirement.

12 So there's always going to be a discussion between
13 the Horsemen and the track, ADW can't exist without that.

14 And so in terms of a -- there's three people
15 necessary for ADW but, really, the Horsemen and the tracks
16 are the ones that are negotiating the terms.

17 We have to have that sign-off in order to conduct
18 our business, and so it gets confusing sometimes because
19 there's maybe a misunderstanding about who's talking to who.

20 We fully intend to comply with all the legal
21 requirements --

22 COMMISSIONER BRACKPOOL: I'm sure you do.

23 MS. CHRISTIAN: Okay.

24 COMMISSIONER BRACKPOOL: And my sole issue was, if
25 you don't --

1 MS. CHRISTIAN: Then we can't.

2 COMMISSIONER BRACKPOOL: -- have an agreement,
3 we're reliant on your honesty in saying we don't, we can't
4 take a bet.

5 But my question was more how do we get informed
6 about that, given that these are normally last-minute
7 negotiations?

8 REGULATION/LEGISLATION MANAGER WAGNER: Right.
9 The only way that we would be able to let the Board know is
10 to make sure that, again, at the time that it is licensed,
11 that we have -- that the contracts, the proper
12 documentation, the signed documents in our possession.
13 Without that, we are going on the representation of what the
14 parties have --

15 COMMISSIONER BRACKPOOL: Can we not add a
16 condition that just said if there's no agreement, or if
17 there is an agreement, you can do it positive or negative,
18 on a day that the ADW -- you're the first ones up, so this
19 is going to be the same for everybody -- the ADW company has
20 an obligation to let us know that nothing was reached with
21 that particular --

22 REGULATION/LEGISLATION MANAGER WAGNER:
23 Absolutely, the Board can make that condition.

24 CHAIRPERSON HARRIS: I'm not clear if these are
25 three-party negotiations, or maybe a two-party negotiation

1 with somebody having the right to accept or reject, because
2 I'm not sure which, is the Horsemen who can accept and
3 reject?

4 MR. LAMOTHE: I'd like to make a comment on what
5 we've been hearing here so far. Guy Lamothe, Thoroughbred
6 Owners of California.

7 And I think legally, technically, Ms. Christian's
8 a very savvy attorney, she's probably one of the brighter
9 minds in there and they're all -- actually, so
10 technically --

11 VICE CHAIRMAN ISRAEL: She's blushing.

12 MR. LAMOTHE: I'm not done, yet.

13 (Laughter.)

14 MR. LAMOTHE: Practically speaking, what we've
15 seen is the ADW companies do go directly to the tracks.
16 These negotiations, for whatever reason, do tend to take a
17 while, and inevitably they tend, more often than not, to get
18 done right before the meet.

19 Now, as we saw last year, and I believe it was at
20 this time last year, in November, we had the same licensing
21 discussion on ADW because we were in an impasse.

22 Okay, one of the problems here is that there are
23 negotiations and deals done and then they are dropped on
24 TOC's porch right, you know, right before the meet starts,
25 and it becomes a take it or leave it, effectively. And it

1 might be a good deal, it might be a bad deal.

2 If we are to object, you can see where the problem
3 begins, right before a meet, without time to assess --

4 CHAIRPERSON HARRIS: So you don't really
5 negotiate, you just accept or reject. Yeah, I mean, I guess
6 you can negotiate from there.

7 MR. LAMOTHE: Well, and that's the point.

8 VICE CHAIRMAN ISRAEL: The Hollywood Spring meet
9 you rejected and you negotiated, and you didn't take --
10 there was no ADW betting, I think, with one of the
11 customers, the first one or two days of the meet; isn't that
12 correct?

13 MR. LAMOTHE: It was the fall meeting.

14 VICE CHAIRMAN ISRAEL: It was the fall meeting?
15 No, it was the spring meet, I think. Right, wasn't it?
16 The fall meet, but then wasn't there a day missed during the
17 spring meet or two days?

18 CHAIRPERSON HARRIS: I think they missed a whole
19 meet last year.

20 VICE CHAIRMAN ISRAEL: Yeah, you missed 17 days
21 during the fall meet.

22 CHAIRPERSON HARRIS: But the problem with that
23 miss that a deal had been cut between Hollywood and TVG and
24 subsequently TOC rejected it, so that stymied the whole
25 thing.

1 MR. LAMOTHE: That's correct. Now, maybe to bring
2 up Chilly's wise words, you know, at Pearl Harbor and Japan,
3 like let's move forward, to that end our Board and Marsha
4 Naify has scripted a letter and sent it to the track
5 executives, and I believe the ADW executives and, if not,
6 I'm sure they'll be hearing soon, is that we would like to
7 be part of the process up front so we don't run into these
8 problems. And I think we just think it's conducive to a
9 better deal if, in fact, there are three parties in the
10 deal. Whether one comes in late, at the end of the game,
11 like us, with consent rights.

12 So we're hoping to have those, initiate those
13 discussions soon. Although I'm hearing that there are
14 already deals done with Santa Anita and I'm sure we'll be
15 getting those agreements and reviewing them well in advance
16 of when the meet starts.

17 VICE CHAIRMAN ISRAEL: What shakes the table down
18 there?

19 MR. LAMOTHE: Pardon me?

20 CHAIRPERSON HARRIS: Discussed that for a while.
21 Yeah, because that's one of the problems, it looks like,
22 that if all you've got is accept or deny, it's not really a
23 negotiation, but it kind of puts a factor to the bargaining
24 table, but maybe that was the purpose for the -- the law is
25 written that way, so that's it, I guess.

1 Cathy, you're on.

2 MS. CHRISTIAN: Well, I think in part it tracks
3 the -- the Horsemen have always got that yea or nay decision
4 under the Interstate Horse Racing Act, for satellite
5 wagering, or ADW, or anything else, and to that extent this
6 isn't any different.

7 There are specific provisions written in the new
8 ADW law about the Horsemen's ability to arbitrate the HUB
9 agreement or reject. So it isn't as if they are without --
10 I mean, nobody has a hammer here. Or, I mean, everybody has
11 a hammer, maybe is a better way to say it.

12 But I want to assure you on behalf of TVG that at
13 the time that the track submits its application for a meet,
14 obviously you have a right to know what agreements are in
15 place and are not, it's not going to be possible for us to
16 tell you a year in advance everything, but we clearly --

17 COMMISSIONER BRACKPOOL: No, we just want to know
18 before the meet starts --

19 MS. CHRISTIAN: But we clearly would let the Board
20 know about the --

21 CHAIRPERSON HARRIS: But some of the things
22 referenced in Jackie's report about the Horsemen's
23 agreement, that agreement is sort of a global agreement, it
24 should include some of this stuff.

25 REGULATION/LEGISLATION MANAGER WAGNER: But going

1 forward we're going to specify the Horsemen's agreement, as
2 we currently do in the application process, and then we're
3 going to identify the agreement with the ADW company. We're
4 going to address those as two separate issues, just so we'll
5 make sure --

6 VICE CHAIRMAN ISRAEL: In the association license?

7 REGULATION/LEGISLATION MANAGER WAGNER: Yes, in
8 the association, when the license comes up for
9 consideration. Just to make sure that we have the ADW side
10 covered and that the Board is aware of what is happening as
11 it pertains to ADW.

12 VICE CHAIRMAN ISRAEL: So effectively we'll have a
13 month or 30 days' notice, more or less.

14 REGULATION/LEGISLATION MANAGER WAGNER: Correct.

15 VICE CHAIRMAN ISRAEL: Okay.

16 CHAIRPERSON HARRIS: Yeah, because it is a
17 complicated deal because we have all these different types
18 of wagers. But I think the average horseman out there
19 doesn't like the deal, which I think -- personally, about
20 the deal, I think it's a fairly fair deal, but there needs
21 to be more transparency and more understanding of who gets
22 what and the whole deal.

23 REGULATION/LEGISLATION MANAGER WAGNER: In
24 addition, I mentioned when I first did the introduction for
25 TVG, TVG does have their bond on file. It does expire on

1 October the 12th, and the Board may consider requiring them
2 to maybe extend their bond to coincide with the terms of
3 their approval, which would be a year. Right now the bond
4 is scheduled to expire on October the 12th, 2010.

5 CHAIRPERSON HARRIS: Who's the beneficiary of that
6 bond?

7 REGULATION/LEGISLATION MANAGER WAGNER: We are.

8 MS. CHRISTIAN: The California Horse Racing Board.

9 CHAIRPERSON HARRIS: So what would we -- I mean,
10 if the --

11 COMMISSIONER BRACKPOOL: We'd hold it in trust.

12 CHAIRPERSON HARRIS: We'd hold it in trust. But I
13 mean at any given time I would guess that you have accounts
14 outstanding more than 500,000.

15 MR. HINDMAN: Let me just to -- we do. And let me
16 just address that really quickly, I think when we were
17 talking about some of the things that we've been advertising
18 on the network earlier, that's precisely what we were
19 advertising.

20 We put into place, recently, a program where every
21 dollar -- we have -- in addition to the \$500,000 bond with
22 CHRFB, every dollar on deposit of TVG, from any subscriber,
23 is fully bonded. We monitor it.

24 In addition to the requirements of California law,
25 we've bonded every --

1 COMMISSIONER BRACKPOOL: That's a voluntary
2 decision you've made, that's not part of your application
3 process that you are committing to on a continuing basis.

4 MR. HINDMAN: That's a voluntary decision that we
5 have made because we thought it was in the best interest of
6 our customers.

7 COMMISSIONER BRACKPOOL: Right, right, right. But
8 that doesn't really address John's point about the dollar
9 amount of the bond. I'm saying they can drop that voluntary
10 position at any time they want to.

11 CHAIRPERSON HARRIS: Yeah, that's true, too.

12 Well, I think we need to have our staff look at
13 the whole thing as far as, as a licensing agency we can
14 assure patrons that there is some oversight.

15 COMMISSIONER BRACKPOOL: What was the genesis of
16 the \$500,000 bond?

17 CHAIRPERSON HARRIS: I think that was just a
18 dartboard or something.

19 VICE CHAIRMAN ISRAEL: Ten years ago, when they
20 didn't know what the business was.

21 CHAIRPERSON HARRIS: And it's secure, but there's
22 just no -- I'm not clear if it's all, maybe it is, all
23 segregated and all that stuff.

24 VICE CHAIRMAN ISRAEL: Well, since we're going to
25 have a December meeting, do we want to resolve all these

1 things and then do this in December?

2 CHAIRPERSON HARRIS: Well, I think we can just
3 come back and revisit the whole thing, but as far as the
4 year license I think --

5 COMMISSIONER BRACKPOOL: I'd personally be in
6 favor of granting the licenses and then maybe setting up a
7 working group that's going to take longer than 30 days, like
8 90 days or something, where we recommend changes for next
9 year, so that we have a justification of why we only went
10 one year.

11 And then I think we've got to look at the bond
12 size, we should look at when we, you know, have the
13 mandatory coverage counts against the bond, credits against
14 the bond, and I think we've got to think of those things.

15 I think trying to fix the world in a 30-day period
16 is --

17 VICE CHAIRMAN ISRAEL: Yeah, good idea. All
18 right, so then I'll move that we grant the one-year license.

19 COMMISSIONER BRACKPOOL: I will second it.

20 CHAIRPERSON HARRIS: All in favor?

21 (Ayes.)

22 CHAIRPERSON HARRIS: We got TVG, now we got one
23 more.

24 MS. CHRISTIAN: Thank you.

25 CHAIRPERSON HARRIS: We've got Youbet.

1 MR. CASTRO: Excuse me, I think I have a card in
2 for --

3 CHAIRPERSON HARRIS: Oh, I'm sorry.

4 MR. CASTRO: Yeah, I know you're sorry.

5 CHAIRPERSON HARRIS: I am sorry.

6 MR. CASTRO: You know exactly the subject I'm
7 going to bring up.

8 Richard Castro, representing Pari-Mutuel Employees
9 Guild, Local 280.

10 I think we have a little different standing on
11 these ADW contracts. I believe in your rules and
12 regulation -- oh, for the internet companies, I want you --
13 I wish you weren't in the room right now. You're all going
14 to have an agreement with us, there's not going to be a
15 problem.

16 Now, let me continue with what I was going to say.
17 Under your rules and regulations, the way I read it, it is
18 very clear that they have to have an agreement with us or
19 you're not to license them.

20 And the last time this issue came up, you took a
21 vote and you voted to license them without us having a
22 collective bargaining agreement.

23 And I just want to get it on the record that that
24 is my belief, that's what we negotiated in Sacramento.

25 And I hope with this new Board, it will follow

1 your own rules and regulations especially as it relates to
2 us.

3 CHAIRPERSON HARRIS: What does the law say on
4 these?

5 MR. CASTRO: Yeah, let's read the law.

6 COMMISSIONER CHOPER: We're told here -- we're
7 told on this packet, but we're told here that the labor --
8 there is a labor agreement that does not have any expiration
9 dates, and TVG represents an agreement remains in full force
10 and effect.

11 MR. CASTRO: I totally -- let's just put that off
12 to the side. They will have and you will have a signed
13 agreement, I acknowledge that.

14 COMMISSIONER CHOPER: A new agreement?

15 MR. CASTRO: A new agreement, yes.

16 COMMISSIONER CHOPER: They're going to come out
17 with a new agreement?

18 MR. CASTRO: Well, the reason why is because that
19 agreement that they had in place did have an expiration
20 date, as did with the other companies, and you were
21 furnished a copy of that.

22 In fact, the very intelligent, bright Cathy
23 Christian also forwarded it to you, as well as I did.

24 COMMISSIONER CHOPER: The labor agreement, we're
25 told, does not include an expiration date.

1 MR. CASTRO: Well, I don't know where you got that
2 from.

3 REGULATION/LEGISLATION MANAGER WAGNER: That was
4 for -- that's the letter that was provided to substantiate.

5 COMMISSIONER CHOPER: Jackie?

6 REGULATION/LEGISLATION MANAGER WAGNER: That was
7 the letter that was provided to substantiate that they had a
8 labor agreement in force. There was no expiration date on
9 the correspondence that we received.

10 MR. CASTRO: You didn't even get a collective
11 bargaining agreement, you got a letter.

12 REGULATION/LEGISLATION MANAGER WAGNER: That's
13 correct.

14 MR. CASTRO: What Cathy and I did was we did sign
15 an agreement, we furnished a copy of the agreement.

16 COMMISSIONER CHOPER: Anyway, it remains in full
17 force and effect until you sign a new one.

18 MR. CASTRO: No, we have an agreement that that
19 one has an ending date on it.

20 COMMISSIONER CHOPER: When?

21 MR. CASTRO: At the end of this year.

22 VICE CHAIRMAN ISRAEL: You mean in 30 days' time?

23 COMMISSIONER CHOPER: Well, that's something
24 because that's different from what I've been reading.

25 MR. CASTRO: Well, but that's not the issue that

1 I'm bringing before you. The issue I'm bringing before you
2 is that in your own rules and regulations it states that
3 they must have an agreement with us prior to you issuing a
4 license, and you didn't do that last time.

5 COMMISSIONER CHOPER: No, no, last time we didn't,
6 that's right.

7 MR. CASTRO: That's right, I got slammed. My
8 group got slammed.

9 But I'm letting you know and I'm letting the
10 internet companies know that you will have a signed
11 agreement, you will have one. And I just want to make sure
12 you're going to follow the law.

13 I'm pleased at the comments of Commissioner
14 Blackwell. I wish to hell you were on the Board before, I'd
15 have had one friend, anyway.

16 COMMISSIONER CHOPER: Well, we have an agreement
17 here for TVG; is that right?

18 REGULATION/LEGISLATION MANAGER WAGNER: Yes.

19 MR. CASTRO: We have an agreement, yes, currently
20 today you do. You do for --

21 COMMISSIONER CHOPER: When does it expire?

22 MR. CASTRO: At the end of the year.

23 COMMISSIONER CHOPER: Is that right or wrong, why
24 does it say here that it has no expiration date and that it
25 remains in full force and effect? There's a different

1 between those two positions.

2 MS. CHRISTIAN: Yes. Actually, with respect to
3 TVG, I can't speak for the other companies --

4 COMMISSIONER CHOPER: No, I understand that, and
5 this is only with respect to TVG.

6 MS. CHRISTIAN: Right, right. The letter I
7 believe Mr. Castro is referring to is dated November 28th,
8 2007, it's the letter we submitted to the Board offering to
9 enter into discussions with a particular unit of employees
10 of TVG. And that doesn't have an expiration date on it. We
11 didn't say we'll only agree to talk to you for a certain
12 number of months or years.

13 COMMISSIONER CHOPER: I see.

14 MS. CHRISTIAN: And so that remains in effect.

15 COMMISSIONER CHOPER: You mean what remains in
16 effect is your obligation to engage in negotiations?

17 MS. CHRISTIAN: No, we specifically talked about a
18 particular group of people that we -- that if the union
19 wanted to proceed, we would talk to them. They haven't yet
20 done that, they are in the process of doing that.

21 And so at some point -- I mean, this is like a lot
22 of other things, if you didn't license ADW because there
23 wasn't a collective bargaining agreement, you would be in a
24 position of stopping ADW over the collective bargaining
25 agreement, that's the issue that would be before you.

1 I'm not trying to speak to what the law says right
2 now.

3 But we agreed to enter into negotiations, that's
4 what the letter says, and there is no end date on that.

5 MR. HINDMAN: And also, the law says that we have
6 to -- we have agreed to be card check neutral, and that
7 letter pledges us to be card check neutral.

8 MS. CHRISTIAN: And that is what was submitted
9 with the application.

10 COMMISSIONER CHOPER: Okay.

11 CHAIRPERSON HARRIS: So have the card -- I mean,
12 have you got signed cards from their employees?

13 MR. CASTRO: Like Cathy said, we're in the process
14 of it. What's holding us up is the issues with the
15 international, SEIU International. And I don't want to go
16 into those details, it's nothing but a mess.

17 CHAIRPERSON HARRIS: Yeah. Because I'm not sure
18 if California law can bind like out-of-state employees and
19 all this stuff, too.

20 MR. CASTRO: You don't want to get involved and I
21 do want to stay on this.

22 CHAIRPERSON HARRIS: I don't want to go there.

23 COMMISSIONER CHOPER: Well, we went through that
24 already.

25 MR. CASTRO: I'll be down at Harris Farms with my

1 picket signs.

2 MS. CHRISTIAN: Right, but this letter that we're
3 referring to was submitted to the Board before we were
4 licensed before. We have always complied with that
5 provision and are willing to have a conversation with Mr.
6 Castro at the appropriate time.

7 MR. CASTRO: Yeah, I've had conversations with all
8 the internet companies, there's not going to be a problem
9 getting you a signed copy before the end of the year.

10 COMMISSIONER CHOPER: That's good, I'm glad.
11 Really.

12 MR. CASTRO: But more important, I'm concerned
13 about what's in the rules and regulations.

14 COMMISSIONER CHOPER: No, I understand.

15 MR. CASTRO: And whoever follows me, I think it's
16 just totally unfair, totally unjust when we go to Sacramento
17 in good faith, with the industry, and then this Board rules
18 against us. I mean, that was just -- I need to quit.

19 COMMISSIONER CHOPER: Well, we went through that
20 last time and it turned out all right. We had ADW --

21 MR. CASTRO: Well, that's another subject, I would
22 say it didn't turn out all right. I would say that you took
23 away our collective bargaining rights. That's what I --
24 that's what I'm upset with.

25 We clearly negotiated something in Sacramento --

1 COMMISSIONER CHOPER: No, no, I understand.

2 MR. CASTRO: -- and it's in your rules and
3 regulations, and you violated, as far as I'm concerned, your
4 own rules and regulations when you gave them a license. You
5 made it much more difficult, you strained the relationship
6 that I have with all these ADW people. You strained the
7 relationship. You took it from one side and moved it to the
8 other, you shoved us off in the foyer, that's what you did
9 to us.

10 COMMISSIONER CHOPER: Well, we didn't mean to do
11 that.

12 MR. CASTRO: Well, so we're -- I'm telling
13 you --

14 COMMISSIONER CHOPER: We meant to -- we meant to
15 have a continuation of ADW broadcasting and, at the same
16 time, do everything we could to make sure you had a
17 contract. That, at least, was my view of it. And I'm sorry
18 you feel that way.

19 MR. CASTRO: Yeah, I feel the pain.

20 COMMISSIONER CHOPER: I do, I regret that.

21 CHAIRPERSON HARRIS: Well, I'm still not really
22 clear if we can approve this without a labor agreement in
23 place.

24 MR. CASTRO: Well, wait a minute, no, no, no.

25 REGULATION/LEGISLATION MANAGER WAGNER: There is

1 one in place.

2 MR. CASTRO: You go ahead and approve it, they're
3 going to have an agreement. I'm speaking on the record, I
4 just don't have it here in front of me to give you, it's in
5 Rosenfeld's office, David Rosenfeld, our lawyer.

6 I would encourage you to give them their one-year
7 agreement or whatever you're going to do.

8 CHAIRPERSON HARRIS: Okay, it's been moved and
9 seconded. Okay.

10 COMMISSIONER BRACKPOOL: Yeah, I moved it.

11 COMMISSIONER CHOPER: Yeah, second.

12 CHAIRPERSON HARRIS: Okay, that was for TVG, but
13 now we're going onto Youbet.

14 One of the issues on all this labor -- you're set.

15 MS. CHRISTIAN: Okay.

16 CHAIRPERSON HARRIS: One thing I would like to do
17 is, and probably all sides would not want to do, is I think
18 this activity should be under the National Labor Relations
19 Act, where the Racing Board does not have to worry about the
20 union aspects of it.

21 COMMISSIONER BRACKPOOL: Who's next up, Youbet?

22 COMMISSIONER CHOPER: Youbet.

23 EXECUTIVE DIRECTOR BREED: Eighteen, Number 18.

24 REGULATION/LEGISLATION MANAGER WAGNER: Yeah,
25 that's Twinpires.

1 COMMISSIONER BRACKPOOL: Twinspires.

2 REGULATION/LEGISLATION MANAGER WAGNER: Churchill
3 Downs.

4 CHAIRPERSON HARRIS: Okay, Churchill to acquire
5 Youbet.

6 REGULATION/LEGISLATION MANAGER WAGNER: Twinspires
7 has filed its application as an out-of-state multi-
8 jurisdictional wagering hub to operate from December 31,
9 2009, or for one year. Their bond of \$500,000 is on file,
10 and their bond is continuous until it is canceled.

11 CHAIRPERSON HARRIS: So Youbet would basically
12 just be part of Twinspires, or it would be a distinct
13 Youbet, as well.

14 MR. BLACKWELL: Well, actually --

15 EXECUTIVE DIRECTOR BREED: Identify yourself.

16 MR. BLACKWELL: Brad Blackwell on behalf of
17 Churchill Downs Technology Initiatives Company.

18 Actually, we just announced that acquisition and
19 that application -- that acquisition is subject to, first of
20 all, Youbet shareholder approval, and then also anti-trust
21 approval, so we are in the process of filing a Hart-Scott-
22 Rodino filing, so this will have to go through a couple of
23 different approval processes. So the transaction has not
24 closed. There has been an agreement signed, but this is
25 something that could take up to, you know, in excess of

1 three months.

2 CHAIRPERSON HARRIS: Okay, so we're --

3 MR. BLACKWELL: So I mean they could close more in
4 the first or second quarter of next year, but until that
5 point -- excuse me, Commissioner, but until that point both
6 entities will operate as competitors until an actual closing
7 were to take place, so it should not impact our application
8 today.

9 CHAIRPERSON HARRIS: Okay.

10 REGULATION/LEGISLATION MANAGER WAGNER: As
11 presented, this application is missing the same items that
12 TVG was missing.

13 We do not have a Horsemen's agreement and we have
14 yet to receive a hub agreement.

15 It's going to be the same for all of the ADW
16 providers, in terms of the procedure going forward, what
17 we're going to do in 2010.

18 We would need a hub agreement from Twinpires in
19 order for this Board to consider licensure, before they can
20 take a wager.

21 And then the Horsemen's agreement and the track
22 agreement will come as the race meets come forward.

23 COMMISSIONER BRACKPOOL: Each time?

24 REGULATION/LEGISLATION MANAGER WAGNER: Each time.

25 COMMISSIONER CHOPER: Is there any difficulty with

1 that?

2 MR. BLACKWELL: No, we don't anticipate any
3 problems.

4 COMMISSIONER CHOPER: I notice that you say, or
5 the staff statement says that you have not received a
6 request in writing from a bonafide labor organization to
7 enter into a contractual agreement.

8 MR. BLACKWELL: That's correct.

9 COMMISSIONER CHOPER: So I guess this is what I
10 don't --

11 CHAIRPERSON HARRIS: Yeah, what's going on there.

12 COMMISSIONER CHOPER: -- I have difficulty --

13 MR. CASTRO: That's exactly what -- Richard
14 Castro, Local 280.

15 That's exactly what the discussion was before. I
16 don't have a signed copy with their names on it, my name on
17 it to present to you now. It's in Rosenfeld's office, it
18 will get done. I'm asking you, as far as our issue is
19 concerned, that you license them.

20 CHAIRPERSON HARRIS: But you are talking to them?

21 MR. CASTRO: I have an excellent relationship with
22 all the ADW companies.

23 CHAIRPERSON HARRIS: Okay.

24 MR. CASTRO: Yeah, they talk, they know how to say
25 no.

1 (Laughter.)

2 MR. CASTRO: With one look on their faces, no, no,
3 no. I might as well be talking to Commissioners.

4 CHAIRPERSON HARRIS: It's conditional approval.

5 COMMISSIONER CHOPER: I mean, it would certainly
6 behoove you to have -- are you granting a contract, is that
7 what they proposed --

8 MR. CASTRO: Rosenfeld has it in his office, yes.

9 COMMISSIONER CHOPER: And it's coming?

10 MR. CASTRO: It's exactly the same as what you
11 have in your Sacramento office, with the exception of one
12 sentence.

13 COMMISSIONER CHOPER: As the last one?

14 MR. CASTRO: Yes. It's exactly the same, with the
15 exception of one sentence, and that one sentence says that
16 either party, if it wants to reopen it, can reopen it,
17 because I'm aware of things that are happening in the
18 Legislature, because there are friends in the Legislature
19 that we have, that thinks that you should have telephone
20 wagering jobs here, in California.

21 And we are trying to work something out in that
22 area, and we want everybody in the room to be our partner,
23 we don't want to fight with anybody.

24 CHAIRPERSON HARRIS: Okay.

25 COMMISSIONER CHOPER: And I would move approval of

1 it.

2 CHAIRPERSON HARRIS: Is there a second?

3 COMMISSIONER CHOPER: Second.

4 CHAIRPERSON HARRIS: Okay, moved and approved.

5 Anything else?

6 All in favor?

7 (Ayes.)

8 CHAIRPERSON HARRIS: Okay, so we've got

9 TwinSpires, now we go to Youbet.

10 And, Jackie, can you send the Board the Horsemen's
11 agreement, I mean just one of those? I don't really
12 understand what is in that.

13 COMMISSIONER BRACKPOOL: I'd like to see that,
14 also.

15 REGULATION/LEGISLATION MANAGER WAGNER: You mean
16 the Horsemen's agreement as it pertains to the ADW or --

17 CHAIRPERSON HARRIS: Yeah.

18 COMMISSIONER BRACKPOOL: Yeah.

19 REGULATION/LEGISLATION MANAGER WAGNER: Okay, as
20 soon as I get one, because I don't have one --

21 CHAIRPERSON HARRIS: Have you got last year's?

22 COMMISSIONER BRACKPOOL: How bout last year's?

23 REGULATION/LEGISLATION MANAGER WAGNER: Yes, I
24 believe I do.

25 COMMISSIONER BRACKPOOL: I'd like to see a sample.

1 CHAIRPERSON HARRIS: I'd like to see what stuff's
2 in there.

3 Okay, go ahead.

4 REGULATION/LEGISLATION MANAGER WAGNER: We have
5 the applicant, Youbet.com, they've applied for an
6 application as an ADW provider for here in California.
7 Their bond of \$500,000 is on file, and their bond is good
8 until canceled.

9 And they are also in the -- they're in the same
10 situation as the other ADW provider, we have yet to receive
11 their hub agreement -- their hub agreement, the Horsemen's,
12 or their track agreement.

13 CHAIRPERSON HARRIS: That's the thing, all of
14 these, I think, we need to get all this stuff in, but we can
15 move approval conditioned on that, but I think there's got
16 to be some due diligence going in to look at things.

17 Is there any questions on this one?

18 COMMISSIONER BRACKPOOL: They're all the same.

19 CHAIRPERSON HARRIS: I think they're all the same,
20 so can I get a motion to approve and a second?

21 COMMISSIONER CHOPER: I would hope for all that we
22 have a meeting a month from today, that we get it all done
23 by then.

24 COMMISSIONER BRACKPOOL: Well, but the Horsemen's
25 agreements are going to keep coming on a continual basis.

1 COMMISSIONER CHOPER: They come on a continual,
2 but we want the current --

3 COMMISSIONER BRACKPOOL: The hub agreement.

4 REGULATION/LEGISLATION MANAGER WAGNER: We should
5 have the hub agreement.

6 COMMISSIONER BRACKPOOL: Right.

7 CHAIRPERSON HARRIS: Yeah.

8 COMMISSIONER BRACKPOOL: Then I would move
9 approval of this.

10 CHAIRPERSON HARRIS: Okay. Richard, want to
11 second?

12 COMMISSIONER ROSENBERG: Second.

13 CHAIRPERSON HARRIS: Second, good.

14 All in favor?

15 (Ayes.)

16 CHAIRPERSON HARRIS: Okay, what else have we got
17 here?

18 REGULATION/LEGISLATION MANAGER WAGNER: And our
19 last --

20 CHAIRPERSON HARRIS: XpressBet.

21 REGULATION/LEGISLATION MANAGER WAGNER: Our last
22 ADW provider in California is XpressBet. I am pleased to
23 report that I do have a hub agreement from XpressBet. Their
24 bond, we do have a \$500,000 bond on file. Their bond will
25 expire January 1st, 2010.

1 And staff would recommend that the Board require
2 them to get a bond that will cover the duration of their
3 license term.

4 COMMISSIONER BRACKPOOL: Do we have to make a
5 motion to the bankruptcy court for that?

6 MR. SCOGGINS: The bond that we have currently in
7 place is fully collateralized to the amount of \$500,000, so
8 all we need to do is renew that bond, which we do not
9 anticipate any problem whatsoever in getting that done.

10 COMMISSIONER BRACKPOOL: And because it was issued
11 post-petition, you don't need to get permission?

12 MR. SCOGGINS: That's right. That's right.

13 COMMISSIONER CHOPER: So I'm sorry, I missed that.
14 So you are going to have an extension by the first of the
15 year?

16 MR. SCOGGINS: Yes.

17 COMMISSIONER CHOPER: Good. That's it.

18 REGULATION/LEGISLATION MANAGER WAGNER: We do have
19 the hub agreement. We are missing, of course, the
20 Horsemen's agreement and the track agreement.

21 And I'm not sure if your contractual agreement, if
22 we do have that?

23 CHAIRPERSON HARRIS: As I recall, there's some
24 joint ownership on HRTV between Magna and Churchill, I
25 think.

1 MR. SCOGGINS: That's right.

2 CHAIRPERSON HARRIS: Is there joint ownership of
3 XpressBet with anybody?

4 MR. SCOGGINS: No, XpressBet is a wholly owned sub
5 of MEC.

6 CHAIRPERSON HARRIS: But is it in bankruptcy?

7 MR. SCOGGINS: No, XpressBet is not in bankruptcy.

8 CHAIRPERSON HARRIS: It's not in bankruptcy.

9 MR. SCOGGINS: And our customer funds are 100
10 percent protected because Oregon law requires us to have an
11 account in place that achieves that goal, and it's mandated,
12 it's not monetary.

13 COMMISSIONER CHOPER: But it is for sale; is that
14 right?

15 MR. SCOGGINS: It is for sale.

16 COMMISSIONER BRACKPOOL: And you gave the auction
17 date of that earlier, was it the same date or not?

18 MR. SCOGGINS: No, actually, I did not give the
19 auction date for XpressBet, right.

20 COMMISSIONER BRACKPOOL: So there is not an
21 auction date that --

22 MR. SCOGGINS: We are entertaining bids and the
23 process is fluid, so we're not in a position to say that a
24 date is -- you know, to define a date.

25 CHAIRPERSON HARRIS: Okay, any issues on this?

1 COMMISSIONER CHOPER: It's an asset -- it's an
2 asset of Magna; is that right?

3 MR. SCOGGINS: Yes.

4 COMMISSIONER CHOPER: So the auction will be
5 conducted by the bankruptcy court?

6 MR. SCOGGINS: Yes.

7 COMMISSIONER BRACKPOOL: Well, it doesn't
8 necessarily have to be an auction, right, you can go in with
9 a motion to sell.

10 CHAIRPERSON HARRIS: It's not in bankruptcy.

11 MR. SCOGGINS: We can, but the expectation is that
12 we will pursue the auction process.

13 CHAIRPERSON HARRIS: Do we have financial
14 statements on all these applicants?

15 COMMISSIONER BRACKPOOL: Yeah, they're in the
16 binders.

17 REGULATION/LEGISLATION MANAGER WAGNER: We do not
18 have financials for XpressBet. We do have financials for
19 the other ADW providers, those were in your boxes, in those
20 big --

21 COMMISSIONER BRACKPOOL: I know. Binders that
22 made you very popular earlier.

23 REGULATION/LEGISLATION MANAGER WAGNER: Yes.

24 CHAIRPERSON HARRIS: Yeah, I got those, yeah.

25 COMMISSIONER CHOPER: Which we've read every

1 corner.

2 REGULATION/LEGISLATION MANAGER WAGNER: I know you
3 read every page.

4 CHAIRPERSON HARRIS: We lost several trees on that
5 project.

6 Okay, any issues on here? If not, somebody move.

7 EXECUTIVE DIRECTOR BREED: Richard had a question.

8 COMMISSIONER ROSENBERG: I have a question.

9 During the Santa Anita meeting, upcoming, TVG will not be --
10 will be non-exclusive; correct?

11 MR. SCOGGINS: TVG will not have any television
12 rights.

13 COMMISSIONER ROSENBERG: How about streaming
14 rights?

15 MR. SCOGGINS: They will have streaming rights.

16 COMMISSIONER ROSENBERG: Live streaming rights?

17 MR. SCOGGINS: Yes, sir.

18 COMMISSIONER ROSENBERG: Now, my question, are
19 they separated, are they different from --

20 MR. SCOGGINS: Yes, an entity's ability to live
21 stream over their internet site is different from a
22 television channel, in this case TVG's right to broadcast
23 over television.

24 COMMISSIONER ROSENBERG: All right, thank you.

25 CHAIRPERSON HARRIS: Any other issues on this one?

1 I need a motion to approve.

2 COMMISSIONER BRACKPOOL: I'll make the motion.

3 COMMISSIONER ROSENBERG: Second.

4 CHAIRPERSON HARRIS: It's been moved. And
5 seconded by Richard.

6 COMMISSIONER ROSENBERG: Yes.

7 CHAIRPERSON HARRIS: Okay, all in favor?

8 (Ayes.)

9 MR. SCOGGINS: Thank you.

10 CHAIRPERSON HARRIS: Okay. Well, thank you very
11 much.

12 I think we're just about finished up here, we just
13 have --

14 EXECUTIVE DIRECTOR BREED: Some public comments.

15 CHAIRPERSON HARRIS: The public. Well, we've got
16 Executive Director's comments, I think.

17 EXECUTIVE DIRECTOR BREED: Yeah, Mr. Chairman, the
18 only -- and members, the only thing I have is at the last
19 meeting Commissioner Brackpool asked for a revenue stream,
20 along with the expenditures, which we provided in the budget
21 on the back page.

22 Other than that, I have no comments.

23 CHAIRPERSON HARRIS: Okay, we've got public
24 comment. Any public comments?

25 EXECUTIVE DIRECTOR BREED: I think we have Ruby

1 and Ray Thomas.

2 CHAIRPERSON HARRIS: Oh, yeah, we've got -- is
3 Ruby and Ray here, they're under public comment.

4 MS. THOMAS: Yes, I'm Ruby Thomas, trainer and
5 owner. We trained mixed breeds and thoroughbreds, and I'm
6 at your mercy for the mules today. We seem to not have any
7 stabling. They tell us that we're not welcome to come to
8 Pleasanton to get our workouts before the fairs start.

9 And if we come like two weeks before, they have to
10 go into the receiving barn with a fence around them so they
11 don't get out and scare the thoroughbreds.

12 So we're at your mercy for stabling on the fairs.

13 CHAIRPERSON HARRIS: You're stabled -- where -- I
14 didn't -- I thought you were stabled at Pleasanton, or
15 Stockton, or someplace.

16 MS. THOMAS: Well, we start at the ranch, but we
17 have to get our works and fee qualifications, and when I
18 talked with CARF, Larry Swartzlander, he supposedly talked
19 with Pleasanton and was told that we were not welcome to
20 come there unless we wanted to make an appointment and come
21 after 11 o'clock in the morning, which some of the people
22 did, they went there at 11 o'clock and worked from 11:00 to
23 12:00.

24 We had to pay for the gate crew, we had to pay for
25 the track, and we had to pay for the clocker.

1 CHAIRPERSON HARRIS: Yeah, I know the mules are, I
2 think, a viable part of the summer racing circuit and we
3 need to look at what -- you know, how we can better
4 accommodate them.

5 And I would suggest that the Executive Director
6 look at -- because you are generating handle for them.

7 MS. THOMAS: Exactly. And we run the first,
8 second race, not actually to have a big handle, our purses
9 are not going to be big because we are the first and second
10 race. And we also only get \$3,000.

11 CHAIRPERSON HARRIS: Yeah, the number of starters
12 you have per stall that you're taking up is pretty good,
13 too, compared to thoroughbreds.

14 MS. THOMAS: Yes.

15 COMMISSIONER BRACKPOOL: So what's your
16 recommendation, John, to get --

17 CHAIRPERSON HARRIS: Well, I think we need to get
18 some kind of a summary that substantiates what --

19 EXECUTIVE DIRECTOR BREED: A condition with their
20 license that they have to provide stabling.

21 CHAIRPERSON HARRIS: Yeah, well, what they need
22 and it should be a part of the deal if they're going to
23 provide summer racing, that you have to provide some way for
24 the mules to train.

25 MS. THOMAS: Well, we also have thoroughbreds, and

1 quarter horses, and Arabians, and we can't get worked at the
2 ranch, and we can't get ready at the ranch to be able to run
3 when the fairs first open, we're stuck and can't run until
4 Vallejo.

5 CHAIRPERSON HARRIS: Well, like at Fresno you're
6 mixing the mules and the horses, and all the --

7 MS. THOMAS: We mix mules in Pomona and nobody has
8 a problem, and they have good thoroughbreds there.

9 CHAIRPERSON HARRIS: Yeah, it doesn't seem like
10 it's a --

11 MS. THOMAS: The same difference.

12 CHAIRPERSON HARRIS: Yeah, I don't think it's an
13 inherent problem to mix them.

14 MS. THOMAS: No, it's not a problem. It's a
15 problem, but it's not for horsemen, I don't think.

16 CHAIRPERSON HARRIS: Yeah. Okay, let's take a
17 look at that, Kirk.

18 EXECUTIVE DIRECTOR BREED: Okay.

19 MS. THOMAS: Okay, and I think Sandy Torok would
20 like to say something, also.

21 CHAIRPERSON HARRIS: Oh, Sandy.

22 MS. TOROK: Hi, Sandy Torok, public trainer. I
23 train Arabians, quarter horses, and mules. I used to be a
24 thoroughbred trainers. I am one of the trainers that took a
25 very bad hardship this year. I have owners that have gotten

1 completely out of the business. I am venturing for another
2 job because I have no animals left.

3 The thing on TOC, and I will say TOC is
4 Pleasanton, we've always had a training track at Pleasanton,
5 we have always been there with open arms.

6 This year, when I called to get my stalls, which
7 consist of 15 to 20, I was informed I had to contact TOC or
8 the racing secretary over here.

9 Nobody had a problem with it. I had been shipping
10 in Arabians every week, so they can't say it was the
11 emerging breeds. There were records of my Arabians going
12 through the gates, working, and coming home.

13 When I told them I needed to bring mules in,
14 absolutely not. We had to make special arrangements. They
15 put us in a barn that is totally enclosed, made us lock the
16 gates.

17 Now, these are mules. These are not tigers, or
18 lions or something that's going to get you. We did have to
19 pay for it. I don't want to correct Ruby, we were allowed
20 on the track after ten o'clock, we had to pay for all our
21 own services.

22 This is TOC and CARF. We're used to having
23 Stockton open on May 1st. CARF chose not to open it until
24 May 15th this year.

25 Our purses have been cut.

1 Pleasanton gave us ten stalls, our animals were
2 standing on pavement at 120, 130 degrees this year. And if
3 anybody was there, they could witness how hot it was in
4 Pleasanton.

5 We had to beg the first four days to get water to
6 those portals.

7 Now, if this would have been Jerry Hollendorfer,
8 or anybody else with thoroughbreds, they would have a red
9 carpet. But for some reason this year everybody has chosen
10 to pick on the emerging breeds.

11 Well, these people that are picking on us have
12 jobs. I am one of the people standing here with no job now,
13 because my owners cannot afford it because I chose to train
14 for the little purses, keep my expenses down, and try to let
15 them have fun.

16 And the same thing happened to me in
17 thoroughbreds, and my dad was a trainer for years, and
18 that's why I chose to go to the emerging breeds.

19 And I just noticed that this whole meeting today,
20 everybody talked about thoroughbreds, stalls, dates,
21 everything else, but not one person brought up an emerging
22 breed, or a mule that's going to fill a thoroughbred race
23 that we can't get to go.

24 And, you know, thoroughbreds you can run over
25 eight days, they're going to run the first part of Ferndale,

1 they ain't going to come back the second part, so then they
2 have to take over the emerging breeds and let us run.

3 And I just think that what they did to us this
4 year really, really needs to be looked into. Thank you.

5 CHAIRPERSON HARRIS: Thank you. I think we need
6 to make sure that these emerging breeds have a Horsemen's
7 agreement. They used to.

8 EXECUTIVE DIRECTOR BREED: Yeah.

9 CHAIRPERSON HARRIS: And they should have a
10 Horsemen's agreement just like the thoroughbreds have a
11 Horsemen's agreement and that be a contingency of licensing.

12 EXECUTIVE DIRECTOR BREED: They still -- the
13 quarter horses, and I'm not sure about the mules and the
14 Arabians but --

15 CHAIRPERSON HARRIS: Well, they need to get
16 together with the quarter horses and all that and have one
17 agreement, I guess.

18 EXECUTIVE DIRECTOR BREED: Right.

19 MR. KORBY: Chris Korby, California Authority of
20 Racing Fairs. I don't want to take a lot of time, but we
21 appreciate the input from the trainers that just spoke.

22 I can tell you that there are a couple of issues
23 here that are more global in nature. We have limited funds
24 available for the stabling and vanning payments. It costs
25 us money to open a racetrack for stabling and training.

1 We opened Stockton as early as we could with the
2 money that we had available. In fact, we opened Vallejo in
3 the middle of the summer, which is not a stand-alone for
4 stabling and training, and the fairs pay for that out of
5 their own pocket.

6 So we're doing everything we can to make
7 accommodations to all the trainers who bring runners to run
8 at the fairs, including emerging breeds. And we will
9 continue to work with them, and the thoroughbred owners to
10 make as much stabling and training, as many facilities
11 available as we need.

12 COMMISSIONER CHOPER: You have a date at which
13 Pleasanton becomes open for this sort of thing, which all
14 the necessary arrangements are already made?

15 MR. KORBY: Typically, what we do is we open -- we
16 open Stockton for --

17 COMMISSIONER CHOPER: For emerging breeds.

18 MR. KORBY: -- for emerging breeds. And we don't
19 have a date set for that, that's quite a ways away.

20 COMMISSIONER CHOPER: So if you have -- if you
21 open Stockton, and that's the first of the emerging breeds
22 meets; right, Stockton?

23 MR. KORBY: That's correct.

24 COMMISSIONER CHOPER: So I guess, is it your
25 judgment that it will be taken care of there?

1 CHAIRPERSON HARRIS: Where do they go after
2 Stockton? I mean, you say you're an emerging breed and you
3 go to Stockton, but then where do they go after Stockton?

4 MR. KORBY: This year there were enough runners to
5 warrant opening Vallejo on the circuit.

6 COMMISSIONER CHOPER: So at Stockton and Vallejo
7 they get full service?

8 MR. KORBY: That's correct.

9 COMMISSIONER CHOPER: I mean, is that an accurate
10 --

11 MR. KORBY: And we could -- we have several
12 options available to us. Some of it will depend on the
13 calendar.

14 MS. TOROK: This was never a problem until Golden
15 Gate -- Bay Meadows closed and Golden Gate took over
16 Pleasanton, because we used to all start at Pleasanton.

17 But now the biggest problem is it's very hard to
18 get a horse ready to run at Stockton in 30 days. And if
19 they don't open up sooner, then we end up missing Stockton.

20 And the mules are a little bit easier, but not
21 when you have Arabians. And it's just they opened it, when
22 they did open it we were three-quarters full.

23 Then we thought about Vallejo, Vallejo's was
24 three-quarters full. What are they going to do with us this
25 year?

1 CHAIRPERSON HARRIS: Well, back when you were
2 doing Pleasanton, you were paying for stalls at Pleasanton?

3 MS. TOROK: No, we didn't even get stalls. We had
4 to ship in, they put us in --

5 CHAIRPERSON HARRIS: Now, this year I know you --

6 MS. TOROK: Right. No, we did not -- they would
7 not even give us stalls --

8 CHAIRPERSON HARRIS: A few years ago, though,
9 wasn't it the system a few years ago that --

10 MS. TOROK: Yes, we had to pay rent, stall rent.

11 CHAIRPERSON HARRIS: Yeah. And you'd be okay
12 paying stall rent, but you just want to get a stall.

13 MS. TOROK: Right, so we can get a track to
14 officially work on and break out of a starting gate at.

15 CHAIRPERSON HARRIS: Yeah.

16 MR. KORBY: One of the elements that changed this
17 year is that because of Bay Meadows' closing Pleasanton is
18 now virtually full. That was not the case in years past.
19 And we're maybe two to three hundred head of horses that
20 we're stabling and training at Pleasanton. And so there
21 were stalls available.

22 But now that Pleasanton has become the primary
23 auxiliary stabling and training facility, we don't have that
24 luxury anymore.

25 MR. HARTMAN: Robert Hartman, Golden Gate Fields.

1 Chris is exactly right, it's just a matter of losing 800
2 stalls at Bay Meadows.

3 So what the thoroughbred industry did, on the
4 emerging breed behalf, is opened up Stockton earlier at the
5 cost of \$2,000 a day, and that came out of stabling and
6 vanning.

7 Now, every day you want to move that opening back
8 it's just going to cost more money.

9 So it's an economic issue, we want to help,
10 absolutely, and I think if we have a conversation we can
11 figure it out. And maybe the emerging breeds have some
12 money they could pitch into these stalls being opened
13 earlier.

14 But it's a matter of downsizing the barn area,
15 really, nothing more than that in economics.

16 CHAIRPERSON HARRIS: Yeah, it's a balancing act.
17 I'm concerned is it could be a shortage of horses, and
18 mules, and everything so maybe at some point there's plenty
19 of room at the inn.

20 COMMISSIONER BRACKPOOL: And we're not trying to
21 solve this right now.

22 CHAIRPERSON HARRIS: Yeah, we're not going to
23 solve it right now, so we got to kind of move on. But
24 appreciate the comments.

25 MR. KORBY: Thank you.

CERTIFICATE OF REPORTER

I, RICHARD A. FRIANT, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing Meeting of the California Horse Racing Board; that thereafter the recording was transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of December, 2009.

Richard A. Friant