

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

CALIFORNIA EXPOSITION AND STATE FAIR
TURF CLUB
1600 EXPOSITION BOULEVARD
SACRAMENTO, CALIFORNIA

TUESDAY, OCTOBER 5, 2004

10:00 A.M.

JAMES F. PETERS, CSR, RPR
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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMISSION MEMBERS

Mr. John C. Harris, Chairperson

Ms. Sheryl L. Granzella

Ms. Marie Moretti

Mr. Jerry Moss

STAFF

Mr. Roy C. Wood, Jr., Executive Director

Mr. John Reagan, CPA, Senior Parimutuel Examiner

ALSO PRESENT

Mr. Rick Baedeker

Mr. Drew Couto

Mr. Craig Fravel

Mr. Derry Knight, Deputy Attorney General

Mr. Jack McDaniel

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EXECUTIVE DIRECTOR WOOD: If everyone can please take a seat, we can try and get started this morning.

Good morning, ladies and gentlemen. And I'd like to welcome you to the meeting of the California Horse Racing Board. This is a regular meeting of the California Horse Racing Board. This meeting is being conducted on Tuesday, October the 5th, 2004. And we're at the State Fair Turf Club at the Cal Exposition. And we're on Exposition Boulevard in Sacramento, California.

And I'd like to introduce the members of the Board who are present today. Chairman John Harris, Commissioner Sheryl Granzella, Commissioner Marie Moretti and Commissioner Jerry Moss.

Before we go forward with this Board meeting, I'd like to ask respectfully if you have any testimony to give to the Board, you please state your name and your organization for our court reporter. If you have a business card to give him, it would be very much appreciated.

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

CHAIRPERSON HARRIS: I'd like to welcome everybody to the meeting. And say that I enjoyed the dinner last night and appreciated all the staff's

1 organizing of that and everyone who was able to
2 participate in it. It was a fitting tribute to Roy Wood
3 and was well deserved.

4 Roy will still be here for the October 14th
5 meeting. So I'm sure we'll get to hear Roy one more time.

6 Don't forget that.

7 But this meeting, I think, was kind of called out
8 of frustration. We've been trying to mull around on the
9 dates of what best works. And I mean dates are about the
10 most difficult -- it should be very simple, but it's
11 tricky because everyone's dates influence everyone else's
12 dates. And you've got almost endless scenarios of what
13 someone might do.

14 And we thought rather than prolong it at the next
15 meeting, which we've got several other items on the
16 agenda, we'd have a meeting to at least try to finally
17 resolve what the dates for 2005 are.

18 And I guess any time we do that, I mean there's
19 still a little bit of flexibility going forward that -- in
20 the past of having minor adjustments made. But people
21 wanted to get a sense of where the Board was on it now and
22 what we could get resolved. We've got 4 board members
23 here, so that's -- we need -- basically, we're down to 6
24 people. I think it takes 4 members to vote on anything.

25 So I'd like to turn the meeting over to Sheryl

1 Granzella who is chairman of the Dates Committee and have
2 her present it.

3 COMMISSIONER GRANZELLA: Okay. Hello, everyone.
4 This has been so difficult. And Marie and I worked very,
5 very hard, and now we've got everybody working very, very
6 hard. And does everybody have one of these? We've got 1,
7 1A -- have these been passed out?

8 Okay, does everybody have one?

9 All right. Well, the proposal that that we went
10 off of -- this is what we're calling Proposal A -- this
11 was the first proposal that the Dates Committee came up
12 with in the April and July meetings that Santa Anita
13 didn't like. But anyway what we're going to do here --
14 does everybody know what I'm talking about, have this one?

15 CHAIRPERSON HARRIS: The first one that says July
16 23rd.

17 EXECUTIVE DIRECTOR WOOD: Proposal A.

18 SENIOR PARIMUTUEL EXAMINER REAGAN: Exhibit A.

19 COMMISSIONER GRANZELLA: A.

20 SENIOR PARIMUTUEL EXAMINER REAGAN: You have 1A
21 and then you have B and C.

22 COMMISSIONER GRANZELLA: Everybody look at A.
23 What we would like to propose is we're going to take the
24 calendar, but we're taking April 18th and we're going to
25 have LA Turf Club close on the 18th. Then have Hollywood

1 Park open up on the 21st. That's the only change,
2 Proposal A, and that's what we're proposing.

3 CHAIRPERSON HARRIS: Yeah this proposal, as I
4 understand it, addresses some of the concerns of the
5 industry. It doesn't address all of Santa Anita's
6 concerns. But I think as I heard from people there is
7 concern that Oak Tree be able to have Breeder's Cup Races.
8 And since Fairplex goes in front of them, it doesn't have
9 a turf course, that there's a need to not move Oak Tree
10 further back. And this accomplishes that. And it also
11 accomplishes the traditional opening on December 26th of
12 Santa Anita.

13 It puts in a break from the 20th of December '05
14 until Saturday 26th, would be about a 6-day break, which
15 it might be a little bit on the long side, but maybe the
16 way the calendar falls is okay.

17 Do the Commissioners have any comments on this?

18 Well, I guess we'll open it up for audience
19 comments.

20 MR. McDANIEL: Commissioners, Jack McDaniel,
21 Santa Anita Park. This is the first opportunity we've had
22 to look at this new proposal. I'm not quite certain what
23 to conclude here. Is it that the staff has estimated that
24 there's a million dollar loss in total purses under this
25 proposition? If I look at the last page, I see \$950,000.

1 CHAIRPERSON HARRIS: Well, I think by adding back
2 that day it would mitigate that some.

3 EXECUTIVE DIRECTOR WOOD: Mr. Reagan, do you want
4 to speak to the estimation that was provided along with
5 the graphs. And I would want to reiterate that Proposal A
6 that you're looking at is the proposal that was submitted
7 by the Race Dates Committee almost three months ago. It's
8 not a new proposal. The newness of Proposal A would be
9 the addition of one day to the calendar for Santa Anita.
10 But A is not new. 1A is not new. B is not new. And C is
11 not new.

12 These are the same proposals that the Committee
13 the Board and the industry has been discussing since we
14 started this process. So there's nothing new about any of
15 these proposals that you're looking at today, other than
16 in A there's one change. I think Mr. Reagan had
17 estimated, for the Board's information, the possible
18 ramifications related to commissions and purses of each
19 proposal as it's drawn out, as you see it, without the
20 addition of the one day added to A.

21 And so, John, would you like to try and explain
22 those numbers to Mr. McDaniel.

23 SENIOR PARIMUTUEL EXAMINER REAGAN: John Reagan,
24 CHRB staff. I think the real importance here is not so
25 exactly precisely what each of these numbers for each

1 proposal is, but trying to show the relative merits or the
2 relative position of each proposition or proposal.

3 The situation with Proposal A and the fact that
4 it's a fairly large number is in A itself, the first
5 proposal we were talking about 2 days for Santa Anita as
6 well as a few other minor considerations. But the 2 days
7 for Santa Anita, that's a pretty good hit. And that was
8 based simply on the adjustment of the calendar as it
9 stood, as we know Christmas falls on various days of the
10 week. And the way Proposal A came out, the original
11 proposal was a 2-day reduction for Santa Anita from the
12 2004 calendar. Therefore, the net loss.

13 Proposal 1A then came back and added the 2
14 Wednesdays and the closing Monday and we brought it up to
15 a plus situation compared to that.

16 So we're trying to show the relative strength or
17 weakness, if you will, of the various proposal. That's
18 the real point here.

19 CHAIRPERSON HARRIS: I think too it's important
20 to point out that there has been concern in the industry
21 on these 6-day weeks, which would add more purse money.
22 Obviously, every day is another purse generating day. I
23 think ultimately what we need to do is get more full-card
24 simulcast and ways to generate purses without racing on
25 some of these days.

1 But I think especially during those winter
2 months, 6-day weeks are not particularly good for the
3 sport. I don't think we've got any comments from fans
4 saying that they really wanted to see more 6-day weeks. A
5 lot of people wanted to see 4-day weeks.

6 But to try to mitigate it, I think we did add
7 back or the Committee added back the closing Monday, which
8 hopefully would be a \$10 or \$12 million day, which would
9 generate another \$20,000 in different purses.

10 SENIOR PARIMUTUEL EXAMINER REAGAN: So the point,
11 the current adjustment to Proposal A, in a sense, would
12 then kind of split the hurt, if you will, between Santa
13 Anita and Hollywood Park. Santa Anita gains a day, let's
14 say they gain 400 and Hollywood Parks loses a day, so they
15 lose 400. So we're splitting the pain on that situation
16 by modifying Proposal A.

17 MR. MCDANIEL: May I comment on Mr. Reagan's
18 notes?

19 We have tried diligently, as you all know, to
20 explain the history of dates at least for the past 25
21 years in southern California. With respect to the Santa
22 Anita meet, the Santa Anita meet is unique in respect to
23 its opening day. That opening day forces a contraction
24 and expansion of its typical days. You go from now a high
25 of 87 days to a low of 83 days. We would have had our low

1 meet this year with 83 days, except we had a leap year.

2 So we're going from the lowest meet in our
3 cycle -- and to compare the lowest meet in our cycle and
4 say that we're only losing 2 days is just simply an
5 inaccurate way to look at these facts.

6 What we've presented, and I'll ask Mr. McCarron
7 to give you our summaries that we submitted to the staff.
8 And if you'll indulge me, if I can take you through this,
9 you can understand, I hope, in a simple one-page fashion,
10 exactly what the impact is to Santa Anita and the
11 industry.

12 When we last left this Board, we understood the
13 directive was to do an analysis of all these proposals and
14 evaluate them on an individual basis and on an industry
15 basis.

16 So if you'll allow me just to go down, these
17 actuals. This is in the last 12 months. We start with
18 Hollywood in the fall in 2003. We go to our meet at the
19 beginning of the year, then to Hollywood spring and then
20 to Del Mar. So these are the actuals.

21 So if you look at the very front page of this
22 impact summary, Santa Anita's total handle was \$875
23 million. We contributed \$37 million in purses over 84
24 days.

25 Hollywood spring \$651 million in handle and \$27

1 million in purses and over 65 days. Del Mar 507 million
2 in handle and 22 million in purses over 43 days. And
3 Hollywood fall with 251 million in handle and 10 million
4 in purses. I believe that they had 30 days not 31 days.
5 But the totals are still accurate.

6 Santa Anita is the largest contributor to purse
7 and handle in the state of California, without a doubt.
8 Santa Anita's total contribution to purse and handle just
9 this past meet alone, over 84 days, was larger than
10 Hollywood Park's 2 meets combined over 95 days. So as we
11 analyze these calendars, we have to understand that if you
12 take days away from the most productive meet then you're
13 hurting this industry.

14 So taking these in order. CHRB July as it
15 relates to the proposal that you now call Exhibit A. In
16 that proposal we're saying we're losing a full week of
17 racing. That means that we're going to lose ourselves and
18 we're going to lose for purse monies \$2.2 million.
19 There's no change in the Hollywood spring dates under this
20 proposal. Del Mar has the advantage because they move a
21 little earlier on picking up close to \$5 million in
22 handle, and about a quarter million dollars in purse
23 monies.

24 And then Hollywood fall gains 2 days that they
25 don't otherwise have under the traditional calendars.

1 They gain a Sunday and a Monday. That adds \$17 million in
2 purse, or handle rather, and \$709,000 in purse.

3 The total net is a loss to the industry of \$29
4 million in handle and 1.269 million in purse.

5 Now, what I'm hearing today is that we're going
6 to address the great loss of Santa Anita by giving us back
7 a closing Monday. So we'll drop this number down to maybe
8 \$900,000. We're still going to lose -- Santa Anita is
9 going to lose for the industry \$2 million in purse, but
10 we're going to lose over \$2 million. It's just an
11 unprecedented thought to believe that you'd take the most
12 productive meet in California and impact it so negatively.

13 If we move down to the August proposal, again the
14 August proposal there was an attempt by the Dates
15 Committee -- we thank them for doing this -- of giving us
16 back some of the days that we're losing. In this case, we
17 got back 3 interior days. And those interior days did cut
18 the loss of \$2.2 million down to \$1.2 million. It's still
19 a dramatic loss.

20 If you follow the numbers all the way down, you
21 realize that still the industry is coming up short, and
22 we're coming up very, very short.

23 Finally, we move on to September. And in
24 September, and this may be closer to -- you know,
25 September we thought we had our final week back, our

1 traditional 17th week of racing back to our schedule,
2 except that we're losing our traditional opening day, and
3 the following Monday, which is a national holiday. Even
4 under this proposal we're still losing dramatically.
5 We're still losing close to a million dollars, exactly
6 what we -- you know, we're going to lose \$2.2 million
7 under the proposal on the table right now.

8 Finally, we offered an alternative. And I
9 believe you have that alternative in the package. And I
10 think it's the last one. Is it C?

11 SENIOR PARIMUTUEL EXAMINER REAGAN: Schedule C or
12 Proposal C.

13 MR. McDANIEL: And I suspect our numbers look
14 very close. And in that proposal, acknowledging, I guess,
15 the will of the Board that we address now the Oak Tree
16 consideration that they start 4 weeks both before
17 Breeder's Cup so that there's enough time for those
18 Breeder Cup races.

19 Under this scenario, Hollywood loses its
20 traditional last week of its spring meet and that
21 traditional week moves to its fall calendar. They don't
22 lose the week.

23 Now, they'll make a case, and probably rightfully
24 so, that that's going to be very disruptive to their
25 stake's schedule. Well, let's face it, they're not losing

1 a week. When our week goes, it's gone. And we've lost
2 that money, and it's an irrevocable loss.

3 If I can take you inside to the calendars,
4 because there was a request at the last meeting that we
5 run these calendars out so we can see what happens year
6 over year and we've done that.

7 So in this package we have the first tab is
8 traditional calendars. It's 6 years of the calendars run
9 out as the calendar was normally run out had we not
10 decided to take another stab and what was the Christmas
11 break. The Christmas break led us down this path of
12 reevaluating the entire calendar.

13 You know, the first issue was the Christmas break
14 and then that has now morphed into an issue relative to
15 the favorable slot for Del Mar. And then finally now an
16 issue regarding the Breeder's Cup prep races. All of
17 these are good and valuable considerations. The things
18 that we really applaud the intention of the Board upon.

19 Unfortunately, we're caught a bit flat footed
20 because we haven't been able to analyze that particular
21 issue. We certainly can quantify the value of the Del
22 Mar's meet and the value of the incremental gain they get
23 by not closing that final week. But there's still not
24 enough even history on that.

25 We have history on losing a week. We know what

1 it's going to cost us. We had a very productive meet this
2 last season. And we think we're going to have a more
3 productive meet this next season. Why?

4 Because we've dealt with some tough issues with
5 the rebaters early on. Those issues are behind us. We're
6 committing more to our marketing budget than we ever have
7 in our history. You know, we're projecting a 10 percent
8 increase in our attendance alone. We're targeting a core
9 demographic of wagers, people who really gamble on our
10 sport. We're going back out and getting them.

11 We're investing tens of millions of dollars in
12 our facility. We started last year and we're not going to
13 stop until we get this customer base back to where it
14 belongs.

15 Against all this background, impossible to
16 believe that we don't get the consideration that we think
17 we deserve. We think this meet deserves it. I mean
18 separate, you know, Magna, separate Santa Anita from this.
19 This is a tradition for the fans in California. This is
20 the most productive meeting in California.

21 We have run out the 6 years of calendars for
22 July, for August, for September and what we're calling our
23 alternate one. I mean as we think about what's going to
24 happen here, it's important to go forward and look at it
25 year over year over year.

1 Now, what you'll see if you look at the
2 traditional calendars, you realize that this cycle breaks
3 for Christmas will get large again. Eventually, it will
4 get back up to 5 days again, which we're having at the end
5 of this year, with a 5-day break. You know, so we start
6 with a one-day break perhaps next year, unless we satisfy
7 the concerns of the TOC, and the trainers and take days
8 off the beginning of our schedule in 2005. And we put
9 that on the table and that's an offer that we won't shrink
10 from, but it's there. So we can accommodate the break.

11 Then the next year there will be a 2-day break.
12 And then after that there's a 3- or 4-day break. And then
13 finally the very last calendar we're back up to a 5-day
14 break and the cycle starts all over again.

15 I think that we've addressed all of the
16 reasonable concerns that this committee might have.
17 Certainly, we've done our homework. The detail sheets
18 that backup the spreadsheets you have in front of you are
19 all sourced out. They give you all the meet totals by
20 meet. The second page gives you all the totals by week.
21 And the final page gives you all the daily average totals.

22 I mean, on a single page in each one of these
23 instances, you'll find every shred of information we can
24 possibly generate for us to make some intelligent
25 decisions here today. We'd like to drill into this if you

1 don't mind and talk about specifically, you know, what the
2 addition of a day means, what the deletion of a day means.
3 Certainly, we know what the deletion of a week means.

4 It's going to take \$51 million of handle away
5 from Santa Anita. It's going to take \$2.2 million of
6 purse monies. The flip side of that it's going to take
7 \$2.2 million of commission. And that's just way too heavy
8 of a hit to ask any one of the associations, much less the
9 most productive association in all of California to
10 sustain.

11 Can I answer questions?

12 COMMISSIONER MOSS: Yeah. Just this is based on
13 how many races per day that we're talking about?

14 MR. McDANIEL: I think we've been told that we
15 should -- is it 8.6?

16 SENIOR PARIMUTUEL EXAMINER REAGAN: Yes.

17 MR. McDANIEL: That's how all of us calculate.

18 COMMISSIONER MOSS: I mean what if that was
19 raised, would that make up certain days, for example?
20 What if it went to 9.6 or something?

21 MR. McDANIEL: Commissioner Moss, I don't know.
22 I don't know.

23 COMMISSIONER MOSS: There's no study that if it's
24 a longer racing calendar or long racing day that might
25 have some positive effect on handle or something like

1 that?

2 MR. McDANIEL: Certainly, everyone in this room
3 has an opinion on that. And everyone in this room
4 probably can give you a better answer than I could.

5 COMMISSIONER MOSS: I just wonder if you could
6 put more races on on the dates that you had, it might make
7 up for some of the shortfall.

8 CHAIRPERSON HARRIS: That's a good point.

9 COMMISSIONER MORETTI: Do we have enough horses
10 any more in California to fill those fields if we were to
11 enhance the race dates?

12 CHAIRPERSON HARRIS: Well, I think one issue
13 though is rather than give them 6 a day -- I mean one of
14 the issues is to give them more days when you have 6 day
15 weeks to have -- rather than having 6 days, maybe it's
16 better to have, you know, 9 races a day, you know, 5 days
17 a week, than race 6-days and race 8 races a day.

18 I don't know, it's just trade-offs there. I
19 agree the horse is an issue, but that's also an issue on
20 the 6 day weeks.

21 COMMISSIONER MORETTI: Do we have any racing
22 secretaries in the house who might have a better handle on
23 this?

24 MR. McCARRON: Chris McCarron, Santa Anita. I'm
25 certainly not a racing secretary, so I won't pretend to be

1 one. But the reason our racing cards have gone down to 8
2 races a day is strictly related to the horse inventory. I
3 just don't think the horse inventory in the state right
4 now that we could go more races. If we had the horses,
5 we'd go more races a day. I don't think this Board would
6 ever disapprove of going back to 9 races a day, if we had
7 the ability to do that.

8 COMMISSIONER MOSS: Yeah. But that's because,
9 Chris, you know, you need to have at least 6 horses in
10 every race. And you know for those of us -- let me speak
11 for horsemen that are developing horses, and you have a
12 horse that's won 2 races and you want to get a third race
13 on that horse to try to develop them into something, and
14 you can't get it filled in California, it gets very
15 frustrating. It chases us out of the state.

16 And I think that there should be sometimes an
17 opportunity for there to be a 4-horse race and these
18 horses to be at least developed in a way they should be
19 developed, instead of having to chase them out of the
20 state or put them in a claiming race. That's my feeling.

21 MR. COUTO: Drew Couto, Thoroughbred Owners of
22 California. To answer Ms. Moretti's question, if you look
23 at the total of individual starters at thoroughbred meets
24 in 2003, we had 7,280. In comparison we started from 1990
25 as a starting point we had 8,919 individual starters. In

1 the 5 years prior to 2003 you just see a continual
2 decline. So we're over 18 percent fewer horses in that
3 time frame.

4 SENIOR PARIMUTUEL EXAMINER REAGAN:

5 Commissioners, If I could just clarify one item. On the
6 last schedule that Mr. McDaniel was referring to, when we
7 looked at the purse projection for each of the proposals,
8 we tried to not only indicate the amount per proposal, but
9 also put in perspective of the total purse structure for
10 Southern California Thoroughbred and Fair.

11 In other words, we're talking a little over a
12 hundred million dollars in purses. So when we look at the
13 differences between the proposals and the net amount,
14 we're showing, in some cases, what look like numbers, but
15 at the same time not big numbers.

16 And what I mean to say is you'll notice that each
17 of the percentages is well less than 1 percent. So as we
18 try to project and we try to look forward, we're actually
19 talking, even though there may be a significant number
20 from one or the other group or something, the net effect
21 is relatively minor in terms of the percentage effect on
22 the total purse structure.

23 Secondly, when Mr. McDaniel talks about running
24 the dates out from 2006, 7,8,9, 10, I can assure you that
25 in looking at his material, which is a tremendous -- a

1 really well done book on the race dates, if it was to come
2 to the staff for 2006, I think we would be proposing
3 pretty much the same dates that Mr. McDaniel is.

4 The problem is, as we've said many times, as his
5 starting day moves through the week, you have to make
6 adjustments. And I would think that for 2006, we would be
7 on par -- with Mr. McDaniel 2006, 2007.

8 So I think we're really talking about kind of a
9 crux type of a year here. We're right on the cusp
10 between, as he says, as we swing from one end to the
11 other. And we simply have a disagreement about 2005.

12 But I feel fairly certain that we would be back
13 in step for 2006. So I think it's really only 2005 we
14 have to worry about right now.

15 MR. McDANIEL: Thank you, Mr. Reagan.
16 Unfortunately, that's just not quite true. I think this
17 is a worthy point to look at. If we're on track next
18 year, maybe this hurts a lot less. We're not on track for
19 at least three or four years. And maybe that's something
20 that we can look hard at. If we look at next year, I
21 think we still have the problem with Del Mar running a
22 week beyond Labor Day, and Oak Tree with its less than 4
23 weeks of Breeder Cub prep. What calendar should we look
24 at?

25 SENIOR PARIMUTUEL EXAMINER REAGAN: I was looking

1 at your group here called Alternative 1, and 2006. But an
2 interesting point about the Del Mar situation. As much as
3 we would like to work with that as much as possible, when
4 you do have the Labor Day early in the month, then, of
5 course, you have to run a week past Labor Day. When you
6 have Labor Day later in the first week, then, of course,
7 you can maybe chop it off shortly thereafter Labor Day.

8 So once again we have to look at the calendar
9 where is Christmas, where is Labor Day, where is July 4th.
10 There's a lot of things we have to take into account here.

11 But in looking at Mr. McDaniel's book and his
12 Alternative 1, in his 2005/2006 year, I don't really see a
13 big problem with how that might work out for 2006.

14 MR. McDANIEL: I think I can help here, John.
15 Alternative 1 is based upon the very last Dates Committee
16 proposal which I think you're calling --

17 SENIOR PARIMUTUEL EXAMINER REAGAN: C.

18 MR. McDANIEL: -- C.

19 SENIOR PARIMUTUEL EXAMINER REAGAN: -- which is
20 very similar to your --

21 MR. McDANIEL: It absolutely is, but it still has
22 Del Mar moved up. It still flops a week from Hollywood.
23 And I think Hollywood has to step up and really address
24 that. I don't know that they would necessarily be very
25 excited about that.

1 So to be clear, you know, we were working off of
2 that proposal, with just the return of our traditional
3 calendar. But we left the rest of it intact. So I think
4 that in fairness really it's the traditional calendars you
5 have to look at. And those traditional calendars would
6 leave us in the same predicament next year, and the year
7 after. And if the Oak Tree and Del Mar issues are
8 important issues, then the year after that. So we're
9 looking at a full 4-year problem.

10 So over the next 4 years, with these kind of
11 numbers, we're draining over \$10 million of commission to
12 Santa Anita out of its coffers, against the commitment
13 that Santa Anita is making. This is what makes this such
14 a difficult issue and the precedent that will be
15 established this year if anything other than the
16 traditional calendar is really accepted.

17 I mean there are alternatives. And the last
18 alternative gets us a lot closer. You know, it's --
19 Hollywood is not going to like it, but Hollywood is not
20 going to lose \$2 million. In fact, I think we show them
21 losing, you know, maybe \$100,000. I mean, it's a small,
22 small hit in terms of just simple business mathematics.

23 COMMISSIONER MOSS: Would you make up, by
24 somehow, Hollywood's losses in that situation?

25 MR. MCDANIEL: For a hundred thousand, we'd

1 absolutely make that up.

2 COMMISSIONER MOSS: I'm just saying anything is
3 possible.

4 MR. McDANIEL: We've had these discussions among
5 ourselves. It's probably a dangerous precedent to begin
6 doing that. I don't know, you know, whether we can do it
7 legally or not. I'm sure we can all be creative.

8 But the reason that we suggested what we
9 suggested with regard to the Christmas break, which really
10 started all this, this was essentially an effort to
11 anticipate the desire for Christmas break. So 9 months of
12 the calendar is all shoved up and our last week was taken
13 away from us.

14 We acknowledge in 2001, that, you know, fewer
15 race dates, and breaks and things of that nature are very
16 important. So we volunteered that week. Clearly, did it,
17 we gave up that week. There was some hope, I think among
18 our team, that we were going to get that money back in
19 terms of increased fan entrance and higher handle. It
20 didn't happen. It didn't happen.

21 We got back, according to Mr. Baedeker's
22 calculation, \$17 million, against a loss of well over \$50
23 million. So it just wasn't there.

24 Two thousand one was an experimental year
25 against, admittedly, you know, an important objective.

1 But it was an experiment that cost Santa Anita dearly.
2 And as we go forward now without more facts on the table,
3 another experiment, an experiment in adding numbers of
4 races to our calendar, or adding a day here or there, is
5 simply just -- it's an impact that we're going to suffer
6 with dramatically.

7 Don't forget, our meet is very weather dependent.
8 There's only weather in southern California during our
9 meet. You know, it doesn't rain at Hollywood's meet. It
10 doesn't rain, you know, on Del Mar's meet. You know, it's
11 a fairly beautiful time of the year.

12 Unfortunately, we get into those January,
13 February and sometime March months, and we can get KO'd.
14 And if we get hit early, and there's some speculation that
15 we may have an El Nio condition developing -- we can lose
16 days that we'll never get back.

17 The April week that's being taken away from us --
18 the April week is a great week. We typically have great
19 weather. We do a very good job. We finish our meets
20 strong. We've always finished our meets strong. We open
21 strong. We finish strong. And that's a very hot -- you
22 know, it's an endorsement for the type of racing, I think,
23 that Santa Anita is committed to.

24 CHAIRPERSON HARRIS: You mentioned something
25 about you think your meet would be up in the '05 -- what

1 was your projection for ups in '05?

2 MR. McDANIEL: As you recall, we had some severe
3 difficulties with the rebaters. Too late before our meet,
4 we began to, I think, do the right thing and try to
5 negotiate better deals. And that hit us and hit us hard
6 in our early innings. So our out-of-state was down and
7 down hard. It came back by the end of January, early
8 February. But we lost early on.

9 We also didn't have the HRTV strategy that we
10 have now. We think that, you know, we have a lot more
11 exposure. I think those are going to bear some positive
12 results for us. And we didn't commit the amount of
13 marketing muscle that we're going to commit this year.
14 We're going to double up our advertising campaign the
15 first 4 weeks of our meet. We're going to double the
16 spend of what we're spending in Oak Tree and we're
17 spending a record amount for Oak Tree.

18 So we think we're going to get people out there.
19 And, you know, we don't take it lightly when we submit a
20 plan that says we're going to get a 10 percent attendance
21 bump. It's a commitment. It's a commitment by everyone
22 on the Santa Anita team that we're going to go out there
23 and get them.

24 And we're not going to go out and get, sorry to
25 say this, the 20 somethings. We're not going to fill up

1 the stands with people that don't cross over and become
2 committed to our sport. We're going back after our core
3 visitor. We know who they are. We have a dramatic
4 program called Thoroughbreds. You may be familiar with
5 it. We're going to convert that Thoroughbreds Club into a
6 Player Reward Club.

7 Right now we reward them for attendance. We
8 reward them for coming out, but we really don't know what
9 they're doing. So we're going to spend hundreds of
10 thousands of dollars to take that membership base and turn
11 it into a player card base.

12 So we'll reward them. We'll reward them with
13 premiums for wagering, not necessarily just for showing
14 up, for wagering, for that behavior. I mean we need the
15 time to perfect all these plans. We need the opportunity
16 to actually make money on a business that we're investing
17 in. And that's why, you know, we've been working so hard
18 and so diligently to try to present this information.

19 And why, you know, it's important for you to
20 understand that it's a catastrophic impact on one
21 association. There is no catastrophic impact to any other
22 association in the room by virtue of any proposal on the
23 table.

24 Furthermore, Santa Anita is not gaining under any
25 proposal on the table. Santa Anita only leaves this room

1 breaking even against its expectation for prior years.

2 EXECUTIVE DIRECTOR WOOD: Mr. Chairman, may I ask
3 a question, please?

4 Mr. McDaniel, how many race dates did Santa Anita
5 have in 2003/2004? What was your actual number of days
6 raced in 2003 and 2004?

7 MR. McDANIEL: Well, 2004 was 84 days.

8 EXECUTIVE DIRECTOR WOOD: 2003/2004, so you
9 raced -- last season you raced 84 days?

10 MR. McDANIEL: 2002/2003 was 85 days, 2003/2004,
11 this is the past season, was 84 days.

12 EXECUTIVE DIRECTOR WOOD: Eighty-four days. And
13 the calendar that's proposed by the Committee today that
14 they spoke of at the very beginning called Calendar A, how
15 many days is that guaranteed for Santa Anita?

16 MR. McDANIEL: I believe if I add the additional
17 Monday, it's 83 days.

18 EXECUTIVE DIRECTOR WOOD: Eighty-three days. So
19 you have a loss of one day from last year, is that
20 correct?

21 MR. McDANIEL: That's correct.

22 EXECUTIVE DIRECTOR WOOD: Numbers wise.

23 MR. McDANIEL: Numbers wise, that's correct, sir.

24 EXECUTIVE DIRECTOR WOOD: One day loss. But that
25 one day loss from last year represents, in your

1 calculations, how many millions of dollars you said?

2 MR. McDANIEL: It's not against that calculation,
3 Mr. Wood. It's against our expected anticipated
4 traditional calendars, which would have entitled us to a
5 full additional week of racing over and above the calendar
6 that's on the table right now. And that full week is what
7 we're estimating at \$51 million in handle and \$2.2 million
8 in purse and a like amount in commissions.

9 EXECUTIVE DIRECTOR WOOD: So it is your
10 calculation that you were going to go back to 19 -- I
11 mean, to 6 years ago of '91 or 2 whenever the calendar was
12 changed to try to recoup that, is that what you're trying
13 to get that back from all those prior years where you were
14 only racing those 84 days?

15 MR. McDANIEL: This Board deviated from 25 years
16 of calendar history one time, and that was in 2001, one
17 time.

18 EXECUTIVE DIRECTOR WOOD: In 2001?

19 MR. McDANIEL: In 2001 we lost a full week of
20 racing. The very next year, 2002/2003 and this year, we
21 went right back to the traditional calendar patterns.
22 Unfortunately --

23 EXECUTIVE DIRECTOR WOOD: The calendar kept
24 turning itself around.

25 MR. McDANIEL: That's right. Unfortunately, I

1 think we all fell asleep at the switch on this one, not
2 realizing that we're going to have this moment again where
3 the Christmas break becomes an issue. So we really went
4 down this road because of the Christmas break.

5 EXECUTIVE DIRECTOR WOOD: So in 2001 the
6 representatives at that time of Santa Anita didn't take
7 that into consideration when they made the agreement to
8 make these changes, I guess, is what you're saying?

9 MR. McDANIEL: I suspect not, Mr. Wood. I
10 suspect that nobody did, because I see nothing in any file
11 or any evidence of any history that we all knew what was
12 going to happen 4 years down the road. And that's the
13 purpose for these calendars. We should know what we're
14 going to do. We make an act today, let's know what's
15 going to happen 2, 3, 4 years from now. We'll be right
16 back here next year -- we'll be right back here next year,
17 and we'll have the same problem next year.

18 Unfortunately, we'll have the cold hard evidence
19 of the terrific loss that we take at Santa Anita. We're
20 going into a year where we're expecting big things. All
21 we're going to do is pummel this industry with bad news.
22 When you compare year over year, we're going to be down a
23 full week of racing. There's no way around it. We can't
24 escape it. We lose a full weekend of racing. And
25 weekends are where the business is at.

1 SENIOR PARIMUTUEL EXAMINER REAGAN:
2 Commissioners, if I could just clarify real quickly. Just
3 before this meeting, Mr. Harris was in my office and we
4 spoke about the 2006 possible schedule and whatnot. And
5 we looked at that. And when it came to the Santa Anita
6 portion we were in step with Mr. McDaniel's
7 recommendation.

8 In fact, when I referred to Alternative 1, he has
9 it down at Santa Anita as an 87-day. In his traditional
10 calendar, he has 86 days. So this is very likely what
11 would be on the proposal for 2006 from the Race Dates
12 Committee, at least when we first started the discussion.

13 So we're certainly in step with him for
14 2006/2007. It's the 2005 year that seems to be a
15 difficulty.

16 EXECUTIVE DIRECTOR WOOD: But that's the only one
17 we're talking about right now.

18 SENIOR PARIMUTUEL EXAMINER REAGAN: Absolutely.

19 EXECUTIVE DIRECTOR WOOD: Is 2005. And the
20 Committee has already recommended to the Board in previous
21 meetings, that in next year's discussion of Race Dates,
22 they should relook at the 3-year calendar as a way of
23 doing that. And I think the Board's decision at that time
24 was to be that that was the way they were going to look at
25 race dates in the 3-year calendar starting after this

1 year. It's obviously impossible to do that in the middle
2 of the year. We're in October now. And had we started
3 the 3-year discussion back in January or February, it
4 probably would have been realistic to do. But that's
5 something for next year's discussion, I think.

6 MR. McDANIEL: With all due respect, Mr. Wood.
7 We have been submitting calendars now for months that
8 project out these 6 years. This staff, this Board has had
9 these calendars.

10 EXECUTIVE DIRECTOR WOOD: Mr. McDaniel, I'm not
11 arguing that you haven't submitted your calendars for this
12 time. I'm saying at the Committee level, where the
13 discussion started, we did not talk about doing a 3-year
14 calendar after all the Committee's recommendations. I
15 know you've submitted all the information about
16 projections 6 years and 8 years and for eternity. I'm not
17 arguing with you that that hasn't been done. I'm just
18 saying it wasn't something that we started doing in a
19 total industry picture for this year.

20 MR. McDANIEL: And, Mr. Wood, I'm just asking
21 that this Committee acknowledge, even though that there's
22 no decisions that can be made on 2006, 7 or 8 just
23 understand that the road that you place us on will lead us
24 to severe conflict for next year, the year after and the
25 year after that.

1 I can help a bit. I think that Mr. Reagan
2 pointed out the 2005/2006 calendar. If you turn to that
3 page under Alternative 1, it's easier to understand this
4 when you see the cold hard calendar data in front of us.
5 And that year -- it's the last half in the book. In that
6 year 2005/2006, the point that I was making earlier, yes,
7 it's a great calendar for Oak Tree, I guess, and a great
8 calendar for Del Mar. It still puts Hollywood in the
9 position of losing its traditional 13th week of racing in
10 the spring and drops it down on top of its fall meet.

11 That's why I was suggesting, Mr. Reagan, that,
12 you know, we certainly would be happy with it. But I
13 don't know that they would. So we really can't take that
14 to the bank.

15 SENIOR PARIMUTUEL EXAMINER REAGAN: Actually, Mr.
16 McDaniel, I think what Mr. Harris and I were looking at,
17 what you refer to as the traditional calendar -- in fact,
18 I'll be a little upfront with you here, we were actually
19 talking about exactly how much of a break we wanted at
20 Christmas. And, in fact, if Hollywood would actually run
21 that full week and so on and so forth.

22 But in terms of the start of the year, in terms
23 of the LA Turf Club portion, that's pretty much a pretty
24 good looking calendar for us.

25 MR. MCDANIEL: For the traditional 2005/2006?

1 SENIOR PARIMUTUEL EXAMINER REAGAN: The
2 2005/2006, I don't see that -- you would be back up to 86
3 as compared to 84 this year, 83 next year. That's right
4 in the ballpark. We're hopping right around your average.
5 So I think for 2005/2006 in your traditional, that looks
6 pretty reasonable. And I think Mr. Harris and I were just
7 kind of speculating about how we would wrap the year up
8 here the week before Christmas. And other than that, I
9 don't see a big problem.

10 MR. McDANIEL: Well, we certainly couldn't
11 complain about 86 days next year. Based on traditional
12 calendars. But the perplexing notion is this, we're
13 moving the calendars this year. We're subtracting a full
14 week of racing from Santa Anita this year, for presumably
15 a benefit to Del Mar and Oak Tree this year. And this
16 traditional calendar will not give them that benefit next
17 year.

18 SENIOR PARIMUTUEL EXAMINER REAGAN: I think we
19 started -- we start by looking at the current year, 2004.
20 And we moved into 2005. And we saw a 2-day difference --
21 when we first started talking, we saw a 2- day difference
22 for LA Turf Club. You're looking at your best shot at 87
23 and subtracting 5 days, and saying we're out 5 days. We
24 see it kind of as 2 days, and now it's been cut to 1 day.

25 So I think that's kind of a philosophical way of

1 looking at it. You have one way of looking at it. We
2 have the other way. But we traditionally take the current
3 year and subtract, and notice any differences between the
4 one year to the next. And in this particular case, we
5 don't see the 5-day change.

6 MR. McDANIEL: If you look at the traditional
7 calendars, I think we can make this make a little more
8 sense. In 2005/2006 -- or 2004/2005 rather, we're asking
9 for 87 days. If you flip the page, 2005/2006, we go to 86
10 days. Flip the page again, 2006/2007 we go to 86 days.
11 2007/2008 we go to 85 days. 2008/2009 we go to 84 days.
12 And finally in 2009/2010 we go to 83 days.

13 The very next year we'll go back to 87 days. The
14 reason our calendar moves is because their opening date is
15 fixed. So you can't give us 65 days. You can't give us
16 85 days. You can never plan on that sort of award.
17 That's the problem with taking these averages, Mr. Reagan.
18 You have to look at the way our calendar works.

19 Del Mar can add 43 days year in year out.
20 Hollywood spring can add 65 days and there's some
21 occasions where they get an extra day, they can have 66
22 days. But they can be fairly fixed in the number of days
23 that they're allocated year over year, we cannot.

24 CHAIRPERSON HARRIS: Well, we need to hear from
25 other parties. I think our aim is to not hurt anyone.

1 And I think we're just trying to balance all the things.
2 And hopefully, you know, what we're really just showing
3 racing is some growth where, you know, you get one less
4 day, you're doing 5 percent better on all the days you
5 have, and is a net gain for everybody. But I know it's
6 been frustrating for everyone.

7 COMMISSIONER MOSS: Just one short question. I
8 think isn't this just all about the week of the 20th
9 through the 24th of April, basically?

10 MR. McDANIEL: Yes, it is. In our case, that's
11 just about it.

12 COMMISSIONER MOSS: It's just about those 5 days.

13 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

14 Thank you, Commissioners. It's difficult when Jack gives
15 a lot of facts and figures, and we're not all sitting with
16 the same figures in front of us and can't analyze them
17 together. So I don't know how to respond to what Jack has
18 said.

19 He talked about there's a scenario where
20 Hollywood Park only loses \$100,000. And then I'm not sure
21 what that scenario is. I would like to make an argument
22 on behalf of Hollywood Park. I understand that we're not
23 nearly as strong as Santa Anita. We're not nearly as
24 strong as Del Mar. And my company is looking at ways that
25 we can change that. We have some limitations, we think,

1 on the business currently.

2 However, we're critical to the circuit in
3 southern California. Granted we are, you know, low wrung
4 on the totem pole right now, but we're really critical to
5 racing in southern California. You can't have barns leave
6 during Hollywood Park. You can't have them go elsewhere.
7 There's no guarantee that they'll come back for Del Mar.
8 I just wanted to make that point.

9 I also would like to make the point that the lift
10 achieved -- the Chairman of the Board, John Harris, just
11 talked about, you know, we need a little shot in the arm.
12 Well, when we had this break before, there was a shot in
13 the arm. Jack McDaniel referenced it. The business was
14 up after the break at Santa Anita. It was the good old
15 days of racing. Their average field sizes for the
16 previous 3 years during the first 2 weeks of racing was
17 8.69. After the break, the first 2 weeks the field size
18 was 9.75. It was a significant lift. It was a throwback
19 to the good old days. There was a lift in handle of \$17
20 million over that period of time.

21 I'm not suggesting that that offsets the loss
22 that Jack has talked about by losing a full week. But I
23 have a proposal to make that maybe takes Calendar A one
24 step further, and I think maybe a shot in the arm for
25 everybody.

1 If I understand the current proposal, as modified
2 by Commissioner Granzella when she opened the meeting, the
3 current proposal would have Santa Anita close on April
4 18th and have Hollywood Park open on April 21st, that's
5 correct. So the change would be, we'd make the 18th green
6 and we'd make the 20th blank, if you will.

7 I'd like to suggest that Hollywood Park would be
8 willing to not run on the 21st, open on Friday the 22nd,
9 so in fact we could have just one hell of an opening
10 Friday night, like we had there for a few years. That
11 would make April 18th a stronger closing day for Santa
12 Anita, given three days dark following that day. And we
13 could offer full card simulcasting on April 20th and 21st.

14 We tend to break even from an association
15 standpoint there, but we would generate purse money on
16 those 2 days. That then we would realize during the
17 balance of our meet.

18 I would ask under that scenario, that the Board
19 allow us to race the Wednesday after Memorial Day. That
20 would be June 1st, which we'd fill in blue. I think under
21 this scenario that minimizes the loss at least versus
22 19 -- I'm sorry, at least versus last year for Santa
23 Anita. And it gives Hollywood Park a true opening, again.

24 Honestly, when we open on a Wednesday if you
25 you've been there, it's a nice little day. We have about

1 8,000 people and that's giving away admission, free
2 admission on the day. There's nothing special about it.
3 When you open Del Mar, the whole of southern California is
4 looking forward to Del Mar opening again. When you open
5 Santa Anita, it's the gift you open the day after
6 Christmas or whatever the expression is. That's also very
7 special.

8 When we open on Wednesday in the middle of April,
9 there isn't anything special about it. And we've tried a
10 million different things. And it's honestly just another
11 race day.

12 So this modified proposal that I would suggest
13 would move us back to opening on a Friday night. And
14 those were terrific opening nights for us. We'd have a
15 3-day break in the spring and obviously the Christmas
16 break would stay put.

17 CHAIRPERSON HARRIS: I think those are good
18 ideas.

19 COMMISSIONER GRANZELLA: Me to.

20 MR. FRAVEL: Craig Fravel, Del Mar Thoroughbred
21 Club. I would endorse Rick's suggested changes along with
22 the Committee's recommendation.

23 You know, it's a fact that nobody wants to give
24 up something they perceive themselves as having and had in
25 the past. And I know and I understand completely Mr.

1 McDaniel's interest in returning to what he refers to as
2 the traditional calendar. I've made the point before that
3 if you really want to get traditional, we ought to move
4 everybody back to 55 days with Del Mar at 43 and we might
5 all be better off. Although, financially, it would be
6 obviously something negative for all of us.

7 But, you know, the fact of the matter here is
8 that, if you -- I personally don't believe that going from
9 84 days to 83 days is going to be a \$2 million hit in
10 commissions and purses. I realize that really what that
11 is comparing to is their expectation and not the prior
12 year. But I think the Board needs to look at this as how
13 are you compared to the year before and not necessarily
14 how are you compared to where you want to be.

15 Candidly, Santa Anita has the benefit of over 120
16 days of racing in terms of an economic interest between
17 their 84- or 83-day meet, whatever the case may be, and
18 the 31-day Oak Tree meet, which they have a substantial
19 economic interest. I have my 43 days to generate
20 everything. And I've had that for the last 35, 40, 50
21 years.

22 So I think to complain about being the one losing
23 a little bit, when you have twice as much or 3 times as
24 much as everybody else, is a little bit disingenuous. I
25 would endorse the Committee's proposal as suggested by Mr.

1 Baedeker with a few modifications.

2 Thank you.

3 MR. CHILLINGWORTH: Sherman Chillingworth, Oak
4 Tree Racing. I'm going to give him my card. As you all
5 know, we concentrate most of our interest in racing in
6 representing California and providing horses at the
7 Breeder's Cup. And I was telling Commissioner Harris last
8 night, and apparently it's not well known, that we are not
9 only the largest racing association in the United States
10 or north America, we're the only racing association in the
11 world that produces more Breeder's Cup horses than any
12 other racing association and more winners.

13 So it's very important we maintain. We need a 4
14 week gap between when we open and when they run their
15 Breeder's Cup race.

16 One other thing, I know Jack said this
17 inadvertently, but he mentioned that Santa Anita had
18 increased their marketing budget for Santa Anita, for Oak
19 Tree by \$600,000 and whatever they're doing for
20 themselves.

21 The point of the matter is Santa Anita had no
22 marketing director, when we were doing our marketing
23 programming, so we retained the marketing group from Del
24 Mar to prepare our marketing program. And we came up with
25 a \$600,000 increase in our marketing plan. I just wanted

1 to make sort of a separation of church and state here.

2 The only other thing I wanted to point out is we
3 have an error in the number of days. If you look at
4 Exhibit A, it shows Oak Tree as having 31 days up above.
5 And if you count the number of days, we only have 29. We
6 lost the Wednesday and Thursday that we normally have.

7 SENIOR PARIMUTUEL EXAMINER REAGAN: Chilly, are
8 you catching the last of September there?

9 MR. CHILLINGWORTH: Sorry about that. We're
10 going to have to go over a color differentiation here.

11 SENIOR PARIMUTUEL EXAMINER REAGAN: I can see
12 it's difficult there.

13 MR. CHILLINGWORTH: So I withdraw my comment. My
14 eyesight is going. But those are my comments. And I
15 support the calendar as has been proposed by the Race
16 board -- by the Racing Committee, and as amended by the
17 suggestions here this morning.

18 Thank you.

19 COMMISSIONER GRANZELLA: I'd like to make a
20 motion to accept Exhibit A modified, though, giving LA
21 Turf Club April 18th, having Hollywood Park open on Friday
22 April 22nd, and also giving them Wednesday June 1st to
23 Hollywood Park.

24 CHAIRPERSON HARRIS: Dark days at Hollywood would
25 be 20 and 21.

1 COMMISSIONER GRANZELLA: Nineteen, 20 and 21.

2 CHAIRPERSON HARRIS: Any second to that?

3 Do I have a second?

4 COMMISSIONER MORETTI: Hold on a second.

5 COMMISSIONER MOSS: I second.

6 CHAIRPERSON HARRIS: We've got a second.

7 Anymore Committee discussion?

8 Okay. All in favor?

9 (Ayes.)

10 CHAIRPERSON HARRIS: Four votes.

11 One thing, I think in the original dates proposal
12 there was some talk of how many races per day, and all. I
13 personally could see that there would be some flexibility
14 in that if the racing association feels, in conjunction
15 with the horsemen, they can do better by having more races
16 or less races or whatever, that that could maybe mitigate
17 any, you know, other issues that are facing it. So the
18 race per day is not really part of this proposal.

19 But I think also we need to take a look at the
20 north. Maybe at the next meeting modify that so that it,
21 you don't know if that exactly mirrored the southern
22 proposal, but it comes closer to it. I'm not clear on
23 that full card simulcasting, can there be full card
24 simulcasting in California if there's neither north or
25 south racing going on on any given date?

1 MR. BAEDEKER: The answer is yes, there can,
2 subject to the bank that is provided for in the law.
3 Another thing I would like to point out, given the
4 adoption of this calendar, there now are some differences
5 in the calendar that was adopted for northern California,
6 specifically per our discussion of staying dark on the
7 20th and 21st or the proposal as modified. I think we've
8 got the 20th and 21st of April, and the 1st of June which
9 now need to be addressed.

10 CHAIRPERSON HARRIS: I think we need to go back
11 and look -- I don't think we necessarily have to do it
12 right here, but I think we need to go back and take a look
13 at what -- you know, how do we best use the north and like
14 what we're doing in the south. I don't know if it's
15 always exactly mirrored, but it needs to at least be
16 looked at.

17 EXECUTIVE DIRECTOR WOOD: The agenda only talks
18 about central and southern. So if you want to revisit the
19 north, they can do it for the next meeting.

20 CHAIRPERSON HARRIS: November, because I guess
21 it's not on the agenda.

22 Any other issues?

23 I guess all we had on the agenda was the dates.
24 I thank everyone for their participation. I'm sorry that
25 we couldn't, you know, do everything that you'd like to

1 have done. But I think we want to work with you anyway we
2 can.

3 MR. McDANIEL: Thank you, Commissioner Harris.
4 In light of this suggestion about additional races in a
5 day. Indeed, we'd like to work with the racing
6 department, TOC and discuss that.

7 At the same time, is it possible to consider also
8 examining those additional 6-day weeks that you had
9 offered us several proposals ago? If we're going to put
10 it all into the hopper, you know, we can certainly be
11 advantaged by having back those 2 additional Wednesdays
12 after those holidays. And we can examine it all at the
13 same time.

14 Again, I think that our racing department has to
15 take a long hard look at this. There's a stakes schedule
16 compression here that's going to be difficult for them to
17 deal with. And we'll be losing stakes money. Don't
18 forget, you know, when we lose purse money, we're also
19 losing a percentage against stakes. The stakes races
20 don't go away. The overnights go away, but the stakes
21 races don't go away. And anything that can mitigate this
22 might be a tremendous help for us under these
23 circumstances.

24 CHAIRPERSON HARRIS: Yeah. I think, you know,
25 everything is on the table. I personally just don't like

1 the 6-day weeks. But I'd be -- I would think that -- I'd
2 like to see how the numbers work for a given track of
3 running, if you really make that extra -- that much more
4 on a 6-day week, if you can in fact do full card
5 simulcasting on that other day or you can run a 10th race
6 on a Saturday or Sunday. Or there's different ways to do
7 it.

8 It seems like you've got kind of a nut there that
9 it would be better served to run a 10th race on a Saturday
10 and Sunday, would make you more money incrementally than
11 running one more day that's a 6-day week.

12 COMMISSIONER MORETTI: I'd certainly be open to
13 it. When we came up with what is Proposal 1A, it was, in
14 fact, to help mitigate the loss that you would take. And
15 I think -- I won't speak for you, but I certainly would be
16 open to that. But I think that John is making a good
17 point in terms of, you know, you came to us as okay well,
18 we need to do 10 races and we have enough horses to fill
19 10 races, versus, you know -- I hope to that kind --

20 MR. McDANIEL: I think you've agreed to allow
21 Hollywood to have an additional 6-day a week against their
22 Memorial Day week. We're talking about President's
23 weekend and Martin Luther King. And under these
24 circumstances, it could be a tremendous help to us.

25 COMMISSIONER MORETTI: Well, can we do that? We

1 can only do that procedurally. If John is against it, Mr.
2 Harris, already has been on the --

3 CHAIRPERSON HARRIS: Hollywood gave up something
4 to get that. I mean, my concern is if we can demonstrate
5 we've got a horse population out there, let's run 7 days a
6 week, that's fine with me. But I just don't see it. And
7 if we start running all these days, your purse per race
8 starts going down, people start leaving California. What
9 we really need to do is get our purse per race going up.
10 I don't think you do that by just running a bunch of 6-day
11 a weeks.

12 COMMISSIONER MOSS: I think your time slot
13 is December 26th to April 18, and I think you should look
14 at that and make the most of it, and come back and suggest
15 something to us and we should go from there.

16 MR. McDANIEL: Thank you, Commissioners.

17 EXECUTIVE DIRECTOR WOOD: Our next board meeting
18 is October 14th at Arcadia City Hall scheduled for then.

19 And thank you very much.

20 (Thereupon the California Horse Racing

21 Board meeting adjourned at 11:20

22 a.m.)

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1 CERTIFICATE OF REPORTER

2 I, JAMES F. PETERS, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing California Horse Racing Board, Race Dates
7 Committee meeting was reported in shorthand by me, James
8 F. Peters, a Certified Shorthand Reporter of the State of
9 California, and thereafter transcribed into typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said meeting nor in any
12 way interested in the outcome of said meeting.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 14th day of October, 2004.

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22 JAMES F. PETERS, CSR, RPR

23 Certified Shorthand Reporter

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