

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

In the Matter of:)
)
Regular Meeting)
_____)

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

THURSDAY, JULY 22, 2010

9:47 A.M.

Reported by:
Martha L. Nelson, CERT

APPEARANCES

COMMISSIONERS

Keith Brackpool, Chairperson

David Israel, Vice Chairperson

John Harris

Jesse H. Choper

Richard A. Rosenberg

Jerry Moss

Bo Derek

STAFF

Kirk Breed, Executive Director

Robert Miller, Staff Counsel

Rick Arthur, DVM, Equine Medical Director

Mike Marten

ALSO PRESENT

Craig Fravel, Del Mar Surfside Race Place

Joe Harper, Del Mar Surfside Race Place

Richard Eckfield, Savvy Seniors at the Track

Laura Rosier, SLRD

John Bucalo, Barona Casino

Brad Blackwell, Churchill Downs, Inc. and YouBet

Jack Liebau, Hollywood Park

Barry Meadow

Michael Wellman

ALSO PRESENT (CONT.)

Allen Gutterman, Santa Anita

Mace Siegel

Jim Henwood

Alan Balch, CTT

Guy Lamothe, TOC

Denny Boultinghouse

Jim Henwood, Los Angeles County Fair Association

Madeline Auerbach

John Deganfelder

Richard English, Los Alamitos Race Track

Jeff Platt, HANA

Mark Thurman

George Haines, Santa Anita Race Track

Frank DeMarco, Santa Anita Race Track

Scott Daruty, Santa Anita Race Track and Golden Gate Fields

John Sadler, CTT

Richard Chillingworth

INDEX

PAGE

Action Items:

1. Approval of the minutes of the regular meeting of June 22, 2010. 10
2. Public Comment: Communications, reports, requests for future actions of the Board. Note: Persons addressing the Board under this item will be restricted to three(3) minutes for their presentation. 12
3. Discussion and action by the Board on the nomination of members to the board of directors of the California Thoroughbred Horsemen's Foundation. 32
4. Discussion and action by the Board regarding the distribution of race day charity proceeds of the Los Angeles Turf Club in the amount of \$83,008 to 16 beneficiaries. 33
5. Discussion and action by the Board regarding the amendment to the YouBet application for a license to conduct advanced deposit wagering for YouBet for a California multi-jurisdictional wagering hub to update the application to reflect Churchill Downs as the current parent company of YouBet. 33
6. Discussion and action by the Board regarding the proposed amendment to CHRB Rule 1974, wagering interests to, one, provide that the withdrawal of one horse from a wagering interest that consists of more than one horse constitutes the withdrawal of the coupled entry or field and any horse remaining in the coupled entry or field shall run as a non-wagering interest for the purse only, and two, to provide that a horse that is removed from the wagering pool in error shall run as a non-wagering interest for purse only. 53
7. Discussion and action by the Board regarding proposed amendment to CHRB Rule 1876, financial responsibility, to add financial responsibility complaints from equine medical hospitals and services provided by horse farms that are directly related to horse racing where the debt exceeds \$1,000. 71

INDEX CONTINUED

	<u>PAGE</u>
<u>Action Items:</u>	
8. Discussion and action by the Board regarding the feasibility of amending CHRB Rule 1634, Claiming Option Entry.	84
9. Discussion and action by the board regarding the feasibility of adding CHRB Rule 1581.2, suspended trainer may enter horses, to allow suspended trainers to enter a horse to race during the time of suspension, provided the race occurs subsequent to the last day of suspension.	92
10. Report from the Chairman of the Board regarding legislative industry developments.	107
11. Discussion and action by the Board regarding a report from the Thoroughbred Owners of California regarding the results of its recent board election and TOC's plans for 2010 and beyond.	108
12. Discussion and action by the Board on the application for license to conduct a horse race meeting of the Los Angeles County Fair at Fairplex commencing September 9th, 2010 through September 27th, 2010.	110
13. Discussion and action by the Board on an application for a license to conduct a horse race meeting of the Oak Tree Racing Association at Santa Anita commencing September 29th, 2010 through October 31st, 2010 inclusive.	125
14. Discussion and action by the board on the approval of the 2010/2011 providing funding support for the Board.	126
15. Discussion and action by the Board regarding a report from the Los Alamitos Racing Association regarding the impact of the two percent increase in the take-out and conventional and exotic wagers on races conducted by the racing association has had on handle, and if the take-out increase should continue until September the 8th, 2010 as approved by the Board.	129
16. Discussion by the Board regarding a report concerning the revenue stream; the take-out dollar in California, where it goes, and how it is used and the sources of handle.	145

INDEX CONTINUED

PAGE

Action Items:

17. Discussion and action by the Board regarding a comprehensive report from MI Developments as requested by the Board at it's May 2010 regular meeting concerning it's future plans for California racing and it's plans for racing at Santa Anita Park Race Track and Golden Gate Fields. 158
18. Discussion and action by the Board regarding a finding pursuant to Business and Professional Codes Section 19483 and 19484 that MI Developments, Inc. ownership of Santa Anita Park Race Track, Golden Gate Fields and XpressBet is in the best interest of horse racing, and whether such ownership better serves the purpose of Business and Professions Code Division 8 Chapter 4 (Horse Racing Law). 158
19. Discussion and action by the Board regarding an amendment to Pacific Racing Association's Application to Operate a Simulcast Wagering Facility to update the application to reflect MI Developments, Inc. as the current parent company of the Pacific Racing Association. 188
20. Discussion and action by the Board regarding an amendment to Los Angeles Turf Club's Application to Operate a Simulcast Wagering Facility to update the application to reflect MI Developments, Inc. as the current parent company of the Los Angeles Turf Club. 188
21. Discussion and action by the Board regarding an amendment to the XpressBet Application for License to Conduct Advance Deposit Wagering (ADW) of XpressBet, Inc., for a California multi jurisdictional wagering hub, to update the application to reflect MI Developments, Inc. as the current parent company of XpressBet. 188
22. Discussion and action by the Board regarding
1) reallocation of August 25, 2010 through October 3, 2010 race dates from Pacific Racing Association to The Pacific Racing Association to the Los Angeles Turf Club, and 2) the Application for License to Conduct a Horse Racing Meeting of the Los Angeles Turf Club (T) at Golden Gate Fields, commencing August 25, 2010 through October 2, 2010, inclusive. 199

INDEX CONTINUED

PAGE

Action Items:

23. Closed session for the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by Section 11126 of the Government Code.	200
A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).	
B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).	
Adjournment	200
Certificate of Reporter	201

1
2
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PROCEEDINGS BEGIN AT 9:47 A.M.

(The meeting was called to order at 9:47 a.m.)

MR. BREED: This meeting of the California Horse Racing Board will come to order. Please take your seats, everybody. This is the regular noticed meeting of the California Horse Racing Board on Thursday, July 22nd, 2010, commencing at 9:30 a.m. at the Del Mar Surfside Race Place, 2260 Jimmy Durante Boulevard, Del Mar, California.

Present at today's meeting are: Keith Brackpool, Chairman; David Israel, Vice Chairman; Jesse Choper, Member; Bo Derek, Member; John Harris, Member; Jerry Moss, Member; and Richard Rosenberg, Member.

Before we go to the business of the meeting I need to make a few comments. One, the Board invites public comment on the matters appearing on the meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during your public comment period if the matter concerns horse racing in California.

In order to ensure all individuals have an opportunity to speak and the meeting proceeds in a timely fashion I will strictly enforce the three minute time limit rule for each speaker. The three minute time limit will be enforced during discussion of all matters on -- stated on the agenda, as well as during the public comment period.

There's a public comment sign-in sheet for each

1 agenda matter on which the Board invites comments. Also, there
2 is a sign-in sheet for those wishing to speak during the public
3 comment period for matters not on the Board's agenda if it
4 concerns horse racing in California. Please print your name
5 legibly on the public comment sign-in sheet.

6 When a matter is open for public comment your name
7 will be called. Please come to the podium and introduce
8 yourselves by stating your name and organization clearly. This
9 is necessary for the court recorder to have a clear record of
10 all who speak.

11 When your three minutes are up the chairman will ask you to
12 return to your seat so others can be heard. When all the names
13 have been called the chairman will ask if there is anyone else
14 who would like to speak on the matter before the Board.

15 Also, the Board may ask questions of individuals who
16 speak. If a speaker repeats himself or herself the chairman
17 will ask if the speaker has any new comments to make. If there
18 are none the speaker will be asked to let others make comments
19 to the Board.

20 And I want to also reiterate, as I did last night,
21 that this meeting is going to be webcast. The audio portion is
22 webcast. So please introduce yourselves, those on the Board,
23 myself, and everybody, so that those people out in webcast land
24 can know who's speaking.

25 Mr. Chairman?

1 CHAIRPERSON BRACKPOOL: Thank you, Kirk. Good
2 morning, everybody. Let's get this going. We do apologize for
3 the slight delay. We had traffic issues for some of the
4 necessary participants.

5 Item number one, approval of the minutes of the
6 meeting, the regular meeting of June 22nd, 2010. Do I have any
7 comments from any commissioners?

8 COMMISSIONER CHOPER: I think two brief -- very
9 briefs ones. On 119 (sic), at the very end of the top
10 paragraph it said that Commissioner Moss voted no, but he
11 didn't. It was I who voted no. He made the motion to carry
12 it.

13 CHAIRPERSON BRACKPOOL: I-19?

14 COMMISSIONER CHOPER: 119. I'm sorry.

15 CHAIRPERSON BRACKPOOL: 119?

16 COMMISSIONER CHOPER: Yeah.

17 CHAIRPERSON BRACKPOOL: It's 119. But -- oh, you're
18 right. It's Commissioner Choper --

19 COMMISSIONER CHOPER: Yeah.

20 CHAIRPERSON BRACKPOOL: -- and Harris voting no.
21 You're correct. Thank you.

22 COMMISSIONER CHOPER: And -- and the -- and the other
23 is just a question. I -- I was reminded by this -- in reading,
24 the San Clemente satellite facility I think has just opened
25 up --

1 VICE CHAIRPERSON ISRAEL: Not yet.

2 COMMISSIONER CHOPER: -- just received city approval.

3 CHAIRPERSON BRACKPOOL: I see. Okay.

4 COMMISSIONER CHOPER: I just -- I just would like to
5 repeat that it would be a good thing if they could make some
6 sort of inquiry as to what kind of -- what -- what are the --
7 the -- the nature of the people making bets there, as to
8 whether they are new people, where they'd be otherwise,
9 etcetera.

10 VICE CHAIRPERSON ISRAEL: Run a small market circuit.

11 COMMISSIONER CHOPER: It's small? Yeah.

12 CHAIRPERSON BRACKPOOL: San Clemente.

13 COMMISSIONER CHOPER: Is that open now?

14 CHAIRPERSON BRACKPOOL: Well, it's -- it's about to
15 be.

16 VICE CHAIRPERSON ISRAEL: It's not open yet.

17 CHAIRPERSON BRACKPOOL: It's about to be.

18 VICE CHAIRPERSON ISRAEL: They're building it out.

19 CHAIRPERSON BRACKPOOL: Yeah.

20 MR. BREED: The city just gave them approval.

21 CHAIRPERSON BRACKPOOL: Right.

22 VICE CHAIRPERSON ISRAEL: Yeah.

23 CHAIRPERSON BRACKPOOL: So let's just make a note
24 that maybe, Bon, in three or four months let's have them send
25 us some information on what's happening, what they think the

1 demographic is, etcetera, etcetera.

2 VICE CHAIRPERSON ISRAEL: I think that would be good.

3 COMMISSIONER CHOPER: Thank you.

4 CHAIRPERSON BRACKPOOL: You're welcome. So with --
5 with that one alteration which has been caught, do I have a
6 motion? Do I have --

7 VICE CHAIRPERSON ISRAEL: Move to --

8 CHAIRPERSON BRACKPOOL: Approve.

9 COMMISSIONER HARRIS: Second.

10 COMMISSIONER MOSS: Second.

11 COMMISSIONER ROSENBERG: Second.

12 CHAIRPERSON BRACKPOOL: So Commissioner Israel makes
13 the motion. Commissioner Harris seconds. All in favor?

14 ALL COMMISSIONERS: Aye.

15 CHAIRPERSON BRACKPOOL: Motion carried. Okay.

16 Item number two, public comment. We're all aware
17 that there was difficulties with training this morning and with
18 the track. And so I thought given that we have a veritable
19 who's who of racing here in the room that I would ask Craig
20 Fravel and Joe Harper, who you can see are sporting the latest
21 in Del Mar fashion wear, to -- to come forth and just give us a
22 brief summary of what happened this morning and what the
23 current status is, and are we racing this afternoon, etcetera.

24 MR. FRAVEL: All right. Well, let me start, first of
25 all --

1 CHAIRPERSON BRACKPOOL: Identify yourself, Craig.

2 MR. FRAVEL: Craig Fravel, President and General
3 Manager, Del Mar.

4 Usually what happens is that when we have a great day
5 like yesterday, that was Joe's doing. And when we have a bad
6 day like today, that's my doing. So I am -- I am here to --

7 MR. HARPER: You're always a mistake maker.

8 MR. FRAVEL: -- I'm -- I'm here to take the blame for
9 what happened this morning.

10 The -- the fact of the matter is that we -- we did
11 cancel training. We discovered that the power harrowing that
12 we do in the -- during the nighttime maintenance procedures has
13 the -- has a tendency to cause separation of materials with the
14 fiber moving to the top of the track and -- and the sand and
15 binder materials moving down, and that's not something
16 unanticipated. We had scheduled maintenance using our
17 rototillers to cure that problem on a weekly basis. And the
18 original plan was to do that on Mondays.

19 We did not do that this week because we had only been
20 training on it for a week, and our track maintenance guys
21 thought that we could get through this week without doing that.
22 And as it turned out, that was a mistake in judgment on our
23 part. We should have done that this past Monday. But it is a
24 fixable problem and it is being remedied at this moment. So we
25 moved up that procedure from this coming Monday to this

1 morning.

2 The -- the decision to close the track, we -- we
3 probably could have, you know, done some minor fixes and gotten
4 it reopened to do some training. But we thought the better
5 part of valor was to not only protect horse and rider and make
6 sure that we have it correct, but to also ensure that we would
7 race this afternoon.

8 So I know it seems dramatic, and we apologize for any
9 mistakes that we've made in the process. But -- but our track
10 maintenance guys are -- are confident that things will be back
11 in perfect working order this afternoon.

12 I -- I would add, and -- and I know it all sounds
13 like spin sometimes but, you know, we've gotten very positive
14 reviews up until this morning from -- from riders. David
15 Flores was out with us this morning while we were making our
16 decisions. And I know I've talked to Darrell Haire from the
17 Jockey's Guild and -- and the riders were very pleased with the
18 way the track's performing, the way the horses are reacting to
19 it. And so this is a hiccup, but I don't think it's going to
20 turn into pneumonia.

21 CHAIRPERSON BRACKPOOL: Joe, anything to add?

22 MR. HARPER: Well, we're going to -- we should be
23 through with the renovations around noon. One of the -- the
24 reason it takes so long is the -- the rototiller doesn't go
25 very fast. But everything is going according to plan. We were

1 just with the track superintendent just before we came over
2 here and it looks -- it -- he's confident in that there should
3 be no problems.

4 But just to -- okay. We're going to -- we've asked
5 some trainers to put some horses on the track as soon as he's
6 through, just to make sure that everybody feels confident
7 that -- that the track is okay. So that, I think, will help.

8 VICE CHAIRPERSON ISRAEL: And it will be uniform all
9 the way around?

10 MR. HARPER: Yes.

11 MR. FRAVEL: Yeah. The -- the -- you know, that was
12 one of the things we were talking about this morning. The
13 problem was identified in the stretch. And --

14 VICE CHAIRPERSON ISRAEL: Right.

15 MR. FRAVEL: And the question was: Well, should we
16 just take the -- the -- the equipment and -- and remedy the
17 stretch? And our view was it was best to do the entire track,
18 which takes more time. And that's --

19 VICE CHAIRPERSON ISRAEL: Right. That's -- because I
20 was concerned that half -- half the track would play one way --

21 MR. FRAVEL: No.

22 VICE CHAIRPERSON ISRAEL: -- and another --

23 MR. FRAVEL: We -- we --

24 VICE CHAIRPERSON ISRAEL: -- half --

25 MR. FRAVEL: We did not want to do a half job.

1 That's why we closed the track entire.

2 CHAIRPERSON BRACKPOOL: Commissioner Rosenberg?

3 COMMISSIONER ROSENBERG: Yeah. Question: Was
4 anything done last night that was different that was planned
5 before this happened or before the meeting opened, or was this
6 an unusual amount of work that was done last night?

7 MR. FRAVEL: No. I don't think there was an unusual
8 amount of work done last night. There -- there was more water
9 put on during the day yesterday during racing than -- than we
10 have been doing up until now, but that was our first race day.
11 So that -- that's probably the main difference.

12 CHAIRPERSON BRACKPOOL: Anybody else?

13 MR. FRAVEL: I do -- this is not something that
14 hasn't occurred before. The -- the track materials do tend to
15 separate and -- and that's why we have this rototilling
16 equipment, because it is a standard part of the maintenance
17 process to do that work to keep it well mixed. It's just --
18 and we take the blame. You know, I -- I call this a timing
19 difference. But, you know, that's essentially what the issue
20 was in making the judgment on when to do the work, and -- and
21 we should have done it sooner than we did.

22 VICE CHAIRPERSON ISRAEL: When -- when are you going
23 to do it next? Are you going to do it next Monday afternoon
24 again?

25 MR. FRAVEL: That will be the plan from here on out.

1 VICE CHAIRPERSON ISRAEL: Continue on that way, it
2 looks like.

3 MR. FRAVEL: And -- and we could do it twice a week.
4 You know, the --

5 VICE CHAIRPERSON ISRAEL: Okay.

6 MR. FRAVEL: -- the first year we did it Mondays and
7 Fridays. So if -- if -- if we see signs of separation we'll
8 get on top of it and do it more frequently.

9 COMMISSIONER HARRIS: What sort of measuring items do
10 you have now in your analysis of the track? I mean, is it
11 moisture or hardness or any -- I mean, do you have any actual
12 packages you can look at to assess the condition of the track?

13 MR. FRAVEL: Sure. There -- there are probes that
14 are used. And Nick Peterson is here with his, you know, his --
15 all of his equipment. And -- and so we, you know, we do -- and
16 Kirk's people were here last week, I believe, doing their
17 measurement devices. So, I mean, we've got the full range
18 of -- of measurement materials. You really can't measure
19 moisture very easily in a synthetic surface, not like you could
20 on a turf course. But -- but we've got plenty -- we've got
21 plenty of equipment, plenty of brainpower here. And we -- we
22 had a momentary failure.

23 CHAIRPERSON BRACKPOOL: Well -- did you have
24 another -- no?

25 We -- we were fortunate to have this setting and this

1 meeting and this group of people here today so that you could
2 explain it. And I leave it up to you as to how you communicate
3 this to everybody else. But I -- I just can't emphasize
4 enough, communication; communication of these problems.
5 Because the rumors are always worse by a magnitude than the
6 facts in these circumstances. And so whatever you feel is the
7 right way to do it I would -- I would encourage you to do
8 something.

9 MR. FRAVEL: I'll do that.

10 CHAIRPERSON BRACKPOOL: Okay. Thanks very much.

11 MR. FRAVEL: Thank you.

12 CHAIRPERSON BRACKPOOL: Thank you. Okay. I have
13 some people wishing to speak. And the first speaker I have
14 today is Richard Castro from Local 280.

15 MR. CASTRO: Chairman Brackpool, Commissioners, my
16 name is Richard Castro, representing Parimutuel Employees Guild
17 Local 280. I'm here in regards to a letter that I got dated
18 July 8th, 2010, stating basically that if I didn't get a CHRB
19 license that I was going to be denied access to the restricted
20 areas of a race track.

21 I -- I think you've sent this letter in error. I
22 think you're singling me out. I don't know why. I haven't had
23 a license in 15 years. I'm allowed access to anywhere where I
24 have members. It's never been a problem before. I don't know
25 why this is happening to me now. Again, I think you're

1 singling me out.

2 It's also at a time when we're about to have union
3 elections. I'm concerned that you're trying to interfere with
4 the union election process, as well.

5 I'd be interested in hearing your comments.

6 MR. BREED: It's Executive Director Breed.

7 I -- I -- I sent a letter, not only to Richard but
8 several people, who are -- who here before have been working in
9 a capacity, either in -- in terms of representing a horseman's
10 organization or whatever, that have -- that were licensed and
11 their license expired. And -- and according to the rule,
12 anyone who is -- who is working in the enclosure in a
13 restricted area is to carry a license. And -- and that's for
14 purposes of identification so that our investigators and so on
15 and so forth know who's there and can identify who is there.
16 And in the case of -- and in the case of any sort of
17 prosecutorial action can actually have the evidence of who has
18 been there and who has not been there.

19 Now in the case of Mr. Castro his attorney, Mr.
20 Rosenfeld, has communicated with me saying that there is
21 federal laws that -- that supercede the state laws in -- in --
22 in terms of labor union representation in a restricted area.
23 And I will pass -- I've passed those on to counsel. We will
24 take those into consideration. But we did not -- nobody --
25 nobody selected Mr. Castro out, nor did we have anything to do

1 with -- with the upcoming elections in his organization. We're
2 strictly treating him just like everybody else. You work in
3 the business, you have a license. And if it -- if it comes
4 down to Mr. Castro does not have to have a license because of
5 federal law then we won't give him a license. Let -- let me --

6 CHAIRPERSON BRACKPOOL: We won't make him apply for a
7 license.

8 MR. BREED: Yes.

9 MR. CASTRO: Let me -- let me change a little bit
10 from what you said. You're correct in what you're saying.
11 What David Rosenfeld is referring to the federal law falls
12 under the end -- the end of the area of the NLRB, National
13 Labor Relations Board, which doesn't cover race tracks.

14 However, when these kinds of things come up NLRB
15 guidelines are historically used as what the practice should be
16 in state's rights issues, such as this. However, the state
17 does have a law also -- I was reminded of that this morning --
18 Provision 923, which also gives me access to the members that I
19 have in the workplace. And I would urge you to check that
20 provision as well, and I'm sure you'll -- you'll learn --

21 CHAIRPERSON BRACKPOOL: Richard, two --

22 MR. CASTRO: -- and I'll follow up on that.

23 CHAIRPERSON BRACKPOOL: -- two things. First of all,
24 rest assured that nobody on this board, I can assure you, and
25 nobody in staff is singling you out for anything. Number two,

1 we will -- we will look into this, as Kirk says, and -- and
2 I'll make sure I'm copied on the correspondence. And number
3 three, just for my own edification, is there a particular
4 reason why you wouldn't want to have a license?

5 MR. CASTRO: Is there a particular reason?

6 CHAIRPERSON BRACKPOOL: A reason why you would not
7 want to apply for a license?

8 MR. CASTRO: It's not necessary. And it's the
9 historical practice that labor leaders don't do it, and that's
10 the only reason why.

11 I actually told Kirk that -- that to make life easier
12 for everybody I would get a license. But I plan on winning
13 this issue before I do.

14 CHAIRPERSON BRACKPOOL: All right. I'm sure there's
15 a lot --

16 MR. CASTRO: I'd like to --

17 CHAIRPERSON BRACKPOOL: I'm sure there's a lot of
18 things we can occupy yourselves on to -- to turn this industry
19 around, and I don't think this one is right at the top of the
20 list. But we'll do what we can to -- to make sure this -- this
21 one is really --

22 MR. CASTRO: Right. When this issue gets solved
23 there will be a much better --

24 VICE CHAIRPERSON ISRAEL: Well, wait.

25 MR. CASTRO: -- working relationship.

1 VICE CHAIRPERSON ISRAEL: Let me ask you this. If we
2 declare you the winner now you'll go get a license?

3 MR. CASTRO: Let me see. So they're going to declare
4 me a winner. Come on, guys.

5 No. They're not -- they're not -- no. Can't do it.

6 CHAIRPERSON BRACKPOOL: Thank you, Richard.

7 MR. CASTRO: Thank you.

8 CHAIRPERSON BRACKPOOL: Thank you.

9 COMMISSIONER HARRIS: On -- on the NLRA issue, it's
10 one thing, I've always been on somewhat of a crusade to try to
11 get racing under the National Labors Relations Act. There's
12 never been a lot of order to it.

13 And would the union folks buy into -- into that idea?

14 MR. CASTRO: Absolutely not.

15 COMMISSIONER HARRIS: No. Well, I understand, you
16 don't want us in. Would you buy into something saying that the
17 CHRB would strive to be in conformity with the NLRA, as -- as
18 you'd stated?

19 MR. CASTRO: If you're asking me as one person
20 from -- from a labor organization. I'm not going to speak for
21 the other labor unions. I'm not going to speak for the
22 Teamsters.

23 COMMISSIONER HARRIS: Well, in some form you said
24 that -- that you felt that you wish there were more --

25 MR. CASTRO: Labor leaders at the race track do not

1 need your credentials. I'm --

2 COMMISSIONER HARRIS: Well --

3 MR. CASTRO: -- firm in that.

4 COMMISSIONER HARRIS: -- this is not credentials.

5 This is -- this is just some of the conformity with the NLRA.

6 MR. CASTRO: I'm willing to work with you.

7 COMMISSIONER HARRIS: Yeah.

8 CHAIRPERSON BRACKPOOL: Okay.

9 MR. CASTRO: I'll speak for myself. But I'm the only
10 labor leader that I know of that got this letter. And I can
11 name you labor leaders who don't have one, including a person
12 that was in my organization. You only got me.

13 CHAIRPERSON BRACKPOOL: Thank you, Richard.

14 MR. CASTRO: I have a second card. Do you want to do
15 that one now?

16 CHAIRPERSON BRACKPOOL: No. You don't have a second
17 card under this item.

18 MR. CASTRO: Well, yes, I do.

19 CHAIRPERSON BRACKPOOL: You had three minutes on
20 this.

21 MR. CASTRO: It's as 19.

22 CHAIRPERSON BRACKPOOL: Okay. Anyway, Richard, take
23 a seat. Work it out with Mike.

24 MR. CASTRO: No. That was item nine.

25 CHAIRPERSON BRACKPOOL: Not publicly.

1 MR. CASTRO: That was Sonoma County Fair, I-9.

2 CHAIRPERSON BRACKPOOL: Right.

3 MR. CASTRO: That wasn't --

4 CHAIRPERSON BRACKPOOL: Okay. Next speaker, Richard
5 Eckfield, Savvy Seniors of the trade columnists.

6 MR. ECKFIELD: No. At the Track.

7 CHAIRPERSON BRACKPOOL: Mike, you need to rewrite
8 this card.

9 MR. ECKFIELD: Yes. Thank you. I'll put on my
10 stopwatch so I can self-police myself for a little bit.

11 My name is Richard Eckfield. And together with my
12 wife, Helen -- Helen, raise your hand -- we write -- we have
13 two -- two columns: Savvy Seniors, Frugal and Active; and
14 Savvy Seniors at the Track. For the past six years we've been
15 writing columns which appear here in Del Mar, and also in
16 Saratoga.

17 It is my understanding that the materials sent to you
18 earlier this month was placed into your Board packet. I want
19 to thank your fine staff for their splendid cooperation.
20 Perhaps in your August meeting we can review in greater detail
21 any questions you have on the three items presented in that
22 material, the first being the potential to dramatically
23 increase attendance at all races at Del Mar through the
24 construction of a permanent train stop at the rear of the
25 fairground right behind the stretch run turn.

1 The second being the substance of Steve Battenbach,
2 who was track veterinarian when we started this in 2006, his
3 proposal dealing with the health and well-being of the horses
4 and the potential for expanding stabling capacity at Del Mar.
5 This was Steve's number one suggestion of the best thing to be
6 done for thoroughbred racing at Del Mar back in 2006 when we
7 started the campaign for these two issues. Our issue, of
8 course, was the train stop.

9 And the last was the request that your staff monitor
10 the process being used to select the race operator, Del Mar.
11 Now in addition to the five attachments provided by your staff
12 and, I'm told, in your packet I wish to add a sixth that has
13 been passed out to you. It is a letter from the -- we received
14 Tuesday from the state headquarters of the Mothers Against
15 Drunk Driving in Sacramento strongly endorsing the construction
16 of a permanent train stop at it's easy to find location at
17 the -- at the rear of the track.

18 That is correct. There is a huge problem with both
19 underage drinking and post-concert or even post-opening day
20 drinking by adults here at Del Mar. A train ride would provide
21 these persons who have been over-served with a safe ride home.
22 The often overlooked additional beneficiary of the direct train
23 stop would be your workers, such as your court reporter. There
24 are thousands of public service jobs here during the races and
25 at other fairground events. Direct train service to the rear

1 of the fairgrounds via the Coaster, which is now adding six
2 additional roundtrips per day, and adding four additional
3 roundtrips -- or actually, four new roundtrips on Sunday, new
4 Sunday service, will permit the workers from all over our
5 county to get to their jobs without having to drive their car
6 and park in the dirt, which they now have to do.

7 Perhaps we can discuss some of these items further in
8 August. I'd be happy to be put on your agenda. I plan to be
9 brief.

10 And it looks to me like I have about 20 seconds to
11 tell you that last year we had the chance to go to Belmont in
12 2009. We didn't go this year. But our colleague that went
13 with us brought me back this Belmont 2010 hat. It cost us
14 \$11.00 roundtrip to go from Pennsylvania Station to Belmont on
15 the Long Island Railroad. He brought us his ticket, and it's
16 gone up \$1.00. This is our -- his ticket for \$12.00 roundtrip
17 from Pennsylvania Station, etcetera.

18 Hollywood Park's weeks are coming here. It's hard to
19 get here when I-5 gets clogged. A direct train stop -- by the
20 way, Amtrak has agreed that they will stop. They have to stop
21 in Solano Beach. They will stop at the fairgrounds, but only
22 during the racing. They don't -- Amtrak has no desire to stop
23 here during the gun show. The Coaster will stop any time
24 there's an event at the races, the fair, the gun show,
25 etcetera.

1 CHAIRPERSON BRACKPOOL: That's a long 20 seconds,
2 Richard. But anyway --

3 MR. ECKFIELD: You got it.

4 CHAIRPERSON BRACKPOOL: I thank you for your passion.
5 I thank you for your brevity.

6 MR. ECKFIELD: Thank you.

7 CHAIRPERSON BRACKPOOL: Thank you.

8 MR. ECKFIELD: My pleasure.

9 CHAIRPERSON BRACKPOOL: Next speaker, Laura Rosier,
10 SLRD. Did I pronounce your name correctly?

11 MS. ROSIER: Yes. Thank you.

12 CHAIRPERSON BRACKPOOL: How about that?

13 MS. ROSIER: They call me by many names, and that one
14 works.

15 CHAIRPERSON BRACKPOOL: All right.

16 MS. ROSIER: Good morning, Chairman Brackpool, Vice
17 Chairman Israel and Commissioners. My name is Laura Rosier,
18 and I'm a trainer. And I'm an officer of the newly formed San
19 Luis Rey Racing Corporation that was formed to keep San Luis
20 Rey Downs open for training, and possibly racing. The way
21 things are going you might need us. I'm here to ask why the
22 San Luis Rey Down's horsemen are being excluded from subsidy
23 funds.

24 At a recent SCOTWINC meeting horse inventory reports
25 showed that before Del Mar, Santa Anita and Hollywood park had

1 a total of 2,877 horses stabled. The racing secretaries
2 reported that they're active in inventory, which I assume
3 includes San Luis Rey Down's horses, was somewhere between
4 1,800 and 2,000. San Luis Rey Down's horsemen question why
5 between 877 and 1,077 horses are being subsidized at Santa
6 Anita and Hollywood Park while San Luis Rey Down's trainers are
7 shouldering the total cost of stabling their runners.

8 I feel that our horsemen deserve to know if that
9 industry is going to do what's right. It's not fair to allow
10 this inequity -- inequity to continue.

11 CHAIRPERSON BRACKPOOL: Thank you very much.

12 MS. ROSIER: Thank you.

13 CHAIRPERSON BRACKPOOL: Thank you.

14 MS. ROSIER: Any questions?

15 CHAIRPERSON BRACKPOOL: It's a public comment public
16 period not on the agenda item, but we hear what you're saying.

17 MS. ROSIER: Thank you.

18 CHAIRPERSON BRACKPOOL: Thank you very much. Item
19 number -- also wishing to speak, John Bucalo.

20 MR. BUCALO: Good morning, Mr. Brackwood (sic),
21 Chairman, and Vice Chairman Mr. Israel and distinguished
22 members of the Board. I'd like to briefly speak and take the
23 three minutes that I have on the .97 percent that's being --
24 been withheld from the purses that are bet-wagered at Barona
25 Casino off-track betting and other satellite facilities for

1 promotions. It's a small piece of the pie that's been
2 withheld, and we discussed that at the Board several times.
3 But it's never really come to light of where that money goes,
4 why there -- in the almost eight years that I've worked at
5 Barona there hasn't been a single promotion held at our
6 satellite facility, other than the ones that we've paid for.
7 But those monies are taken out of our players' wagers.

8 And I think if the industry is going to move forward
9 that we all have to start doing the right thing. And I had our
10 accounting office calculate those monies. And they add up to
11 one point -- \$1,229,261 since we opened our satellite in
12 December of 2002 to -- to the conclusion of 2009. Now that's a
13 lot of money. So there's multi-millions of dollars being
14 withheld at that point -- .97 percent from all the satellites.

15 And why aren't there being promotions done? That's
16 what that money was being earmarked for. And where is the
17 money going? If it -- if it is going to horsemen or other
18 areas, there's been a misappropriation of money. Because
19 satellites are struggling. And we all need to get as much as
20 we can for our -- our guests, you know, as far as our
21 promotions to encourage them to come and join us for horse
22 racing. And if those monies aren't being distributed for the
23 purpose they were intended to it -- it isn't fair, nor is it
24 right.

25 And I'd -- I'd like it to be brought up by the Board

1 and find out who is accountable for where these monies are
2 going and why we aren't seeing them. That's a lot of money,
3 and we feel we have an entitlement to that money and we should
4 have these promotions that we put on paid for. And other
5 satellites that are struggling right now could sure use those
6 monies to encourage and help develop their players into
7 stronger horse players.

8 So I -- I think that we -- we'd like to see this
9 looked at, and I thank you.

10 CHAIRPERSON BRACKPOOL: Thank you. And Item 16 today
11 is a discussion of take-out. But I would caution you against
12 using the word misappropriated --

13 MR. BUCALO: Okay.

14 CHAIRPERSON BRACKPOOL: -- because that is a very
15 pejorative term. And I don't think anybody is accusing anybody
16 of misappropriating.

17 MR. BUCALO: Well, that --

18 CHAIRPERSON BRACKPOOL: I think your issue is
19 slightly less than that.

20 MR. BUCALO: Okay. Well, we'd like to see where the
21 monies are going.

22 CHAIRPERSON BRACKPOOL: Thank you.

23 MR. BUCALO: Thank you.

24 CHAIRPERSON BRACKPOOL: My next speaker, because it
25 is a different issue so I will allow him to come back up, is

1 Richard Castro.

2 MR. CASTRO: Go ahead and keep going. I'll be short
3 up here. I'll be short.

4 CHAIRPERSON BRACKPOOL: You filled out a speaker's
5 card, Richard.

6 VICE CHAIRPERSON ISRAEL: You already are short.

7 CHAIRPERSON BRACKPOOL: Richard, please. Please.

8 We've got to move on. Are -- are you speaking or are you not
9 speaking?

10 MR. CASTRO: No. I -- I put a card in. If you don't
11 want to respect the card.

12 VICE CHAIRPERSON ISRAEL: No. No.

13 CHAIRPERSON BRACKPOOL: I said you have a card.

14 VICE CHAIRPERSON ISRAEL: You have a card.

15 CHAIRPERSON BRACKPOOL: And I called you up to speak.

16 MR. CASTRO: Okay. Fine. I'll speak.

17 CHAIRPERSON BRACKPOOL: How difficult can this be?

18 MR. CASTRO: Well, I guess it is. Richard Castro
19 representing Parimutuel Employees Guild Local 280. I didn't
20 see it on the Sonoma County Fair application that -- that
21 employees that were planning to work there had to have a social
22 security card when -- before they were given an employment
23 application. And I -- I thought that things like that had to
24 be on the application when you guys gave the license.

25 I also don't see how the social security card

1 replaces a CHRB card. Do you guys do background checks?

2 You -- especially for mutuel clerks. It just doesn't make
3 sense to me. I'm just making note of it. That's all.

4 CHAIRPERSON BRACKPOOL: Thank you.

5 MR. CASTRO: You're welcome.

6 CHAIRPERSON BRACKPOOL: Thank you. All right.
7 That's it for public comment.

8 Item number three. Item number three, discussion and
9 action by the Board on the nomination of members to the board
10 of directors of the California Thoroughbred Horsemen's
11 Foundation. This appears to be a fairly ministerial action by
12 us, I think, at this stage, Kirk; correct?

13 MR. BREED: Correct.

14 CHAIRPERSON BRACKPOOL: So we have the -- the -- the
15 nominees in here. The staff recommendation is that we accept
16 the nominees as submitted.

17 Do I have any questions or do I have somebody in
18 favor?

19 VICE CHAIRPERSON ISRAEL: Does anybody appear for
20 them?

21 CHAIRPERSON BRACKPOOL: No. Only if necessary.

22 VICE CHAIRPERSON ISRAEL: Oh. Would we like someone
23 to --

24 CHAIRPERSON BRACKPOOL: Well, I have a speaker card
25 that says if we would like somebody to appear they will appear.

1 Well, anybody have an issue with this? Then can I have a
2 motion to move it forward?

3 COMMISSIONER CHOPER: So moved.

4 CHAIRPERSON BRACKPOOL: Commissioner Choper moves.

5 COMMISSIONER ROSENBERG: Second.

6 CHAIRPERSON BRACKPOOL: Commissioner Rosenberg
7 seconds. All in favor?

8 ALL COMMISSIONERS: Aye.

9 CHAIRPERSON BRACKPOOL: Approved. Okay.

10 Item number four, discussion and action by the Board
11 regarding the distribution of race day charity proceeds of the
12 Los Angeles Turf Club in the amount of \$83,008 to 16
13 beneficiaries. We have in our Board package here a letter from
14 Mr. DeMarco, along with a list of where the money is proposed
15 to go. And we have a staff recommendation that this -- this
16 item be approved.

17 Do I have any questions? Can I have a motion?

18 COMMISSIONER HARRIS: Moved.

19 CHAIRPERSON BRACKPOOL: Commissioner Derek moves.

20 Commissioner Harris seconds. All in favor?

21 ALL COMMISSIONERS: Aye.

22 CHAIRPERSON BRACKPOOL: Okay. Item number five,
23 discussion and action by the Board regarding the amendment to
24 the YouBet application for a license to conduct advanced
25 deposit wagering for YouBet for a California multi-

1 jurisdictional wagering hub to update the application to
2 reflect Churchill Downs as the current parent company of
3 YouBet.

4 We have representatives. If you would please
5 identify yourselves?

6 MR. BLACKWELL: Sure. Brad Blackwell on behalf of
7 Churchill Downs, Incorporated and YouBet.

8 CHAIRPERSON BRACKPOOL: Okay. And what would you
9 like to inform us?

10 MR. BLACKWELL: Well, we've been in constant contact
11 with the CHRB since last November when we first announced the
12 accusation. And as was publicly disclosed Churchill Downs,
13 Incorporated and YouBet went through a review process with the
14 Department of Justice for antitrust evaluation. That was
15 completed and we informed the CHRB when the transaction closed
16 on June 2nd of this year.

17 At that time the CHRB staff suggested that we submit
18 a new application to reflect the change in ownership and change
19 in officers and directors. We've complied with that request
20 and now stand before you to answer any questions with regards
21 to that change.

22 CHAIRPERSON BRACKPOOL: I believe Vice Chair Israel
23 has a question.

24 VICE CHAIRPERSON ISRAEL: Are you -- are you aware
25 that California Law prohibits any entity from having more than

1 one license in the State of California?

2 MR. BLACKWELL: More than one --

3 VICE CHAIRPERSON ISRAEL: License. This is the
4 second license you're requesting.

5 MR. BLACKWELL: Right. And --

6 VICE CHAIRPERSON ISRAEL: You already have a license
7 to operate Twinspace; is -- is that right?

8 MR. BLACKWELL: That's correct. And that license is
9 in the name of Churchill Downs Technology Initiatives --

10 VICE CHAIRPERSON ISRAEL: Uh-huh.

11 MR. BLACKWELL: -- Company. This license is in the
12 name of YouBet.com, LLC.

13 CHAIRPERSON BRACKPOOL: But it is the same parent
14 now?

15 VICE CHAIRPERSON ISRAEL: And it's the same parent?

16 MR. BLACKWELL: It does have the same parent, yes.

17 VICE CHAIRPERSON ISRAEL: And it has the same board
18 of directors; is that right?

19 MR. BLACKWELL: Yes. Yes. That's correct.

20 VICE CHAIRPERSON ISRAEL: Well, then what's the
21 difference? It's --

22 MR. BLACKWELL: Well, they are separate operating
23 entities. They're separate legal entities. They have separate
24 contractual relationships in California. And they continue to
25 operate and comply with those contractual obligations and have

1 continued to operate under their existing license. And so, you
2 know, we've been through, you know, this situation before with
3 the change in, you know, ownership and have never had any
4 issues, and certainly did not hear of any issues before today.

5 VICE CHAIRPERSON ISRAEL: Well, frankly, I don't
6 think this is any different than the issues we have right now
7 with MID where they operate more than one betting platform,
8 essentially, through Santa Anita, Golden Gate and XpressBet.
9 And we've only granted a temporary waiver because you need to
10 show cause for us to grant the waiver.

11 CHAIRPERSON BRACKPOOL: Would you address the
12 question to Counsel Miller.

13 Counsel?

14 MR. MILLER: Yes?

15 CHAIRPERSON BRACKPOOL: What's your response to Vice
16 Chair Israel's question?

17 MR. MILLER: Well, we bar common ownership. Only --
18 an entity can only have one license. And --

19 CHAIRPERSON BRACKPOOL: And --

20 MR. MILLER: And I --

21 CHAIRPERSON BRACKPOOL: I'm sorry. Go ahead.

22 MR. MILLER: -- I don't know the background of the
23 two entities that you're representing here today, where the
24 stock ownership is at. Who owns the stock?

25 MR. BLACKWELL: Who owns the stock? It's the -- the

1 ultimate stock is in the parent company, Churchill Downs,
2 Incorporated which is a public company traded on NASDAQ.

3 COMMISSIONER CHOPER: They're two subsidiaries; is
4 that right?

5 MR. BLACKWELL: They're two separate subsidiaries.

6 COMMISSIONER CHOPER: Is that --

7 CHAIRPERSON BRACKPOOL: They're -- they're owned by
8 the same parent?

9 VICE CHAIRPERSON ISRAEL: They're wholly owned
10 subsidiaries; right?

11 COMMISSIONER CHOPER: Yeah. They're wholly owned.

12 So --

13 MR. BLACKWELL: Correct.

14 COMMISSIONER CHOPER: There must be some sort --
15 we -- we ought to look into it, I think, you know?

16 MR. BLACKWELL: Well, certainly. And -- and if would
17 have been advised of this before, you know, we would have
18 worked with, you know, staff and CHRB to address that issue.

19 CHAIRPERSON BRACKPOOL: Yeah.

20 MR. BLACKWELL: And, certainly, we are --

21 VICE CHAIRPERSON ISRAEL: You -- you should have.

22 MR. BLACKWELL: -- and we know our --

23 VICE CHAIRPERSON ISRAEL: Let me apologize. You
24 should have been advised. Staff should have realized that this
25 problem existed and should have notified you and us.

1 MR. BLACKWELL: Certainly. And -- and we provided
2 the first notice in November of 2009, you know, in the interest
3 of providing notice and working through any potential issues.
4 Did not receive any feedback at that point. Provided a second
5 notice on June 2nd, again explaining the transaction and how
6 the ownership would work, and did not receive any feedback at
7 such time. And now we're here today and, quite honestly,
8 surprised to hear this.

9 And, certainly, as I was about to say, we are
10 currently, you know, evaluating and putting together an
11 integration plan. You know, this purchase is still fairly new.
12 It just occurred within the last month. So we're working that
13 process now and we certainly, you know, will continue to work
14 with the CHRB with any issues they have and --

15 CHAIRPERSON BRACKPOOL: Well, I think --

16 MR. BLACKWELL: -- and want to make sure that we're
17 continuing to operate in compliance with California Law, which
18 is obviously our intent, with all of the notifications that
19 we've provided.

20 COMMISSIONER CHOPER: I think you ought to have your
21 house counsel do a little bit of research and find whether
22 there are any parallel situations in California in which
23 they've pierced the corporate veil, not under these
24 circumstances.

25 MR. BLACKWELL: But I -- I --

1 COMMISSIONER CHOPER: That was a strong policy, I
2 must -- I must say, this sounds to me.

3 CHAIRPERSON BRACKPOOL: I'd perhaps go a little
4 further, Commissioner Choper.

5 COMMISSIONER CHOPER: Yeah.

6 CHAIRPERSON BRACKPOOL: I mean, I -- I think there
7 are two -- two sets of people who appear to have missed this.
8 I mean, I have to say that I don't see where staff has analyzed
9 this, so that's a subsequent question we have for -- for -- for
10 staff. And we're going to instruct them to go back and
11 immediately look at -- at this.

12 Secondly, when you say it's the first you've heard of
13 it, it's the law. And so, you know, our staff may have been
14 remiss in not spotting it. Your counsel certainly were remiss
15 in not spotting it. That doesn't -- that doesn't aggregate
16 the -- the need to comply with the law.

17 So here's what I would -- here's what I would
18 propose, to give you some time so that this does get resolved.

19 MR. BLACKWELL: Absolutely.

20 CHAIRPERSON BRACKPOOL: I would propose that the
21 license be approved. However, that you would have to come back
22 before the September -- well, at the September board meeting,
23 but we'd need to have it resolved prior to then, that gives all
24 of the reasons necessary why this Board should issue a waiver
25 for you to own the two interests. The rule is there for a very

1 specific purpose, to stop concentration of ownership in a way
2 that would be harmful to our sport.

3 So I will have counsel follow up with a letter to you
4 following this Board meeting. But I would make a motion that
5 we approve the license. However, the necessary waiver that we
6 believe you're entitled to, if we're correct, we will only give
7 you a 60 day waiver. Then you would have the next 60 days to
8 come back and convince of all the reasons why it's in the
9 sport's interest to have common ownership.

10 COMMISSIONER ROSENBERG: Mr. Chairman?

11 CHAIRPERSON BRACKPOOL: Does that make -- just --
12 just one -- one second, Commissioner Rosenberg.

13 Executive Director Breed?

14 MR. BREED: Yeah. Excuse me. Yeah. Yes. Mr.
15 Chairman, there are several items, including the -- the -- the
16 waiver --

17 CHAIRPERSON BRACKPOOL: Yeah.

18 MR. BREED: -- that need to be addressed. And we
19 made a list of those which we will provide for you. Included
20 in that list is a letter from Mr. Rosenfeld representing the
21 Mutuel Clerks Local 280. The law does require you to have a
22 contract with Local 280 in terms of a labor agreement. That,
23 plus the rest of the list will be provided for you.

24 MR. BLACKWELL: And -- and to the labor union
25 contract issue, YouBet does have a contract in place. So

1 we'll --

2 CHAIRPERSON BRACKPOOL: Well, this is saying that the
3 item is not included in your application package.

4 MR. BLACKWELL: Okay. And I, again, worked with
5 staff in terms of, you know, what would be provided. And
6 there's correspondence to cover that to where we discussed
7 what -- what materials we would provide. Because, obviously,
8 we did not look upon this as a new application but, you know, a
9 change in ownership. And so staff basically agreed in terms of
10 how we approach that. So if there's certainly materials that
11 the staff would like to see we will certainly cooperate with
12 that and have been doing so --

13 CHAIRPERSON BRACKPOOL: Yeah.

14 MR. BLACKWELL: -- through this process.

15 VICE CHAIRPERSON ISRAEL: So you were aware that the
16 law existed --

17 MR. BLACKWELL: No. No.

18 VICE CHAIRPERSON ISRAEL: -- the law barring dual
19 ownership?

20 MR. BLACKWELL: No.

21 VICE CHAIRPERSON ISRAEL: Oh.

22 MR. BLACKWELL: And so -- and, again, you know, we --
23 we provided notice to get feedback to -- to -- to be able to
24 work through that process in a cooperative manner with the CHRB
25 staff and, again, provided multiple notices, provided the

1 application. And this is the first we've heard of any issues
2 with the application or the ownership. And, certainly, we'll
3 look -- look into that and, again, cooperate with CHRB staff --

4 VICE CHAIRPERSON ISRAEL: Yeah.

5 MR. BLACKWELL: -- and look and see if there's other
6 absolutions --

7 VICE CHAIRPERSON ISRAEL: I just have one follow-up
8 and then --

9 CHAIRPERSON BRACKPOOL: I have -- I have three
10 commissioners wishing to speak. Commissioner Rosenberg first,
11 then Commissioner Choper, then Commissioner Israel.

12 COMMISSIONER HARRIS: I just wanted to mention that
13 licensing of management was an open issue --

14 CHAIRPERSON BRACKPOOL: Yeah.

15 COMMISSIONER HARRIS: -- as mentioned --

16 CHAIRPERSON BRACKPOOL: Correct.

17 COMMISSIONER HARRIS: -- by the staff.

18 CHAIRPERSON BRACKPOOL: Yeah.

19 MR. BLACKWELL: And -- and -- and I can say to that,
20 that I obtained my California license this morning.

21 COMMISSIONER HARRIS: Okay.

22 MR. BLACKWELL: So --

23 COMMISSIONER HARRIS: Yeah.

24 MR. BLACKWELL: And that was something that, again,
25 was raised for the first time. So I know that was an item of

1 discussion earlier today. And so I obtained that before coming
2 to the meeting today.

3 COMMISSIONER CHOPER: Is that the only thing that was
4 required for the licensing of management requirement --

5 MR. BLACKWELL: That's the only notice --

6 COMMISSIONER CHOPER: -- for you?

7 MR. BLACKWELL: -- that I received, yes. And so I've
8 been the direct contact --

9 COMMISSIONER CHOPER: So -- but, I mean --

10 MR. BLACKWELL: -- in the application process, so --

11 COMMISSIONER CHOPER: -- you're saying that covers
12 it; right?

13 MR. BLACKWELL: That is my understanding. That is
14 the only communication I have received after we submitted the
15 application was that I -- and it was addressed specifically --
16 specifically to me would need to have that license. And,
17 again, I promised and followed up and obtained that --

18 COMMISSIONER CHOPER: And the other thing is --

19 MR. BLACKWELL: -- and --

20 COMMISSIONER CHOPER: -- the materials that we have
21 say that you have put in documents in compliance with the
22 requirement that you have a labor agreement with Local 280.

23 MR. BLACKWELL: That's correct.

24 COMMISSIONER CHOPER: So, I'm sorry, I didn't
25 understand that. I thought someone said that you didn't have

1 it.

2 CHAIRPERSON BRACKPOOL: Kirk had said you didn't.

3 MR. BREED: Well --

4 CHAIRPERSON BRACKPOOL: But -- but -- but --

5 MR. BREED: -- their lawyer says -- Local 280's
6 lawyer says that the agreement is -- is not in force.

7 CHAIRPERSON BRACKPOOL: I understand. So in a minute
8 we'll hear from Mr. Castro who I can see is ready to come and
9 speak on this issue on -- on -- on that one. But the -- the
10 report we have from staff says the only issue outstanding is
11 licensing of management. But -- although you have your
12 license.

13 MR. BLACKWELL: Correct. And -- and that was the
14 only communication I received.

15 CHAIRPERSON BRACKPOOL: Hold on. I haven't finished
16 my version. Although you have your license, I assume you're
17 not the entirety of management.

18 MR. BLACKWELL: That -- that is correct. And as I
19 mentioned, the email that I received and the only
20 correspondence as a follow-up, besides acknowledging the
21 receipt of the application, was that -- that I obtain a
22 license. And so, certainly, there was no other communication.
23 If others do not have a license or need a license, again, we'll
24 certainly work with CHRB staff to get it --

25 CHAIRPERSON BRACKPOOL: Well, I'm at a disadvantage

1 here.

2 MR. BLACKWELL: -- whatever it wants.

3 CHAIRPERSON BRACKPOOL: Because the person who
4 prepared this staff recommendation is unfortunately not with us
5 today.

6 Bon, do you have a listing of who we have defined as
7 management here?

8 MR. SMITH: I wish I could say I did, sir.

9 CHAIRPERSON BRACKPOOL: Well, okay. Well, we're not
10 exactly batting 1,000 from our staff today.

11 COMMISSIONER CHOPER: Yeah. But can I -- can I say
12 this? I really do think that you are provided help through
13 your general counsel's office in addressing these questions.

14 MR. BLACKWELL: Right. And I'm -- I --

15 COMMISSIONER CHOPER: Because the faster -- the
16 fast -- I know, look, if you didn't think of it, that's fine.

17 MR. BLACKWELL: Right.

18 COMMISSIONER CHOPER: But now we -- now you got to
19 kind of try to --

20 MR. BLACKWELL: Oh, no. No. No. Absolutely.

21 COMMISSIONER CHOPER: -- try to get back and -- and
22 give the staff, your folks, your -- your -- your lawyers --

23 MR. BLACKWELL: Right. And, actually, I --

24 COMMISSIONER CHOPER: -- to find a fix on this --

25 MR. BLACKWELL: -- I handle --

1 COMMISSIONER CHOPER: Good.

2 MR. BLACKWELL: And I handle the legal and regulatory
3 affairs, so I'm -- I will be the person --

4 COMMISSIONER CHOPER: Okay.

5 MR. BLACKWELL: -- to look into this. And again --

6 COMMISSIONER CHOPER: Fine.

7 MR. BLACKWELL: -- it's not like we were working
8 through this process.

9 MR. MILLER: I think -- I think you were working
10 through the process. I think that the bar of common ownership,
11 if -- if what Mr. Israel and -- and the chairman are talking
12 about is Business and Professions Code Section 19484, 19483,
13 those apply to track operators. Those apply to those that are
14 conducting meets.

15 YouBet-Twinspace are not conducting meets.

16 MR. BLACKWELL: Correct.

17 VICE CHAIRPERSON ISRAEL: But Churchill Downs
18 conducts meets.

19 MR. MILLER: Yeah. But not in this state.

20 COMMISSIONER CHOPER: Not in this state.

21 VICE CHAIRPERSON ISRAEL: Not in this state, but
22 bets -- the bets on those meets are accepted in the State of
23 California.

24 MR. MILLER: Yeah. So this is a question we're just
25 going to have to research further. But I can see why --

1 MR. BLACKWELL: And I guess you have a point.

2 MR. MILLER: -- the staff would not -- would not have
3 raised this --

4 MR. BLACKWELL: Right.

5 MR. MILLER: -- because of --

6 MR. BLACKWELL: Right.

7 MR. MILLER: -- preliminarily you're not a track
8 operator.

9 MR. BLACKWELL: Correct. And -- and Churchill Downs,
10 Incorporated, which owns four race tracks which had a
11 California license. So certainly, as I mentioned, we'll look
12 into that. And maybe there's --

13 VICE CHAIRPERSON ISRAEL: Bets are accepted on all of
14 your tracks in California.

15 MR. BLACKWELL: Correct.

16 VICE CHAIRPERSON ISRAEL: Churchill, Calder,
17 Arlington and --

18 MR. BLACKWELL: Right. But -- but those tracks --

19 VICE CHAIRPERSON ISRAEL: -- New Zealand's --

20 MR. BLACKWELL: -- are not licensed in California.

21 Those wagers are considered to take place and are pulled
22 into --

23 VICE CHAIRPERSON ISRAEL: I think one of the -- you
24 know, in addition to all the legal niceties, you're going to
25 have to show us why it's in the public interest and in the best

1 interest of horse racing to allow -- for us to allow you to
2 have dual ownership.

3 CHAIRPERSON BRACKPOOL: Well, let -- let me just say
4 that based on what Counsel Miller just said they may not have
5 to show us that.

6 So I think the threshold question is whether they
7 fall under this section or not. If you fall under this section
8 you'll have to do this work.

9
10 MR. BLACKWELL: Yeah.

11 CHAIRPERSON BRACKPOOL: If you don't fall under this
12 section then -- then we will approve the license conditional
13 upon the outstanding item, which is licensing of management.
14 Unfortunately, I don't have with me here all of the names of
15 who has to be licensed. But that's something that our staff
16 can do.

17 And I believe Commissioner Harris has a question.

18 COMMISSIONER HARRIS: Yeah. I would be inclined to
19 give YouBet the waiver because there's so many people in
20 California that have YouBet accounts now. If they don't
21 have -- at least have the waiver they're all going to get cut
22 off.

23 CHAIRPERSON BRACKPOOL: That's what I said. I'm --
24 I'm not --

25 COMMISSIONER HARRIS: But --

1 CHAIRPERSON BRACKPOOL: I'm not recommending it.

2 COMMISSIONER HARRIS: But --

3 CHAIRPERSON BRACKPOOL: I'm saying we -- we at least
4 do it --

5 COMMISSIONER HARRIS: Yeah.

6 CHAIRPERSON BRACKPOOL: -- through September 15th.
7 And it may be that -- that the waiver is not necessary. But
8 counsel will work that out.

9 COMMISSIONER HARRIS: Well, if we do have to make
10 some assessment of the virtue of having one company own two of
11 these, I think we need some data, too, as far as what sort of
12 market share they have --

13 CHAIRPERSON BRACKPOOL: Exactly.

14 COMMISSIONER HARRIS: -- or what --

15 CHAIRPERSON BRACKPOOL: And that's what would come
16 back as part of that package.

17 COMMISSIONER HARRIS: -- California is. I'm not
18 clear if -- if Churchill's long-term plan is -- is just to
19 merge them together and have everything just be TwinSpires and
20 YouBet goes away, or -- or to keep YouBet as a platform that
21 would be a distinct platform moving down the road for quite
22 awhile.

23 MR. BLACKWELL: Right. And certainly, as I mentioned
24 before, we're working through that integration plan and have
25 not disclosed anything at this point. And certainly, just like

1 before, you know, any changes we would make in operations we
2 would advise CHRB of those changes.

3 CHAIRPERSON BRACKPOOL: Okay. Assistant Executive
4 Director Bon Smith.

5 MR. SMITH: Thank you, Mr. Chairman. The staff
6 analysis does identify Roji DeCrow (phonetic), Mike Cody and
7 Brad -- Brad Blackwell as new management and specifies that Mr.
8 Blackwell will require licensing, not the others.

9 CHAIRPERSON BRACKPOOL: Okay. So that seems to have
10 taken care of that.

11 So I believe, with that subject to resolving the
12 issue on the union thing for a moment, I believe the threshold
13 question is: Are they required to have a waiver or not?

14 And Counsel Miller, you'll report back to us on that.

15 MR. MILLER: Yes.

16 CHAIRPERSON BRACKPOOL: And if they are required then
17 we would want to hear that issue at the September Board
18 meeting. If you're not, then the license would be approved,
19 subject, however, to -- under the motion. We haven't taken a
20 vote on it yet.

21 So the subject hearing from Richard Castro. So,
22 Richard, if you would come forth.

23 MR. CASTRO: Chairman Brackpool and Commissioners,
24 Richard Castro representing Local 280. And just for the
25 record, I think you're batting 1,000 with me. I'll acknowledge

1 that.

2 On this issue here, last month we talked about
3 Delmar.com and Oaktree.com. And we felt that it was wrong
4 under the ADW agreement that we have with the ADW companies
5 that they can subcontract. We call it subcontracting, what
6 they're doing. They say that it's two rooms and they have an
7 open door between the rooms, and they feel that they're on
8 legal ground, we feel that they were not.

9 What we were hoping to do when these contracts came
10 back up -- well, first we were planning to take this to
11 arbitration. The second thing, when we renegotiate these
12 contracts we want to be sure that they're iron clad, that they
13 don't allow for subcontracting, especially when the jobs are
14 taken out of state.

15 CHAIRPERSON BRACKPOOL: Let me -- let me ask you a
16 question, because we all want to move on.

17 There currently is an agreement in place. What
18 you're talking about are changes that you would like to
19 negotiate and see and protections you'd like to get built into
20 a new contract?

21 MR. CASTRO: What we're concerned with is when they
22 make this change that there will be changes. It may not be
23 specific changes to -- yeah. We feel that there will be
24 changes in the way they do business.

25 COMMISSIONER CHOPER: You're saying that they may be

1 in -- not in compliance with the agreement under certain new
2 arrangements; correct?

3 MR. CASTRO: That's correct.

4 COMMISSIONER CHOPER: So if --

5 MR. CASTRO: And -- and they're --

6 COMMISSIONER CHOPER: -- if we don't do anything then
7 you've got to --

8 CHAIRPERSON BRACKPOOL: Then you've got to do
9 something and you come to us. But at the moment there is --
10 all we were looking at was is there currently an agreement in
11 place. The answer is yes. Then the secondary issue that
12 you'll have to deal with is if you don't believe that they are
13 complying with that agreement.

14 MR. CASTRO: Okay.

15 CHAIRPERSON BRACKPOOL: And it's a separate issue
16 from the last item. That's all.

17 MR. CASTRO: I -- I understand. I understand what
18 you're saying.

19 CHAIRPERSON BRACKPOOL: Okay.

20 MR. CASTRO: And we were unclear how this process was
21 going.

22 CHAIRPERSON BRACKPOOL: Okay. Well, as you can tell,
23 this particular agenda item is clear as mud, but let me try and
24 bring it back to some order here.

25 So I would make a motion that we approve the license.

1 The condition of licensing of management, I have been informed
2 by Assistant Executive Director Smith, has now been complied
3 with, and we would approve it. And we would ask counsel to
4 inform us, and I'd like you to inform us shortly --

5 MR. MILLER: Yes.

6 CHAIRPERSON BRACKPOOL: -- not at the next Board
7 meeting, whether a waiver is required. If a waiver is required
8 we want to hold that issue at the September Board meeting, and
9 any license would be subject to that waiver. If it's not we'll
10 inform you in writing that your license is approved and no
11 waiver is necessary.

12 That's my motion.

13 COMMISSIONER ROSENBERG: Second.

14 CHAIRPERSON BRACKPOOL: And I don't have to repeat
15 it?

16 COMMISSIONER ROSENBERG: No.

17 CHAIRPERSON BRACKPOOL: And Committee Rosenberg
18 seconds. All in favor?

19 ALL COMMISSIONERS: Aye.

20 CHAIRPERSON BRACKPOOL: Approved. Thank you.

21 MR. BLACKWELL: Thank you.

22 CHAIRPERSON BRACKPOOL: Item number six, discussion
23 and action by the Board regarding the proposed amendment to
24 CHRB Rule 1974, wagering interests to, one, provide that the
25 withdrawal of one horse from a wagering interest that consists

1 of more than one horse constitutes the withdrawal of the
2 coupled entry or field and any horse remaining in the coupled
3 entry or field shall run as a non-wagering interest for the
4 purse only, and two, to provide that a horse that is removed
5 from the wagering pool in error shall run as a non-wagering
6 interest for purse only.

7 Who do we have to speak on this issue?

8 MR. BREED: Mr. Chairman, I'm going to present the
9 issue. And I'm not exactly sure who is the underwriter or the
10 sponsor of this -- this particular item. This item has been
11 around for a number of years, basically a proposed amendment
12 to -- Board Rule 1974 provides that the withdrawal of one horse
13 from a wagering interest constitutes a withdrawal of a coupled
14 entry, and so on and so forth as you explained.

15 This -- this whole thing started back in about 19 --
16 I mean, back in 2005 and in the Parimutuel Wagering Committee;
17 is that correct, Mike?

18 MR. MARTEN: Yeah. It's been back and forth --

19 MR. BREED: Yeah. So, Mike, if you -- if you have
20 some additional information on this --

21 MR. MARTEN: No. Actually, I thought that was a
22 superb staff analysis offer and -- and it gives all the
23 background. This -- this came back before the Board because
24 there was a discussion at the Stewards' Committee meeting, and
25 that's how --

1 COMMISSIONER HARRIS: Right.

2 MR. MARTEN: -- it came back around.

3 CHAIRPERSON BRACKPOOL: But just so that I'm clear,
4 are we -- I don't -- we're not being asked today to approve
5 language for public comment. We're just being asked to discuss
6 this issue.

7 It says the item is presented for Board discussion
8 and action, but I don't have -- is it the rule that's attached
9 as an exhibit we're being asked to approve, Kirk?

10 MR. BREED: You're asking to start the process.

11 MR. MARTEN: Of putting it out for public comment.

12 VICE CHAIRPERSON ISRAEL: Start the clock.

13 MR. MARTEN: Yeah.

14 CHAIRPERSON BRACKPOOL: Commissioner Harris?

15 COMMISSIONER HARRIS: I think it's -- it's a bad
16 idea. I mean, I can see maybe there's some merit for it in
17 some extreme case, but I think it would do much more harm than
18 good. And I don't even know why we're talking about it. There
19 aren't even that many entries around anymore anyway, and you
20 just lead to a lot of confusion. And it's just -- just one
21 more thing we don't need to do.

22 COMMISSIONER MOSS: How often has this taken place in
23 the last couple of years anyway that this kind of thing would
24 even come up?

25 MR. MARTEN: Surprisingly to me it hasn't occurred

1 where you have an entry made and have -- scratch and have your
2 -- the other horse, people stuff with it. It's --
3 we -- we've dodged that bullet for -- for a long time.

4 CHAIRPERSON BRACKPOOL: I think to be fair, Jerry,
5 the -- when we, Commissioner Israel and I, had the stewards'
6 meeting, the stewards wanted guidance on this because they were
7 very unsure of what to do, using the extreme example that Mike
8 just had where you'd have a one-to-nine shot, and then she was
9 scratched and you'd have something else in there, should --
10 should the better be left with that? And I think they just
11 wanted direction. Because at the moment they don't have
12 direction with the way the rule is.

13 So I don't think it's that there's a groundswell of
14 public opinion that this should happen. I think it was more
15 trying to give the stewards some real objective criteria to
16 make a determination.

17 COMMISSIONER ROSENBERG: I think -- Mr. Chairman, I
18 think that the question is a good question. I think the
19 gamblers would be the ones who would -- may have complained
20 about this. And I know that some bets you don't -- you -- you
21 get a refund, and other bets you're automatically stuck with
22 the favorite in the race or with that -- with that horse.

23 So my question is: During those stewards' meetings
24 was there ever -- did it arise because the stewards were just
25 questioning how to react or had they had any complaints? If

1 they've had no -- no complaints I don't see any reason to
2 change it.

3 CHAIRPERSON BRACKPOOL: They had had some complaints
4 and they had had some instances. But, again, I just don't
5 think it was done in a lot of -- lot of volume.

6 Mr. Liebau from Hollywood Park is going to address
7 us.

8 MR. LIEBAU: This situation has -- has come up at
9 least with respect to a horse that was mistakenly scratched.
10 And I'd like to confine my -- my talk to that.

11 I -- I do think that if by chance a horse is
12 mistakenly scratched that it ought to be able to run for purse
13 money. And I will tell you that that had come up, not while
14 I've been at Hollywood Park, but when I was at Bay Meadows.
15 And I have been -- I know of no time that a horse has ever been
16 allowed in California just to run for purse money. I -- I
17 don't see the problem in doing that. But when it has come up
18 in the past I've been completely unsuccessful in letting --
19 getting the stewards to allow a horse that had been scratched
20 by mistake, which does happen infrequently. But I think the
21 owner should have a chance to continue to compete, at least for
22 the purse.

23 COMMISSIONER MOSS: So do I.

24 COMMISSIONER HARRIS: Yeah. I -- I agree with that.
25 This is a whole different issue, though, than this proposal,

1 but --

2 COMMISSIONER CHOPER: I think we ought to look into
3 how these --

4 MR. MARTEN: Yeah. Well, on number two, the second
5 part down there speaks to that issue.

6 MR. BREED: Right.

7 COMMISSIONER HARRIS: Yeah.

8 CHAIRPERSON BRACKPOOL: Let's -- let's -- I have two
9 people wishing to address the board on this issue. The first
10 one, Barry Meadow.

11 MR. MEADOW: Hello, Chairman Brackpool and
12 Commissioners. Imagine a concert where there are two
13 performers, Vanilla Ice and Paul McCartney. You paid \$2,000
14 for your first row ticket because you love Paul McCartney. You
15 get in. The concert is about to begin. An announcement comes
16 on, Paul has got laryngitis. He's not performing. Sadly, you
17 just paid \$2,000 for a Vanilla Ice ticket. This is the
18 situation.

19 COMMISSIONER CHOPER: What if it was the other way
20 around?

21 MR. MEADOW: This is the situation that we're in now.

22 Put it another way. Let's say you've -- a new
23 Mercedes costs \$50,000. You find a dealer that's going to give
24 you two of them for \$80,000. You say great deal, you give him
25 \$80,000. He says, sorry, I'm only delivering one. To bad

1 about the other one. Bad luck to you.

2 The rule as it stands now basically screws anybody
3 who after the first leg of a daily double or a pick three or a
4 pick four or a pick six, you are left with something you don't
5 want. If a horse is scratched, let's say with two minutes to
6 post, you might say, well, people can always change their
7 ticket. But a lot of people bet early. A lot of people are
8 milling around. They don't know there's been a scratch. They
9 look on the tote board. They see number one is there. They
10 think it's fine.

11 So this is a simply a rule to protect the public, and
12 this is what it does. Let's say you've got two horses that
13 normally one would be an entry, one would be 4-to-1 by himself,
14 the other one would be, let's say 11-to-1 by himself.
15 Together, because they are two entities, the odds are 5-to-2,
16 which is fair. Now the 4-to-1 gets scratched, you're taking 5-
17 to-2 on an 11-to-1 shot, which is not fair. If the 11-to-1
18 shot is scratched, now you're taking 5-to-2 to a 4-to-1 shot,
19 which is still not fair.

20 So what this does is it protects the public, and
21 this, of course, is part of the mission of what it does. It
22 doesn't harm anybody and it's a benefit. So it sounds like a
23 great rule and I don't see why it wouldn't be passed.

24 CHAIRPERSON BRACKPOOL: Thank you very much. Next
25 speaker, Michael --

1 COMMISSIONER MOSS: Excuse me, sir, before you leave
2 would you please state your name for the record --

3 MR. MEADOW: Sure. Barry Meadow.

4 COMMISSIONER MOSS: -- and the -- and your
5 organization.

6 MR. MEADOW: Sure. My name is Barry Meadow. I'm a
7 horse player. I don't represent any organization, but I do
8 gamble every day on California races.

9 COMMISSIONER MOSS: Thank you very much.

10 MR. WELLMAN: Michael Wellman. I think Mr. Meadow
11 said it about as clearly as could possibly be said. And I
12 think what that CHRB needs to consider is here's an opportunity
13 to protect the better and protect the public. I realize that
14 under the certain conditions right now we want to handle every
15 dollar we possibly can, but not at the expense of the customer.
16 And by doing this, really what you're doing is you're telling
17 the customer that you're going to have to take it, regardless
18 of what happens. When you bet on an entry and one of them goes
19 you're getting under value, regardless of how it works out.

20 It doesn't in any way penalize the owners now because
21 you could race for money. And I don't see what the downside
22 is. I don't see anything that really hurts protecting the
23 people that you need in the stands and betting the money. All
24 it is is being -- standing on principle and understanding that
25 the customer comes first.

1 CHAIRPERSON BRACKPOOL: Thank you.

2 MR. WELLMAN: So thank you.

3 CHAIRPERSON BRACKPOOL: Commissioner Moss?

4 COMMISSIONER MOSS: Yeah. If -- if we went through
5 with this and --

6 CHAIRPERSON BRACKPOOL: What we're doing is putting
7 it out for 45 day public --

8 COMMISSIONER MOSS: I just wanted -- you know, it
9 went along with what was suggested, and we sort of approve this
10 in some form, then what happens to the pick six better? It
11 goes back to the -- the favorite or their alternate; correct?

12 MR. WELLMAN: Yes.

13 COMMISSIONER MOSS: Then you're saying whatever would
14 reflect as the favorite would then get a wager; correct?

15 MR. WELLMAN: Right.

16 COMMISSIONER MOSS: Thank you.

17 COMMISSIONER HARRIS: Yeah. I'm worried about the
18 unhappy fan concept where it's treating --

19 CHAIRPERSON BRACKPOOL: It's not a debate, Michael.
20 It's not a debate. Just one second.

21 MR. WELLMAN: -- treating--

22 CHAIRPERSON BRACKPOOL: Take a seat.

23 MR. WELLMAN: -- information.

24 COMMISSIONER HARRIS: There's obviously time to -- to
25 cancel your bet if you don't want -- if one part of the entry

1 gets canceled and all that.

2 But the real problem, I think, is the entry does win.
3 Even though one of them is scratched it wins, and that person
4 goes up to cash their ticket and they're told, oh, by the way,
5 this whole thing was scratched. You don't get anything. And
6 the guy's sitting there thinking he had a winner and he's got a
7 ticket that's just not worth more than face value.

8 CHAIRPERSON BRACKPOOL: But -- but -- but to me what
9 we're being asked to do here is put this out for comment, and
10 those are the types of comments, the types of comments that the
11 last two speakers have had, the types of comment you've had. I
12 mean, I -- I think it's worthy of debate. I know we have
13 another speaker here.

14 Mike, did you have something to add?

15 MR. MARTEN: Yes. Two things. One is it's
16 scratched. The various rules, though, in pick three, pick
17 four, they all treat scratches in different ways. However,
18 each rule treats a scratch as how that -- that -- that will be
19 treated. Okay.

20 Secondly, if you're going to put out to notice you
21 have to decide whether it's going to be the -- the -- just the
22 single issue of the multiple -- of the entries, or are you
23 going to add the -- the inadvertent scratches if -- if you're
24 going to --

25 CHAIRPERSON BRACKPOOL: No. I understand.

1 MR. MARTEN: -- authorize it for noticing.

2 CHAIRPERSON BRACKPOOL: I understand.

3 MR. WELLMAN: The exception before the rule, you
4 know, if it doesn't happen often --

5 CHAIRPERSON BRACKPOOL: You have to identify -- you
6 have identify yourself.

7 MR. WELLMAN: Oh. Michael Wellman. Also, I think
8 that that's exactly -- not that we should follow New York
9 racing, necessarily, but I do believe that's the rule that
10 exists in NYRA, although I'm not familiar with Kentucky or
11 anything like that.

12 VICE CHAIRPERSON ISRAEL: I -- I have a question,
13 Mike. Stay there.

14 MR. WELLMAN: I think they responded because of
15 people that were upset with it the way it was previously.

16 VICE CHAIRPERSON ISRAEL: And -- and this is a
17 question. It's a weird hypothetical situation. I don't know
18 what the answer is.

19 Is it fair -- I know it's fair to the owner to let an
20 inadvertently scratched horse run for purse money. What if
21 that horse interferes and prevents one of the horses that's
22 running for purse money and for the betters and prevents that
23 horse from winning or placing on the board, how --

24 MR. WELLMAN: Well --

25 VICE CHAIRPERSON ISRAEL: -- how -- how fair is that?

1 MR. WELLMAN: Well, first of all I think we're
2 talking about a very, very minute --

3 VICE CHAIRPERSON ISRAEL: Well --

4 MR. WELLMAN: -- period.

5 VICE CHAIRPERSON ISRAEL: -- this whole thing is very
6 minute.

7 MR. WELLMAN: But -- but when an owner puts up his
8 money and for one reason or another is scratched incorrectly --

9 VICE CHAIRPERSON ISRAEL: Right.

10 MR. WELLMAN: -- okay, and may have trained for 45
11 days, 60 days for a race and someone in the racing office
12 scratches them --

13 VICE CHAIRPERSON ISRAEL: Right. It happened this
14 year. I know that.

15 MR. WELLMAN: Okay. He should still have the
16 opportunity. And I don't think anybody personally that is
17 running in that race is going to be upset about a guy that is
18 incorrectly scratched out of a race to be able to have the
19 opportunity to run.

20 VICE CHAIRPERSON ISRAEL: But what -- what about the
21 consumer who has been on a horse that's interfered with and
22 then does not --

23 CHAIRPERSON BRACKPOOL: If it was interfered with it
24 would be disqualified.

25 MR. WELLMAN: Yeah.

1 VICE CHAIRPERSON ISRAEL: Yeah. But he's running for
2 purse money.

3 MR. WELLMAN: He's running for purse only but he'd --
4 he'd be treated the same way --

5 CHAIRPERSON BRACKPOOL: He'd be treated the same way.

6 MR. WELLMAN: -- as he would in any race.

7 CHAIRPERSON BRACKPOOL: He'd be treated the same.

8 MR. WELLMAN: And I believe the horse that would run
9 second at that point would be paid as the winner.

10 CHAIRPERSON BRACKPOOL: Correct.

11 VICE CHAIRPERSON ISRAEL: As the winner. I would
12 assume that's the only way.

13 MR. WELLMAN: Yeah. No. That's -- that's --

14 CHAIRPERSON BRACKPOOL: I have one more speaker on
15 this issue, Allen Gutterman. Let me --

16 VICE CHAIRPERSON ISRAEL: Go ahead.

17 CHAIRPERSON BRACKPOOL: -- from Santa Anita.

18 MR. GUTTERMAN: Thank you, sir. Allen Gutterman,
19 Santa Anita Park. I just wanted to relay a story that happened
20 years ago when I was working at the Meadowlands and were racing
21 thoroughbreds at night. And horses would come over from New
22 York sometimes to race at -- at -- at night in a stakes race.
23 And Angel Cordero and a horse who is 3-to-5 and a grade three
24 stakes came over, and a rabbit had been -- come over from the
25 same stable.

1 And something happened at the gate, I'm not
2 remembering exactly what happened, but something happened with
3 the horse at the gate and Cordero and the horse were scratched.
4 And that left a horse -- that left a horse who would have been
5 about 50-to-1 at 3-to-5, this -- because of the -- the favorite
6 I the stake. And that horse ran and -- and finished sixth or
7 seventh, as he probably should have, and we had a riot. We had
8 a full-blown riot at the track, guys jumping over the fence
9 onto the track, ripping up the tote board, setting fires to the
10 garbage cans. And --

11 CHAIRPERSON BRACKPOOL: You got to love New Jersey.

12 MR. WELLMAN: Well, you know, I -- I mean, I took of
13 my tie and my jacket and just joined the crowd because I didn't
14 want them to beat me up. But it was -- it was -- it was -- you
15 know, it -- it is a cautionary tale. And -- and, you know,
16 it's tough enough being a horse player, and we all empathize
17 with them. But having a situation like that is brutal.

18 VICE CHAIRPERSON ISRAEL: So you're advocating this?

19 MR. GUTTERMAN: Yes.

20 VICE CHAIRPERSON ISRAEL: Okay.

21 COMMISSIONER CHOPER: Well, I'd like --

22 CHAIRPERSON BRACKPOOL: Commissioner Choper.

23 COMMISSIONER CHOPER: I'd like to move that we --
24 that we send it out. You know, the more you think about it,
25 you come up with hypothetical situations that cut the other

1 way.

2 VICE CHAIRPERSON ISRAEL: I think we ought to take a
3 look at it.

4 COMMISSIONER CHOPER: Well, it happened. I mean, it
5 happened. Let's --

6 CHAIRPERSON BRACKPOOL: I would support the motion
7 for -- for an additional reason, which is that I -- I did hear
8 from the stewards that they would really like some guidance
9 here. And I think if we could give the stewards objective
10 criteria it's just much fairer on the stewards.

11 Commissioner Moss?

12 COMMISSIONER MOSS: Yeah. I would agree with that.
13 And also, discuss the idea of how much do we need entries
14 anyway, you know?

15 CHAIRPERSON BRACKPOOL: Right. I --

16 COMMISSIONER MOSS: And it -- so -- so --

17 CHAIRPERSON BRACKPOOL: I agree. And I think that's
18 a good agenda item to -- to --

19 COMMISSIONER CHOPER: Yeah.

20 CHAIRPERSON BRACKPOOL: -- to discuss on a go forth
21 basis.

22 COMMISSIONER HARRIS: I think you need to separate it
23 into two parts, though, where it's clear that one issue is
24 where a horse is accidentally scratched, which has happened in
25 the last year, it can run for first place.

1 CHAIRPERSON BRACKPOOL: Well, they are -- they are
2 separated --

3 COMMISSIONER HARRIS: Yeah.

4 CHAIRPERSON BRACKPOOL: -- here. And I will make
5 sure that when this rule goes out that they are properly
6 separated as -- as two. And I'll take your advice, Kirk, as to
7 whether we send these out as two separate rule changes to
8 overcome Mr. Harris's issue and so that people can comment
9 on -- on both and we can figure out the -- the right way to --

10 MR. GUTTERMAN: Okay.

11 CHAIRPERSON BRACKPOOL: -- to -- to do that.

12 COMMISSIONER HARRIS: I mean, we've got some history
13 of how much this -- I think we're sort of rearranging pictures
14 to get here. I question this ever happens.

15 CHAIRPERSON BRACKPOOL: I -- I think the bigger -- I
16 don't know. I mean, I think that's one way to look at it. The
17 other way is to take Allen's example as any other. I mean, if
18 it was to happen in an extreme situation, that it would be very
19 good if the stewards had objective criteria upon which to
20 make --

21 VICE CHAIRPERSON ISRAEL: Well, and I know I read --

22 CHAIRPERSON BRACKPOOL: -- make their decision.

23 VICE CHAIRPERSON ISRAEL: -- I read in minutes from
24 one of our tracks this year that a horse was inadvertently
25 scratched and -- and prohibited from running. I can't

1 remember --

2 COMMISSIONER HARRIS: That happened to a mule.

3 There's a mule race --

4 MR. BREED: A mule race, yeah.

5 COMMISSIONER HARRIS: -- in Santa Rosa.

6 MR. BREED: In Santa Rosa.

7 COMMISSIONER HARRIS: Yeah.

8 MR. BREED: Yeah.

9 COMMISSIONER HARRIS: So while the --

10 CHAIRPERSON BRACKPOOL: It's a mule race. Anyway, I
11 have one more speaker on this issue, Mr. Mace Siegel.

12 MR. SIEGEL: Yeah. They handle it very simply in New
13 York, and I think they handle it beautifully, and that is that
14 if part of an entry is scratched they don't -- the horses still
15 runs, but there's no betting on the entry. They just call the
16 entry a scratch. And that --

17 CHAIRPERSON BRACKPOOL: That's what this rule is
18 proposing.

19 MR. SIEGEL: And that is absolutely the simplest way
20 to do it and the right way to do it.

21 COMMISSIONER HARRIS: Right. What time does the
22 scratch take place as far as the track?

23 MR. SIEGEL: As soon as you know.

24 COMMISSIONER HARRIS: Do they get scratched that
25 morning?

1 MR. SIEGEL: As soon as you know it.

2 COMMISSIONER HARRIS: But let's say a scratch -- a
3 horse scratches at nine o'clock in the morning, so there's no
4 wagering on that entry all day?

5 CHAIRPERSON BRACKPOOL: Is that covered under our
6 language, Kirk?

7 MR. BREED: It is.

8 CHAIRPERSON BRACKPOOL: Okay. So let's do this,
9 let's set a motion that we put this rule out. I believe
10 Commissioner Choper made the motion.

11 VICE CHAIRPERSON ISRAEL: I'll second it.

12 CHAIRPERSON BRACKPOOL: And Commissioner Israel
13 seconds the motion that we put this out for public comment, and
14 we'll hear the public comment. And I guess we'll hear this at
15 the September meeting. Okay.

16 Do you have something else, Jerry?

17 COMMISSIONER MOSS: No. No. That's it.

18 CHAIRPERSON BRACKPOOL: Okay. All in favor?

19 COMMISSIONERS: Aye.

20 CHAIRPERSON BRACKPOOL: Approved.

21 COMMISSIONER HARRIS: Well, I -- I would like to vote
22 opposed. Because I think we've -- all I think we've got to --

23 CHAIRPERSON BRACKPOOL: Okay.

24 COMMISSIONER HARRIS: -- do with racing, I don't
25 think this is very high.

1 CHAIRPERSON BRACKPOOL: Commissioner Harris votes
2 against everybody else in favor; is that right?

3 VICE CHAIRPERSON ISRAEL: Yes. It was six to one.

4 CHAIRPERSON BRACKPOOL: Six to one?

5 COMMISSIONER HARRIS: Yeah.

6 CHAIRPERSON BRACKPOOL: Okay.

7 VICE CHAIRPERSON ISRAEL: John, welcome to the block
8 of being the one.

9 COMMISSIONER HARRIS: Yeah. Well, I'm just trying to
10 save a tree.

11 CHAIRPERSON BRACKPOOL: All right. Come on point.

12 Item number seven, discussion and action by the Board
13 regarding proposed amendment to CHRB Rule 1876, financial
14 responsibility, to add financial responsibility complaints from
15 equine medical hospitals and services provided by horse farms
16 that are directly related to horse racing where the debt
17 exceeds \$1,000.

18 Executive Director Breed?

19 MR. BREED: Mr. Chairman, Members, the -- this has
20 come up a couple of times. And basically what Tommy Town
21 Thoroughbreds and other -- other farms have a problem out
22 there. Commissioner Derek brought this to our attention. We
23 put together this rule which sets a level at \$1,000. If, in
24 fact -- we haven't done this a whole lot in the past, but we
25 have on special occasions, that if the debt is 1,000 -- over

1 \$1,000 and they can't collect a debt then -- then the licensee
2 can come before the stewards and request us our intervention
3 in -- in terms of taking action against a person who owes them
4 money.

5 Commissioner Derek, did you want to say something
6 more?

7 COMMISSIONER DEREK: Well --

8 MR. BREED: I also have a person in the audience.

9 CHAIRPERSON BRACKPOOL: Yeah.

10 COMMISSIONER DEREK: This just came up because Mrs.
11 Teller (phonetic) of Tommy Town called me very frustrated one
12 day that someone who owed her farm a lot of money hadn't been
13 paying their bills. They couldn't even reach them by
14 telephone. He had just won a big race with a big purse and
15 felt it wasn't right, and asked if the Board could do
16 something. And --

17 CHAIRPERSON BRACKPOOL: Well, I don't have a speaker
18 card because I had agreed you were going to come forth and
19 present on this issue.

20 MR. BREED: Yes.

21 CHAIRPERSON BRACKPOOL: So please come forth, state
22 your name, affiliation, and welcome.

23 MS. BEER: Hi. My name is Deanne Beer. I'm the CFO
24 for Tommy Town Thoroughbreds, aboard there for about eight
25 years. And with the economic times, what it is right now, in

1 the last several years we've had a very difficult time
2 collecting board. Tommy Town, as probably most of you know,
3 not only breeds, but we also break yearlings. We also train
4 for the race track. We do rehab. And Mr. and Mrs. Teller are
5 obviously very much into racing. I believe they were the
6 leading breeder in California last year, so they're very
7 involved in the racing. They love it. They really enjoy it.
8 But it's been very difficult in trying to collect funds lately.

9 And we do really appreciate the stewards helping us
10 this spring and doing those financial complaints and allowing
11 us to actually, number one, reach the people that are not
12 paying us. Because they are called when they got their letter
13 that they had to come to the stewards. And it has -- actually,
14 they've made a couple payments so far. We were reasonable
15 and -- and did a year with them, which I'm probably off topic.

16 But we would really appreciate your --

17 CHAIRPERSON BRACKPOOL: What is -- what is the eye of
18 the beholder?

19 MS. BEER: Yeah. I would really -- we would really
20 appreciate, you know, as a breeder, you know, owning three or
21 four stallions, we really support the California racing. And
22 to have your support makes a huge difference in allowing us to
23 be paid.

24 We've had clients that move their horses from farm to
25 farm to farm. And they get into a race track and the only

1 thing they've paid is the stud fees, because that's what they
2 have to pay in order to get their certificate. So your support
3 as trainers and everything here at the track, they can't run
4 unless they've kept their financial commitments. We would
5 really appreciate your help in helping us get paid so that
6 people -- we don't end up last on the last, basically.

7 CHAIRPERSON BRACKPOOL: Right.

8 MS. BEER: Basically, that's what happens. We end up
9 last on the list.

10 CHAIRPERSON BRACKPOOL: Commissioner Derek, you've
11 read the rule. Are you okay with this proposed solution to the
12 problem?

13 COMMISSIONER DEREK: I do. And I -- I think this is
14 an opportunity for the Board to really help build the structure
15 of our business.

16 CHAIRPERSON BRACKPOOL: Yeah. I --

17 COMMISSIONER DEREK: And that's like a --

18 CHAIRPERSON BRACKPOOL: Okay. Commissioner
19 Rosenberg?

20 COMMISSIONER ROSENBERG: I would think it's a good
21 idea to send this out for discussion. A couple questions come
22 to mind. One is: Is it -- is it fair to limit it to --
23 specifically to farms, I believe is the language?

24 MS. BEER: I believe it's all -- all --

25 COMMISSIONER ROSENBERG: As opposed to other than --

1 MS. BEER: -- all equine hospitals.

2 COMMISSIONER ROSENBERG: Okay. So -- so it's going
3 to happen on the -- on the equine? That's one point, though.
4 This farms and equine hospitals, is that enough? Is that broad
5 enough? It may be excluding other groups who are involved in
6 dealing with horses, thoroughbred horses.

7 CHAIRPERSON BRACKPOOL: Well, we're adding them,
8 Richard. We -- we -- we believe these are the two that are
9 missing. If you've got --

10 COMMISSIONER ROSENBERG: Oh. You think there are --

11 CHAIRPERSON BRACKPOOL: -- others specifically that
12 you think --

13 COMMISSIONER ROSENBERG: Well --

14 CHAIRPERSON BRACKPOOL: -- are missing, but most
15 people are included. It just for -- for historically reasons
16 did not include these --

17 COMMISSIONER ROSENBERG: Right.

18 CHAIRPERSON BRACKPOOL: -- these -- these two
19 entities.

20 COMMISSIONER HARRIS: Got -- got your trainers, vets,
21 blacksmiths, farriers, they're all included in that.

22 CHAIRPERSON BRACKPOOL: Right.

23 CHAIRPERSON BRACKPOOL: This is just --

24 COMMISSIONER ROSENBERG: Maybe we could have a
25 discussion to see if there's anyone -- any other group missing.

1 But the second thing is on the equine hospitals,
2 there's a provision in here that you can make it -- you can not
3 go on collective or go after a debtor if you have a prior
4 complaint against that person within 24 months, which makes
5 sense, I think with general -- in a general situation. But in
6 an emergency -- horses have emergencies. So if -- if that
7 horse is sent to a hospital you don't want to have a computer
8 show you that someone recently is a deadbeat with them and not
9 treat the horse. So I would question whether that should apply
10 to the equine hospitals. It may be a minor point, but it might
11 involve a horses life some day.

12 CHAIRPERSON BRACKPOOL: Keith? Commissioner Harris?

13 COMMISSIONER HARRIS: The issue, since I own a farm,
14 I'm going to ask our counsel, should I -- I think I should
15 probably abstain on this and not discuss it.

16 MR. MILLER: Yes.

17 COMMISSIONER HARRIS: Okay.

18 CHAIRPERSON BRACKPOOL: Thank you.

19 COMMISSIONER HARRIS: I just wanted to clarify that.

20 CHAIRPERSON BRACKPOOL: Commissioner Moss?

21 COMMISSIONER MOSS: Yeah. Then why is it a 1,000?
22 Maybe it should be 500. I'm -- I'm not sure. But --

23 MR. BREED: I don't know who came up with it.

24 COMMISSIONER DEREK: I think that was just in --
25 in -- to -- to save the stewards from -- from smaller claims, I

1 think to conserve their time and effort.

2 COMMISSIONER MOSS: Because it doesn't take a lot to
3 build up \$1,000 bill, you know? And it's --

4 MS. BEER: Actually, out of --

5 COMMISSIONER MOSS: I mean, in some areas.

6 MS. BEER: Yeah. Well --

7 CHAIRPERSON BRACKPOOL: I think the \$1,000 is brought
8 in to stop the french fry episode reappearing.

9 COMMISSIONER DEREK: Probably.

10 CHAIRPERSON BRACKPOOL: -- that we were all enjoying
11 three months ago to-do.

12 I know we have a speaker on this. I am awaiting the
13 -- the -- the card.

14 I think what -- in response, while I wait for this
15 card, I think in response to Commissioner Rosenberg's comment,
16 I would say let's put the rule out with equine hospitals. And
17 if somebody else feels that they could be included where they
18 haven't been included before --

19 COMMISSIONER ROSENBERG: Yes.

20 CHAIRPERSON BRACKPOOL: -- that would be the
21 appropriate time for them to --

22 COMMISSIONER HARRIS: Right.

23 CHAIRPERSON BRACKPOOL: -- speak or forever hold
24 their peace.

25 COMMISSIONER ROSENBERG: Right.

1 MS. BEER: May I --

2 CHAIRPERSON BRACKPOOL: I have --

3 MS. BEER: May I say something?

4 CHAIRPERSON BRACKPOOL: Yes, please.

5 MS. BEER: Sorry. Regarding the -- it's listed here
6 as race horses. Again, as a farm doing breeding and raising of
7 foals, and also having mares that are producing race horses,
8 we'd like to make sure that those are included. Because the
9 problems that we've been experiencing from owners and trainers
10 are when they bring a mare and they have us breed it, and
11 they -- they basically abandon the horse and the foal. So we
12 end up with those which aren't technically, maybe, race horses,
13 but --

14 CHAIRPERSON BRACKPOOL: Yeah. I'm not sure that
15 that's within our -- I think, you know, the -- the problem is
16 we're here to protect horse racing interests. We're not --
17 we're not legislated that we protect anything to do with any
18 horse anywhere in the state. So I would have to take legal
19 advice, advice from counsel as to --

20 COMMISSIONER MOSS: Yeah. I --

21 CHAIRPERSON BRACKPOOL: -- whether that's --

22 COMMISSIONER MOSS: This -- the -- these are actions
23 against licensees. If somebody comes to your farm that -- with
24 a mare but is not licensed by us we have no jurisdiction in the
25 matter. So you're talking about situations where licensees are

1 bringing it --

2 CHAIRPERSON BRACKPOOL: Then you would --

3 COMMISSIONER MOSS: -- then it would seem to come --

4 CHAIRPERSON BRACKPOOL: You would be protected under
5 that.

6 COMMISSIONER MOSS: Yes.

7 COMMISSIONER DEREK: If they're licensed, yeah.

8 CHAIRPERSON BRACKPOOL: If they're licensed.

9 COMMISSIONER MOSS: If they're licensed.

10 CHAIRPERSON BRACKPOOL: Yeah.

11 MS. BEER: All right. We see. We understand that
12 it's only licensees --

13 CHAIRPERSON BRACKPOOL: Right. I want you to know,
14 we're good, but we're not that good.

15 MS. BEER: And I don't know, too, as a suggestion,
16 maybe, is that when we accept a new client that we get them to
17 assign -- to sign an agreement that says if they acknowledge
18 that they were willing to be under the authority of the CHRB --

19 CHAIRPERSON BRACKPOOL: Well, I --

20 MS. BEER: -- as far as us --

21 CHAIRPERSON BRACKPOOL: I think they either are or
22 they are not. I don't think that any voluntary agreement --

23 MS. BEER: I meant, as far -- as far as
24 responsibility --

25 CHAIRPERSON BRACKPOOL: Well --

1 MS. BEER: -- as far as financial responsibility.

2 COMMISSIONER MOSS: Yeah. Well --

3 COMMISSIONER DEREK: This rule would apply.

4 CHAIRPERSON BRACKPOOL: This rule would apply. Yeah.

5 COMMISSIONER CHOPER: If you're going to -- if there
6 are things, just follow the law.

7 CHAIRPERSON BRACKPOOL: Yeah.

8 COMMISSIONER CHOPER: I mean, everybody agrees to
9 that.

10 CHAIRPERSON BRACKPOOL: I think we're -- we're
11 rapidly approaching the category of don't push it. But more --
12 more or less. I have -- I have -- I have a helpful suggestion.
13 I have a speaker on this issue, Jim Henwood from Fairplex.
14 Please stay where you are in case we have any other --

15 MR. HENWOOD: Jim Henwood representing Fairplex. I
16 would only ask if, in fact, action is taken on this that we
17 include the auction sale of the thoroughbred, as well, because
18 there are problems in that arena as well, along the lines that
19 the presenter has --

20 MR. BREED: Uh-huh.

21 CHAIRPERSON BRACKPOOL: Can we modify it to that?

22 MR. BREED: Uh-huh.

23 CHAIRPERSON BRACKPOOL: I think that's a good
24 suggestion, and that's responsive to you, Richard, that there
25 is --

1 COMMISSIONER ROSENBERG: Yeah.

2 CHAIRPERSON BRACKPOOL: -- somebody.

3 COMMISSIONER ROSENBERG: There's one.

4 CHAIRPERSON BRACKPOOL: There's one.

5 COMMISSIONER ROSENBERG: Also, I just want to comment
6 on -- on the -- the issue of who is included. Look at the
7 paragraph under the proposed legislation under (d)(1)-

8 CHAIRPERSON BRACKPOOL: (B)(1)?

9 COMMISSIONER ROSENBERG: D, like D -- little d --
10 little d, 1876(d)(1). It says,
11 "The complaint involves services, supplies or fees that
12 are directly related to the licensees California race
13 track operations."

14 CHAIRPERSON BRACKPOOL: Yeah.

15 COMMISSIONER ROSENBERG: I mean, does that limit --
16 getting back to the same issue, is it -- is -- is it clear that
17 you can go after a person that holds a license, even though the
18 activity involved -- that involves the debt does not relate to
19 race track operations?

20 CHAIRPERSON BRACKPOOL: Counsel?

21 MR. BREED: That's an existing rule, Richard. That's
22 an existing rule.

23 COMMISSIONER ROSENBERG: Yeah. But what's --

24 MR. BREED: And, yes, it does.

25 COMMISSIONER ROSENBERG: I mean, because race track

1 operations --

2 CHAIRPERSON BRACKPOOL: That was Executive Director
3 Breed doing a good impersonation of Counsel Miller. Now let's
4 ask for the -- the authentic response.

5 COMMISSIONER MOSS: What? I'm -- I'm sorry. I can't
6 hear the question.

7 CHAIRPERSON BRACKPOOL: The question is: Under
8 (d)(1) on 7-4 of the package, it says,

9 "The complaint involves services, supplies or fees that
10 are directly related to the licensees California race
11 track operations."

12 And Commissioner Rosenberg's question was: Does that
13 limit it by using the phrase "race track operations?"

14 MR. MILLER: Well, that's the jurisdiction of the
15 stewards. And then if you go to (e) it talks about horse
16 farms. That's what we're adding.

17 CHAIRPERSON BRACKPOOL: And I think that was Kirk's
18 point, that it's the -- it's the -- it's the --

19 MR. BREED: It's the existing rule.

20 CHAIRPERSON BRACKPOOL: -- it's the existing rule,
21 and we're modifying the existing rule.

22 COMMISSIONER MOSS: You're adding to the existing
23 rule.

24 COMMISSIONER DEREK: We're adding to it.

25 COMMISSIONER ROSENBERG: But they -- they -- they

1 have the same language at the end of that Paragraph (e) --

2 MR. BREED: Right. It makes --

3 CHAIRPERSON BRACKPOOL: Yeah.

4 COMMISSIONER ROSENBERG: -- right?

5 COMMISSIONER CHOPER: I think it probably should, to
6 exclude debts that are totally unrelated to what they --

7 COMMISSIONER ROSENBERG: Yeah. Yeah.

8 CHAIRPERSON BRACKPOOL: Actually, it's -- yeah. I --
9 I -- I understand what you're saying. Let's talk dirt. Let's
10 put the rule out and get the comments, and then see how we
11 look.

12 All in favor -- well, first, do we have a motion? I
13 think this should definitely be Commissioner Derek's motion.

14 COMMISSIONER DEREK: I make the move.

15 CHAIRPERSON BRACKPOOL: Do I have a second?

16 COMMISSIONER ROSENBERG: Second.

17 CHAIRPERSON BRACKPOOL: Commissioner Rosenberg
18 seconds. Commissioner Harris abstains, because he never signs
19 a bill over \$1,000.

20 VICE CHAIRPERSON ISRAEL: He never -- he never pays a
21 bill over \$1,000.

22 CHAIRPERSON BRACKPOOL: And the motion, also, the
23 motion is modified from that here; we will also include the
24 auction house.

25 So Commissioner Derek makes the motion. Commissioner

1 Rosenberg seconds. All in favor?

2 COMMISSIONERS: Aye

3 CHAIRPERSON BRACKPOOL: And Commissioner Harris
4 abstains. Motion approved. Thank you very much.

5 Item number eight I'm going to ask Alan Balch of CTT
6 and Guy Lamothe of TOC to step forward. Item number eight is a
7 rule that was brought into play before I joined the board, but
8 one that I think is a particular good rule. But I'm thinking
9 that we may even be able to improve on it slightly. It's the
10 claiming rule that says if your horse is not raced in 180 days
11 you can bring it back at the same or one level higher and still
12 be protected.

13 It appears that we're not using this rule very much.
14 And I think the reason we're not using this rule is a
15 combination of two things, the first being that with the -- the
16 general economy, as well as the horse population, I think what
17 was a \$50,000 claiming race a year ago is perhaps a \$32,000 or
18 a \$40,000 claiming race today to one is not available -- one is
19 not able to avail oneself of the rule.

20 And I think the second issue is that 180 days doesn't
21 then differentiate between a year or whatever. And what we're
22 trying to do with this rule is encourage horses to stay in
23 training and, just as importantly, stay in California.

24 And so we just wondered whether there was some
25 additional modification that could be made to this rule that

1 really would encourage horses to stay in training. And
2 illustratively, is that you can come back one level lower than
3 you last raced at and be protected or whatever? So -- so
4 that's the purpose.

5 COMMISSIONER HARRIS: So -- so that would be not to
6 stay in training but to stay in a racing career

7 CHAIRPERSON BRACKPOOL: Exactly. Exactly. To stay
8 in a racing career and -- and do that.

9 So I'd like to ask Guy and Alan just to speak on the
10 issue. There's not a proposal in front of us today, but we're
11 trying to see if there's one that could be developed.

12 MR. LAMOTHE: Thank you, Commissioner. Guy Lamothe,
13 Thoroughbred Owners of California. And I agree, you're raising
14 a lot of good points right now. And some of these things have
15 come to our attention. We believe it is quite a good rule.
16 It's got very good intention. In fact, it's a little self-
17 serving, but TOC, along with others, did help to lead the
18 implementation of this rule.

19 Thank you. What we'd like -- and look, in light of
20 the -- the current inventory we're trying -- we're looking at
21 all sorts of means and methods to address that inventory and
22 keep horses here and training in California.

23 So what we'd like to suggest is that this has been in
24 effect for a little bit over a year. This is the type of issue
25 we went through at TOC. We went through our racing affairs

1 committee. We take an in-depth look at it. We'd like to get
2 together with CTT and racing secretaries, and they can help us
3 pull some of the data on this and see how effective it's been,
4 what the trends have been, and see if we can improve this rule
5 along the lines to some of which you've suggested, Mr.
6 Brackpool.

7 And I'd like to engage support of CTT, as well, on
8 this, and the racing secretaries.

9 CHAIRPERSON BRACKPOOL: Please, Alan.

10 MR. BALCH: Alan Balch, CTT. We agree with
11 everything Guy said. We've talked to our leadership about it.

12 I think the -- the main point to concentrate on here
13 are possible unintended consequences where with a rule change.
14 We hear you. We understand the issues. And we are willing to
15 move right ahead and analyze all the data with the racing
16 officers and our constituency, too, and see what we can do to
17 improve it. We just want it to be an improvement.

18 CHAIRPERSON BRACKPOOL: Oh, I -- I -- I couldn't
19 agree more, and -- and we can't force one. There either is one
20 or there -- or -- or there isn't one. But anything we can do
21 at this level to, you know, keep horses here when they come
22 back I think is -- is critical.

23 Commissioner Harris, start off.

24 COMMISSIONER HARRIS: I was an advocate for this to
25 start with. I've taken advantage of it several times,

1 actually.

2 One of the problems, it does cost so much to stop a
3 horse, even for sixth months. If you have a \$10,000 or \$12,000
4 horse and bring him back you've got another 10,000 or 12,000
5 it -- it's -- it's very marginal to make it work.

6 But I think what would happen, well, it would be nice
7 if you could it do more than just one start, if you can do it,
8 assuming maybe you could exclude winners, but you took the
9 time, you got maybe two or three starts to really give people a
10 little bigger incentive. Because just that one start may not
11 be enough to see that --

12 CHAIRPERSON BRACKPOOL: But you're saying one -- more
13 than one start, assuming it didn't win --

14 COMMISSIONER HARRIS: Yeah.

15 CHAIRPERSON BRACKPOOL: -- it's first start? Right.
16 Right. Right.

17 Well, Commissioner Rosenberg?

18 COMMISSIONER ROSENBERG: Just a question. Has it
19 ever come up about someone who's raced a horse that it's last
20 race was not a claiming race but was a condition race, which is
21 theoretically higher than a claiming race, and they entered a
22 horse for a claiming price? Is that implied in here or is it
23 clearly -- I mean, I've read that several times. I can't
24 decide whether it's in or out.

25 CHAIRPERSON BRACKPOOL: I don't believe it applies.

1 COMMISSIONER ROSENBERG: It's out?

2 CHAIRPERSON BRACKPOOL: Exactly.

3 COMMISSIONER ROSENBERG: Has it ever --

4 CHAIRPERSON BRACKPOOL: It's out. That's -- that's
5 an interesting --

6 COMMISSIONER ROSENBERG: Has it ever --

7 CHAIRPERSON BRACKPOOL: -- possible addition to the
8 -- to the rules.

9 MR. LAMOTHE: We can look at those --

10 CHAIRPERSON BRACKPOOL: Yeah.

11 MR. LAMOTHE: If we can figure it out then --

12 COMMISSIONER ROSENBERG: Right.

13 MR. LAMOTHE: -- you know --

14 COMMISSIONER ROSENBERG: Give it -- Right.

15 CHAIRPERSON BRACKPOOL: Right. And do that.

16 Do I have any other commissioners' comments on this?

17 COMMISSIONER MOSS: Do we know how many times this
18 rule has been employed?

19 MR. LAMOTHE: No. That's one of the things that we
20 would need to get -- to get at on this. We'll find that out.

21 CHAIRPERSON BRACKPOOL: We've -- we've gotten various
22 further other comments that it's not being used very much. But
23 one of the things that I asked them to do is to sit down with
24 the racing secretaries and let's actually get actual data,
25 because I think that's -- that's --

1 MR. BALCH: We just have to get beyond the anecdotal
2 evidence to really see.

3 CHAIRPERSON BRACKPOOL: Exactly.

4 VICE CHAIRPERSON ISRAEL: Is partly an awareness
5 question that --

6 MR. BALCH: Could be.

7 VICE CHAIRPERSON ISRAEL: Yeah.

8 MR. BALCH: Could be.

9 VICE CHAIRPERSON ISRAEL: You haven't gotten
10 information out of the trainers and owners?

11 MR. BALCH: Well, the trainers I think are -- and
12 owners are -- are very well aware of it. But there may be
13 questions, and you can never do enough of that, anyway, to make
14 sure they know about it.

15 CHAIRPERSON BRACKPOOL: Right. But I think all of
16 the suggestions we're talking about are interesting here, and
17 I'd like to develop this. I'll let you -- I won't give you,
18 you know, a firm date that has to be next month, but I'd
19 certainly like to hear it by September. So if you would
20 continue to work. And when you've developed some proposals,
21 please work with staff, and then we'll get it agendized and --
22 and go through it. But I think you're hearing some of the
23 types of things we'd like to -- to have discussed that comes
24 up.

25 Just before you leave, I have a speaker on the

1 issues, Mr. Mace Siegel. I would let you speak from over
2 there, Mace, but there's no microphone and it's very difficult
3 for the people who are listening by webcast who are waiting
4 impatiently to hear your dulcet tongue.

5 MR. SIEGEL: Yeah. This -- it's amazing to me that
6 this law is so new, and everybody has lost the reason why we
7 put it in effect. And the reason we put it in effect -- I was
8 there at the time -- is to do what's right for the horse. And
9 we've now lost that and now look upon it as keeping horses in
10 California. It had nothing to do with keeping horses in
11 California.

12 It had to do with the responsibility of an owner and
13 a trainer to do what's right for the horse. There were -- when
14 you look at and they kept running horses after horses, and
15 they'd finally break down. So we said, as a group of owners
16 that TOC used to be -- what it is today, I have no idea -- we
17 said let's do what's right for the horse. Take the horse who
18 is showing wear and tear, you run him through the machine, you
19 get red spots, let's take that horse and turn him out, and
20 we're going to turn him out. And when he's ready to come back
21 we're going to treat him like he's a champ, because the horse
22 deserves that. And it's as simple as that.

23 CHAIRPERSON BRACKPOOL: I couldn't agree with you
24 more. And I think that based on what you've said it's
25 incumbent upon us to really try to improve on this role for

1 that reason --

2 MR. SIEGEL: You bet.

3 CHAIRPERSON BRACKPOOL: -- the main reason.

4 MR. SIEGEL: That's where it's at.

5 COMMISSIONER DEREK: As soon as possible.

6 CHAIRPERSON BRACKPOOL: Yeah. I think we're all in
7 agreement.

8 MR. SIEGEL: That was the thinking. I know. I was
9 there. Madeline was there.

10 CHAIRPERSON BRACKPOOL: Right.

11 MR. SIEGEL: We had a great executive committee, and
12 that's the kind of thinking we were developing.

13 CHAIRPERSON BRACKPOOL: Well, as I say, Mace, I think
14 the difference here is that -- and the data will show it,
15 whether we're -- whether we're right or wrong. But I'm told
16 that this rule is not being used enough because it's very
17 difficult to bring a horse back at the same level because that
18 is effectively a higher level than it, perhaps, was a year ago.

19 So if you can improve on the rule and -- and
20 accomplish what you set out to accomplish, that would be
21 terrific.

22 MR. SIEGEL: I think that it's unfortunate that
23 owners and trainers don't have enough respect for the horse.
24 And we have to try to teach them how you treat a horse as an
25 owner.

1 CHAIRPERSON BRACKPOOL: Well, I think that's a bit of
2 a generalization, sir. But I understand the emotion.

3 MR. SIEGEL: Thank you.

4 CHAIRPERSON BRACKPOOL: Okay. Thank you.

5 Item number nine, discussion and action by the board
6 regarding the feasibility of adding CHRB Rule 1581.2, suspended
7 trainer may enter horses, to allow suspended trainers to enter
8 a horse to race during the time of suspension, provided the
9 race occurs subsequent to the last day of suspension.

10 This language sounds far more negative than what the
11 intent of this issue is. So why don't I let Executive Director
12 Breed talk about it. And I know Vice Chair Israel has a
13 comment, as well.

14 MR. BREED: Mr. Chairman, Members, the -- the -- Kirk
15 Breed with California Horse Racing Board.

16 The item that we've included here is a potential rule
17 change. It goes a little bit further than the directive on the
18 back side of this page that we -- that we used.

19 Basically, what we did in this case, members of the
20 Board and the public and everyone have noticed, that in some
21 instances a trainer has -- has been, in essence, over-penalized
22 and given extra days by wanting to enter a horse after his
23 suspension has -- has ended, which, in essence, and not being
24 able to do so, which was left to the discretion of the -- the
25 stewards, the board felt that this is something that we need to

1 look at.

2 We temporarily introduced a directive that would kind
3 of stop the practice that is going on right now for a period
4 time, not to exceed August -- I think August 1. So we wanted
5 to -- if the board takes some action on this today then we
6 would continue that until it's -- it's completed.

7 The -- the rule, though, that we put in here, it goes
8 a little bit further than being able to transfer a trainer --
9 transfer an entry or transfer it to another trainer at -- at
10 the point of entry time, and then transfer back when the horse
11 is actually run. What this says is that,

12 "During a term of suspension a trainer may enter horses to
13 race, provided the races will occur after the last day of
14 the term of suspension unless denied such privileges by
15 the stewards or the Board."

16 So we submit this for the -- to the board to look at
17 over a public comment period. And I'm sure Mr. Israel --
18 Commissioner Israel has something to say about this.

19 VICE CHAIRPERSON ISRAEL: The point of this was to
20 make sure that a 15 day suspension is a 15 day suspension and
21 not an 18 day suspension. As currently constituted, if you
22 have a 15 day suspension that's scheduled to end on a Friday
23 and you'd like to enter for the weekend on Wednesday you're
24 prohibited from doing that, and you won't be able to run a
25 horse for essentially another week. That extends the

1 suspension unfairly, in my eyes.

2 And this -- this makes it possible for that trainer
3 to have horses entered and then transfer them by his assistant
4 trainer or her assistant trainer, and to have those horses
5 transferred back into his or her name on race day so that
6 there's -- there's transparency, because they are running under
7 the original trainers name, as -- as well as in the interest of
8 fairness so that penalties aren't extended beyond their
9 termination date. It creates additional paperwork. But nobody
10 has a problem if a horse is sold that's already entered in a
11 race. We find a way to transfer it to the new owner and run
12 the horse under name and in the colors of the new owners. So
13 we should be able to do that with a trainer whose suspension
14 has been served, who's paid -- who's paid his debt to society
15 or her debt to society. And this is not to defend any trainer
16 who's done something wrong. They should be penalized. But
17 they shouldn't be penalized past the point where the stewards
18 saw fit to penalize them. And, effectively, that's what's been
19 happening.

20 CHAIRPERSON BRACKPOOL: Okay. So I have some
21 commissioners. Commissioner Rosenberg first.

22 COMMISSIONER ROSENBERG: Just a question. So if --
23 if a -- this rule passes it's also subject to the steward's
24 discretion, which I -- I don't know why that was put in there,
25 but it's assuming there's a good reason, if somebody could

1 explain that.

2 But secondly, if an assistant trainer -- if the -- if
3 the trainer who has been suspended is permitted to enter a
4 horse and then the horse races as the -- his name goes on the
5 papers the day of the race and there's a post-race violation,
6 the trainer is risking automatic penalties --

7 CHAIRPERSON BRACKPOOL: Correct.

8 COMMISSIONER ROSENBERG: -- even though he
9 technically was not -- the horse was --

10 CHAIRPERSON BRACKPOOL: That -- that -- that's
11 correct.

12 COMMISSIONER ROSENBERG: Well, I can see --

13 CHAIRPERSON BRACKPOOL: That will be the risk he has
14 to take --

15 COMMISSIONER ROSENBERG: Right.

16 CHAIRPERSON BRACKPOOL: -- he or she has to take.

17 COMMISSIONER ROSENBERG: Well, but that doesn't
18 matter because usually it's his assistant trainer.

19 CHAIRPERSON BRACKPOOL: Correct.

20 COMMISSIONER ROSENBERG: He's not worried about it.

21 CHAIRPERSON BRACKPOOL: Right.

22 COMMISSIONER ROSENBERG: Is that correct?

23 CHAIRPERSON BRACKPOOL: Correct.

24 VICE CHAIRPERSON ISRAEL: But that's the risk one
25 must assume in order to do it.

1 CHAIRPERSON BRACKPOOL: Correct.

2 VICE CHAIRPERSON ISRAEL: Okay.

3 CHAIRPERSON BRACKPOOL: Commissioner Moss?

4 COMMISSIONER MOSS: I agree with Mr. Israel. And I
5 think we should just make it possible for a trainer to enter a
6 horse while on suspension, as long as the race is occurring
7 after his suspension.

8 CHAIRPERSON BRACKPOOL: Yeah. Dr. Arthur?

9 EQUINE MEDICAL DIRECTOR ARTHUR: Yes. I think
10 there's -- certainly in the --

11 CHAIRPERSON BRACKPOOL: If could identify yourself.

12 EQUINE MEDICAL DIRECTOR ARTHUR: Dr. Arthur, Equine
13 Medical Director, California Horse Racing Board.

14 Certainly the Judge O'Neill (phonetic) situation
15 which brought this to a head, that particular suspension was
16 granted -- it was a reciprocity situation. I don't know
17 exactly what the situation is but he specifically asked for
18 those specific dates to be suspended, and that's usually the
19 case. There's usually a discussion between the stewards. I
20 don't know if there's any stewards here. But certainly in
21 settlement agreements, when that suspension actually starts is
22 part of the discussion. We let -- many of those suspensions
23 start on a Monday, simply to take away some of the bite out of
24 this. So this is all taken into consideration. And this is,
25 frankly, I think an unnecessary rule. The entire sanction

1 process, everybody understands how it works. It's included in
2 the disciplinary action. And quite frankly, California is
3 pretty darn nice relative to suspensions for violations
4 compared to other states.

5 So these are all taken into consideration. The
6 trainer has an opportunity to discuss either with the stewards
7 or with the people in Sacramento who handle these negotiations.
8 I think it's unnecessary, but certainly we can adjust the
9 penalties to -- to recognize that, and the chairman has to
10 approve all those. But --

11 CHAIRPERSON BRACKPOOL: I would just clarify one
12 thing. Your -- your description of he asked for those dates
13 is -- is -- is certainly vague and misleading if I was sitting
14 here in a trial. As you know, the way it works is we go back
15 and forth. We go back and forth until we come up with
16 something that's agreeable to both sides. This is not a
17 request that someone makes and we just agree to the request.
18 So I don't -- I don't -- the characterization of he asked for
19 those dates, we went back and forth a number of times.

20 I believe the reason that this has become an unfair
21 rule is just the way that we calendar entries these days where,
22 you know, sometimes two days before, sometimes it's five days
23 before, etcetera. And so we are extending a suspension beyond
24 that that we had given. So that -- that's why I'm prepared
25 to -- to certainly put out the -- vote to put out this rule

1 and -- and hear what the -- what the issues are.

2 Before we -- do I have any other --

3 COMMISSIONER DEREK: No. I'm -- I'm agreeing with
4 you.

5 CHAIRPERSON BRACKPOOL: Okay. I have one speaker on
6 the issue, Carlo Fisco from CTT.

7 Rick, you can stay where you are in case there's any
8 follow-up, if you don't mind.

9 MR. FISCO: Mr. Chairman and Committee Members, good
10 morning. Carlo Fisco, CTT.

11 CTT would agree with the proposed stand,
12 notwithstanding the consideration to which Dr. Arthur is
13 referring to. The point is that the suspension is dated for a
14 specific amount of time. And the draw schedule presently can
15 extend that up to five or six days.

16 We had an analogous situation which we've been
17 working with the race secretaries concerning the scratch rule
18 which is a finite period of time, and because of the draw
19 schedule has been extending. And we've been trying to work a
20 solution to that matter.

21 The only question that we have is the proposed
22 language states, "unless denied such privileges by the
23 stewards."

24 Now I think Commissioner Rosenberg was touching on
25 this, that if there is some discretion which would serve to

1 override this rule we would like that fleshed out and defined
2 more clearly. Because it wouldn't make sense to allow an entry
3 and then have some discretion vested in the stewards.

4 CHAIRPERSON BRACKPOOL: Yeah. That's a good point.
5 Let me ask you, Executive Director Breed, why that -- why the
6 language is drafted that way. Is there a particular reason?
7 Because I agree, it does seem to be in conflict with the -- the
8 idea of changing the rule.

9 MR. BREED: The reason why we drafted it this way, I
10 guess, is because it's -- this is the simplest way of stating
11 the rule. If the trainer -- if a trainer's suspension ends and
12 he wants to enter a horse prior to the suspension ending then
13 he should be allowed to go in and enter the horse.

14 MR. FISCO: We agree.

15 MR. BREED: Okay. That's the way we wrote it. Here
16 again, the way - the practice that has been -- that has been
17 incorporated in the past is that if I want to run the horse
18 and -- and -- and the entry is prior to -- to the actual
19 running of the horse, then I go transfer it, during the
20 suspension transfer the horse to another trainer, and then the
21 trainer transfers it back to me at the end of the suspension.

22 MR. FISCO: Right.

23 MR. BREED: That seems to be a confused way of -- of
24 doing it, but it has been an acceptable practice in the past.

25 So the option here is to either write the rule

1 requiring two transfers, or just simply say that the -- the
2 owner can go in --

3 VICE CHAIRPERSON ISRAEL: But --

4 MR. BREED: -- I mean, the --

5 VICE CHAIRPERSON ISRAEL: But that -- that -- you're
6 not --

7 MR. FISCO: That's --

8 VICE CHAIRPERSON ISRAEL: You're not answering the
9 question.

10 MR. FISCO: That's correct. I agree. So we can do
11 away with that last part.

12 My question was to -- to find what the discretion is
13 that --

14 CHAIRPERSON BRACKPOOL: Right.

15 MR. FISCO: -- is written in the rule.

16 CHAIRPERSON BRACKPOOL: Commissioner Choper?

17 COMMISSIONER CHOPER: You know, very often laws
18 are -- are written and you get some unintended consequences,
19 and you leave a little bit of flexibility. If we have
20 confidence in the stewards, you know, to see a particular
21 problem that wasn't contemplated at the time that the rule was
22 passed and you give them some discretion to suspend the rule,
23 if you -- if you will, under proper circumstances. If it's
24 abuse in some way then come back and fix it up. But sometimes
25 that's better than really not thinking about a particular

1 situation and it comes up, and -- and you can't do anything
2 about it.

3 MR. FISCO: Commissioner Choper, I couldn't agree
4 with you more. However, we are dealing with a pretty
5 rudimentary rule here whereby we are allowing a likely 15 day
6 suspension to be a defacto 15 day suspension, rather than the
7 19 or 20 day suspension which is now the case.

8 COMMISSIONER CHOPER: But what this says is -- and
9 that's true, unless there are some exceptional circumstances
10 that we haven't thought about.

11 MR. FISCO: And -- and I'm asking, has anyone thought
12 of such a scenario?

13 VICE CHAIRPERSON ISRAEL: I haven't. And I think I'm
14 probably responsible for setting this in motion. So I don't
15 know why that -- that last phrase is there.

16 MR. FISCO: It's seemed --

17 VICE CHAIRPERSON ISRAEL: And I can't --

18 MR. FISCO: -- pretty clear cut to me.

19 VICE CHAIRPERSON ISRAEL: I can't think of a
20 justification for it. If someone is deserving of a lengthier
21 suspension, the lengthier suspension should have been the
22 penalties.

23 MR. FISCO: Yes. There's remedies throughout --

24 VICE CHAIRPERSON ISRAEL: Yeah.

25 MR. FISCO: -- the horse racing rules that they could

1 have done --

2 VICE CHAIRPERSON ISRAEL: Right.

3 MR. FISCO: -- prior to or even after. But in this
4 particular instance we're dealing just with the entry, and the
5 entry going beyond -- the race date being beyond the suspension
6 date. It seems --

7 VICE CHAIRPERSON ISRAEL: Yeah.

8 MR. FISCO: -- pretty black and white.

9 VICE CHAIRPERSON ISRAEL: And -- and I will say, I
10 was motivated in some part to do this by a desire for
11 transparency. Because I -- I think the practice that's been
12 common of running horses in the name of assistant trainers for
13 suspended trainers is dishonest and -- and almost is designed
14 to trick the public in some way. And -- and I -- I don't like
15 that practice. And I'd like to be as transparent as we
16 possibly can to the extent that we can without, frankly,
17 causing too much harm to the business because we do have a
18 problem of insufficient entries for our races.

19 MR. FISCO: I certainly understand.

20 VICE CHAIRPERSON ISRAEL: And -- and I think this
21 kind of splits the baby in some ways.

22 MR. FISCO: Well, your -- your point is an issue
23 which occurs during the term of suspension where --

24 VICE CHAIRPERSON ISRAEL: Right.

25 MR. FISCO: -- where -- and I --

1 VICE CHAIRPERSON ISRAEL: Well, no. But we -- but --
2 but -- but -- but to extend that, what -- what we were -- what
3 was happening even after the suspension because of the entry
4 requirements was horses were running in the assistant's name
5 even when the trainer was back training the horse, the -- the
6 original -- the trainer was back training the horse. That's
7 completely misleading.

8 CHAIRPERSON BRACKPOOL: And I -- I think since we're
9 trying to bring this to -- to a decision, I think what we're
10 down to here in order to -- to let this -- to let this go is
11 the issue -- to let this go for discussion is this issue of
12 discretion for the stewards. And what I'm hearing from Kirk is
13 that a lot of the rules have this discretionary language in
14 there. And I think, therefore, we should -- I would recommend
15 that we actually send the language out as is for the moment.

16 VICE CHAIRPERSON ISRAEL: Okay.

17 CHAIRPERSON BRACKPOOL: And we can look at that issue
18 as we -- as we go.

19 I do have one speaker on the issue, Mace Siegel, who
20 is vying for the --

21 EQUINE MEDICAL DIRECTOR ARTHUR: I have another
22 comment, as well, Mr. Chairman.

23 MR. SIEGEL: I want to tell you, I think the worst
24 thing that's happened in this industry in the last 20 years is
25 the conflict that developed with Jerry Jamgotchian. And it was

1 the stewards that said to him, as an owner you have no rights
2 whatsoever, none. And they said to the trainer, it's your
3 responsibility to act for the owner.

4 Now we put a lot of money in this game. And then to
5 have somebody tell you that you have no rights, I mean, that
6 was an absolute disgrace. It has never been --

7 CHAIRPERSON BRACKPOOL: On point of this particular
8 item, how does that relate to this item?

9 MR. SIEGEL: It relates to the item because the
10 problem is that the owners don't have rights, and you can't
11 duck that problem. It's been ducked for time and time again.

12 CHAIRPERSON BRACKPOOL: Okay. Well, thank you. I
13 hear what you're saying. As far as this item goes itself --

14 MR. SIEGEL: Well --

15 CHAIRPERSON BRACKPOOL: -- it's --

16 MR. SIEGEL: -- I question --

17 CHAIRPERSON BRACKPOOL: This is --

18 MR. SIEGEL: -- I question --

19 CHAIRPERSON BRACKPOOL: -- this is specific
20 language --

21 MR. SIEGEL: I question --

22 CHAIRPERSON BRACKPOOL: -- that we're sending out
23 for -- for discussion and comment for 45 days.

24 MR. SIEGEL: I seriously question that owners can not
25 be told that they have no rights. And this discretion to the

1 stewards says that to the owners.

2 CHAIRPERSON BRACKPOOL: I think it's in a different
3 context myself, but I -- I hear what you're saying. Thank you.

4 EQUINE MEDICAL DIRECTOR ARTHUR: Mr. Chairman --

5 CHAIRPERSON BRACKPOOL: Sorry, Dr. Arthur.

6 EQUINE MEDICAL DIRECTOR ARTHUR: -- one other -- one
7 other issue. When a trainer enters a horse he is under the
8 obligation to enter a horse that is fit and ready to run. I
9 don't understand how a suspended trainer can do that because
10 he's not on the grounds. I do understand there's -- there's
11 ways to -- it certainly happens with assistant trainers around
12 the country. But I do think there should be language in this
13 provision that makes it clear that the trainer is still
14 ensuring the condition of the horse and in no way can use this
15 -- the excuse that somebody else had the horse under their
16 control prior to the horse when the trainer was suspended as an
17 excuse for not ensuring the condition of the horse.

18 VICE CHAIRPERSON ISRAEL: I -- I -- I do agree with
19 you, although there is a bit of hypocrisy in what you're
20 saying. Because I know of more than one instance in which
21 trainers have never laid eyes on horses for weeks that they've
22 entered in races because they're not there training the horse.

23 EQUINE MEDICAL DIRECTOR ARTHUR: But they still --

24 VICE CHAIRPERSON ISRAEL: And then --

25 EQUINE MEDICAL DIRECTOR ARTHUR: -- ensure the

1 condition of the horse.

2 VICE CHAIRPERSON ISRAEL: I understand. But this --
3 it's -- it's just -- it's the same exact thing.

4 CHAIRPERSON BRACKPOOL: And this rule would -- This
5 rule would instill an obligation upon the trainer to take full
6 and complete responsibility and do that.

7 Mr. Fisco, one last comment?

8 MR. FISCO: CTT would never seek to circumvent the
9 trainer and charter rule. And the suspended trainer always
10 remains beyond the -- beyond the enclosure. It's either the
11 assistant trainer who enters the horse and is responsible for
12 the horse.

13 CHAIRPERSON BRACKPOOL: Thank you.

14 MR. FISCO: Thank you.

15 CHAIRPERSON BRACKPOOL: Okay. Do I have somebody
16 prepared to make a motion that we send this rule out for --

17 VICE CHAIRPERSON ISRAEL: So moved.

18 CHAIRPERSON BRACKPOOL: Vice Chair Israel.

19 COMMISSIONER CHOPER: Second.

20 CHAIRPERSON BRACKPOOL: And Commissioner Choper
21 seconds. All in favor?

22 ALL COMMISSIONERS: Aye.

23 CHAIRPERSON BRACKPOOL: Motion approved to send the
24 rule out for discussion.

25 Item number ten is a report from the chairman of the

1 Board regarding legislative industry developments. This is on
2 here, really, as -- as -- as -- as a placeholder. As we
3 approach the last several weeks of legislative session there's
4 been a lot of -- a lot of meetings, a lot of action, a lot of
5 discussions. I would hope to be able to make a full report --
6 a much fuller report at the August Board meeting.

7 The only comment I would make at this stage is that
8 having the previous meetings bang the table a bit about the
9 lack of cooperation, I just want to say the cooperation over
10 the last couple of weeks has been tremendous. I think we're
11 making some good progress of coming up with some common
12 proposals and thoughts here, etcetera. And I am -- I'm very
13 encouraged with -- with where we're heading at the moment. And
14 I think leave it at that and report back at the -- at the
15 August Board meeting on details. But I have been on record of
16 saying many, many times that I don't think we're working
17 together. And I just wanted to say that I think there's been a
18 seachange over the course of the last several weeks, and I want
19 to thank everybody for their efforts. There have been many,
20 many, many hours put into this beyond the -- the -- the call of
21 duty. So I want to thank everyone who has been participating
22 in that process and look forward to updating everybody at the
23 August meeting.

24 EQUINE MEDICAL DIRECTOR ARTHUR: Thank you.

25 CHAIRPERSON BRACKPOOL: There being no questions

1 on -- on that -- this report, move on.

2 Item number 11 is a discussion and action by the
3 Board regarding a report from the Thoroughbred Owners of
4 California regarding the results of its recent board election
5 and TOC's plans for 2010 and beyond.

6 Guy, why don't you, as you're presenting on this,
7 come and sit down at the front and identify yourself.

8 MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of
9 California.

10 I'd like to report to the board that TOC held
11 elections last month. And I'd like to congratulate and welcome
12 new directors on our board. And those people are Cal Fischer,
13 Ed Moser and Mike Pegram. We'd also like to congratulate
14 returning directors, and those are Keith Pronske and Pablo
15 Suarez. Tomorrow at our next board meeting we intend on
16 electing new officers of the board.

17 CHAIRPERSON BRACKPOOL: I wish every report was as
18 short as that.

19 I -- I have a public speaker request. Do I have any
20 comments or questions from the board before that?

21 Stay where you are, Guy, and I'll do that.

22 I have -- I'm hoping I get the name right -- Denny
23 Boultinghouse. I apologize if I didn't pronounce your name
24 correctly.

25 MR. BOULTINGHOUSE? You were right on.

1 CHAIRPERSON BRACKPOOL: All right. That's two for
2 two today.

3 MR. BOULTINGHOUSE: I'm Denny Boultinghouse, and I've
4 been involved in the industry as a consultant for almost 40
5 years.

6 I have a question -- excuse me -- for the industry,
7 specifically for the TOC and you ladies and gentlemen. And
8 this is my question -- and if we -- if I've missed it along the
9 way I missed it. Do you all have any thought about hiring or
10 creating a position for a commissioner of racing here in
11 California? And -- and if so, where are we in that process?

12 CHAIRPERSON BRACKPOOL: Well, I -- I don't think
13 that's germane to the -- to the item in front of us. I don't
14 think -- I mean, I think that's a public comment --

15 MR. BOULTINGHOUSE: Okay. Okay.

16 CHAIRPERSON BRACKPOOL: -- point. I know of no such
17 discussions or see that there's a need for any such, but thank
18 you for your --

19 MR. BOULTINGHOUSE: Thank you --

20 CHAIRPERSON BRACKPOOL: -- comment.

21 MR. BOULTINGHOUSE: -- for taking my question.

22 CHAIRPERSON BRACKPOOL: Thank you. Thank you for the
23 report, Guy.

24 MR. LAMOTHE: Thank you.

25 CHAIRPERSON BRACKPOOL: I think what we might do is

1 probably ask you at the next board meeting -- we will ask you
2 at the next board meeting to come back and tell us the election
3 of the officers, etcetera, etcetera.

4 MR. LAMOTHE: Be happy to.

5 CHAIRPERSON BRACKPOOL: Thank you very much.

6 MR. LAMOTHE: Thank you.

7 CHAIRPERSON BRACKPOOL: Item number 12, discussion
8 and action by the Board on the application for license to
9 conduct a horse race meeting of the Los Angeles County Fair at
10 Fairplex commencing September 9th, 2010 through September 27th,
11 2010. I have presenters here. So if I could --

12 MR. BREED: Mr. Chairman?

13 CHAIRPERSON BRACKPOOL: -- do that --

14 MR. BREED: Yeah. Mr. Chairman, Members, Kirk Breed.
15 As Mr. Henwood and -- and the folks from the Fairplex come
16 forward, this -- the -- all of the items are in and accounted
17 for. There are a couple items that were listed here, but they
18 were since signed. Is that my understanding, TOC has signed
19 up?

20 MR. HENWOOD: Yes. Correct.

21 MR. BREED: Okay.

22 MR. HENWOOD: Correct.

23 MR. BREED: The staff recommends approval of this
24 license.

25 CHAIRPERSON BRACKPOOL: So we have the -- the ADW

1 agreements have been signed, the horsemen agreement and the CTT
2 agreement?

3 MR. HENWOOD: Correct.

4 CHAIRPERSON BRACKPOOL: Okay.

5 MR. HENWOOD: That's correct.

6 CHAIRPERSON BRACKPOOL: Excellent. All right. Well,
7 tell us a little about the plans for the -- for the fair,
8 please.

9 MR. HENWOOD: Yes. My name is Jim Henwood. I'm
10 president and CEO of Los Angeles County Fair Association.
11 We're looking for another great race meet at Fairplex Park to
12 work in conjunction with this year's Los Angeles County Fair,
13 which will be held from September 9th through the -- through
14 September 27th inclusively, closed on Mondays and Tuesdays.

15 I have with us today a number of our people that
16 could maybe give you a quick overview. One of the areas of
17 concern was the marketing approach and the focus of our racing
18 done in conjunction with the fair. We have Michelle DeMott
19 here with us who could perhaps answer questions in that regard.
20 If we want to get into more technical questions we have staff
21 here to -- to -- to do that, as well.

22 CHAIRPERSON BRACKPOOL: Well, I think we'd be
23 interested in hearing a minute or two on the marketing, you
24 know, concepts and -- and --

25 MR. HENWOOD: With that I'll turn the mike over to

1 Michelle.

2 CHAIRPERSON BRACKPOOL: Thank you.

3 MS. DEMOTT: Thank you. Michelle DeMott, director of
4 marketing and communications at Fairplex. Thank you very much.

5 We will be, again this year, having an extensive
6 marketing campaign promoting exclusively our race meet. And
7 we'll be having comparable spends to previous years in -- in
8 all mediums, that's radio, television and print. In addition,
9 one of the greatest benefits that we have is -- is aligning our
10 racing with the LA County Fair. And we are spending more than
11 \$3 million in advertising in the L.A. market just for the fair,
12 and racing is highlighted as a feature of that event. We have
13 the opportunity to introduce a lot of new fans to the sport
14 through the 1.4 million people who come through our grands.

15 So we'll be placing extensive emphasis on that, along
16 with some new alignments this year with some strategic partners
17 in the marketplace in major sports categories like soccer,
18 major league baseball, and tying some of those promotions in
19 with activities in our racing, as well, trying to drive new
20 fans in.

21 CHAIRPERSON BRACKPOOL: What have you done
22 differently in the -- the -- the last year compared to years
23 before, especially with issues like social networking sites,
24 etcetera? I mean, we keep talking about radio, print; but
25 fewer and fewer people are looking at print media at this

1 stage.

2 MS. DEMOTT: You're absolutely correct. And we are
3 spending less in print, but do have extensive social media
4 strategies that are in place. We're very actively involved in
5 Facebook and have thousands and thousands of followers there,
6 have a site set up for the fair, and also for the racing side
7 of our business. We do actively push out messages, as well.
8 We're not just relying on people to land on our web page. But
9 we do e-blasts on a weekly basis, and we have many of those
10 that are strictly focused on our racing meet, as well.

11 CHAIRPERSON BRACKPOOL: Thanks. And purses, where
12 are we compared to last year on purses?

13 MR. CEDAR: Mike Cedar. I'm the CFO. Our purses
14 we're projecting to be down overall about \$300,000, which is
15 roughly five percent. We've looked at the -- the industry
16 trends and we -- we're taking a fairly conservative approach in
17 our application. We'd like to think that with the -- the
18 various promotions that we're -- we're putting in place we're
19 going to do better than that.

20 COMMISSIONER HARRIS: Are you coming to the meet then
21 overpaid or underpaid?

22 MR. CEDAR: We have an overpayment that is from two
23 years ago. So we began to work some of that off last year. We
24 think it's going to take another couple years.

25 COMMISSIONER HARRIS: Oh.

1 CHAIRPERSON BRACKPOOL: What was the size of the
2 overpayment?

3 MR. CEDAR: It was 450,000, which at the time was
4 roughly about ten percent of our purse.

5 CHAIRPERSON BRACKPOOL: And how much of that did you
6 pay off last year?

7 MR. CEDAR: About 120,000. So we expect it's going
8 to take a couple more years.

9 CHAIRPERSON BRACKPOOL: Commissioner Derek? No?

10 COMMISSIONER DEREK: Huh-uh.

11 CHAIRPERSON BRACKPOOL: Anybody else?

12 COMMISSIONER CHOPER: Yeah.

13 CHAIRPERSON BRACKPOOL: Okay. Commissioner Choper?

14 COMMISSIONER CHOPER: Yeah. Let me -- I -- one
15 question: I know you don't use the place pick bet at all; is
16 that right? Any reason for that?

17 MR. LLOYD: Well, our -- Bill -- Ken Lloyd, equine
18 manager. Bill Avaro (phonetic) sets our schedule. And he has
19 a win pick nine pool that carries over generally, though, 15
20 days.

21 COMMISSIONER CHOPER: Is that -- that better? You
22 don't want to do both of them, or anything like that?

23 MR. LLOYD: Correct.

24 COMMISSIONER CHOPER: Okay. I mean, I -- I -- I
25 think that's a pretty good bet, actually, and attractive to a

1 lot of people I know.

2 MR. LLOYD: Okay.

3 CHAIRPERSON BRACKPOOL: This is a message that
4 Commissioner Choper is not coming to your fair.

5 COMMISSIONER CHOPER: I'll be there. No. I'd be
6 stuck with my money otherwise.

7 The -- the other thing I wanted to say, and I -- it's
8 addressed more to Golden Gate -- Golden Gate Fields. I see
9 Robert is there. Your -- Golden Gate is going to be running
10 with you. And start at one o'clock and are going to run how
11 many races? A lot of races, 12 races, up to 12 races on the
12 weekend.

13 MR. HARTMAN: Right.

14 COMMISSIONER CHOPER: I hope that you -- and we start
15 at --

16 MR. HARTMAN: So do we.

17 COMMISSIONER CHOPER: -- Golden Gate starts at 12:45.
18 So that leaves about three races at the end in which you're
19 sitting around stuck with your money, and sometimes you go
20 home.

21 VICE CHAIRPERSON ISRAEL: Or not.

22 COMMISSIONER CHOPER: Or not.

23 CHAIRPERSON BRACKPOOL: Yeah.

24 COMMISSIONER CHOPER: It's --

25 CHAIRPERSON BRACKPOOL: And that --

1 COMMISSIONER CHOPER: So to me, I mean --

2 CHAIRPERSON BRACKPOOL: And that assumes you've had a
3 very good day and you've still got money.

4 COMMISSIONER CHOPER: Yeah. To the -- to the extent
5 that you can -- I mean, you say you're -- in your application
6 you're going to coordinate it.

7 MR. LLOYD: Yeah.

8 COMMISSIONER CHOPER: So I just hope you do it that
9 way.

10 MR. LLOYD: We -- we do. We manage our post times.
11 We run 25 minute post times. Actually, last year we never
12 did -- we never completed the whole card absolutely on time,
13 and we do it just as we go along.

14 MR. HARTMAN: Robert Hartman, Golden Gate -- Golden
15 Gate Fields.

16 We coordinate with the south year-round. So whether
17 it's Fairplex or Hollywood Park or Santa Anita, we really
18 are -- are dictated by their schedule and -- and we just follow
19 along.

20 VICE CHAIRPERSON ISRAEL: Please make sure
21 Commissioner Choper is never stuck with his money.

22 COMMISSIONER CHOPER: Or I'm -- look, I'm certainly
23 not telling you how -- you know, when to start and when --
24 when -- the day there. But if you do fall behind, right --

25 MR. HARTMAN: Right.

1 COMMISSIONER CHOPER: -- and -- and I know that.
2 I mean, almost everybody does, but -- and you're no -- no
3 exception. And if that's running late you might think of
4 starting a half-an-hour earlier. From some people's standpoint
5 that would be a plus. You get a home a little earlier, you can
6 sit for all the races.

7 VICE CHAIRPERSON ISRAEL: Traffic issues.

8 CHAIRPERSON BRACKPOOL: Yeah. Although I think the
9 issue of continually moving starting times is -- is confusing
10 to -- to a patron, as well.

11 VICE CHAIRPERSON ISRAEL: Yeah. In Southern
12 California we generally start at one o'clock at most of the
13 tracks.

14 MR. HARTMAN: Right.

15 VICE CHAIRPERSON ISRAEL: So --

16 COMMISSIONER MOSS: I think it's 12:30 at the --

17 VICE CHAIRPERSON ISRAEL: No.

18 CHAIRPERSON BRACKPOOL: No.

19 VICE CHAIRPERSON ISRAEL: That's winter at --

20 CHAIRPERSON BRACKPOOL: That's winter.

21 VICE CHAIRPERSON ISRAEL: -- at Santa Anita.

22 CHAIRPERSON BRACKPOOL: Yeah.

23 VICE CHAIRPERSON ISRAEL: So there's a lot to --

24 CHAIRPERSON BRACKPOOL: Right. I'm sorry. Go ahead,
25 sir.

1 MR. LLOYD: With our 25 minute post it does shorten
2 the day by 50 or so minutes. So it's made a big difference for
3 us.

4 CHAIRPERSON BRACKPOOL: Right. I have two speakers
5 on this issue. First speaker, the TOC, Madeline Auerbach and
6 Guy Lamothe. Is this a duet or --

7 MS. AUERBACH: Yeah.

8 MR. LAMOTHE: Yes.

9 CHAIRPERSON BRACKPOOL: Oh.

10 MS. AUERBACH: It's a little complicated because --

11 CHAIRPERSON BRACKPOOL: Oh. You just needed him to
12 hold you. Oh.

13 MS. AUERBACH: Well, anyway, I think we're -- I think
14 we're okay.

15 CHAIRPERSON BRACKPOOL: Please go ahead.

16 MS. AUERBACH: Madeline Auerbach, TOC, director.

17 We had a very long discussion with the folks at
18 Fairplex. And our big concern was opening on Thursday because,
19 quite frankly, it's been horrible. And we went into a meeting
20 predisposed to talk them out of running on Thursday. And they
21 begged us one more time for our indulgence on that issue. And
22 they presented to us a rather aggressive marketing scheme,
23 which prior to this we haven't really seen. And we were quite
24 impressed with the amount of work and effort that they had put
25 into it.

1 And I don't know if the -- did you gentlemen --
2 because I was out of the room for a minute, and I don't know if
3 they told you about their idea for a match race and --

4 CHAIRPERSON BRACKPOOL: No. I'd like to hear that.

5 MS. AUERBACH: -- some advertising about that. I
6 hope they will share -- let them share that and then I'll
7 come --

8 CHAIRPERSON BRACKPOOL: I'd like to hear that and
9 then have you carry on, because I have a response to your first
10 part of your question. But let's hear the --

11 MS. AUERBACH: Okay.

12 CHAIRPERSON BRACKPOOL: -- the promotion first.

13 MR. LLOYD: We do have a match race scheduled that
14 was just now approved, actually. But it's going to be between
15 David Flores and Martin Pedroza, our leading riders. It will
16 be a mile and a sixteenth race. And we're going to center a
17 lot of our opening day promotion on this match race to enhance
18 our opening day and --

19 CHAIRPERSON BRACKPOOL: How do you select the horses?

20 COMMISSIONER CHOPER: Is there betting on it?

21 MR. LLOYD: Yes, there's betting on it. Yes, sir.

22 CHAIRPERSON BRACKPOOL: How do you select the horses?

23 MR. LLOYD: It will -- we'll -- we'll have entries
24 for a maiden 20,000, is what we're looking at. And we'll
25 select horses that are as comparable as possible to put -- put

1 on there.

2 CHAIRPERSON BRACKPOOL: And it will just be the two
3 of them?

4 MR. LLOYD: Yes. We'll actually have three horses
5 with an alternative horse, in case one is scratched.

6 CHAIRPERSON BRACKPOOL: Interesting.

7 COMMISSIONER MOSS: It's happened down here.

8 CHAIRPERSON BRACKPOOL: Uh-huh.

9 VICE CHAIRPERSON ISRAEL: Yeah.

10 MR. LLOYD: Yes.

11 COMMISSIONER MOSS: And at Del Mar that --

12 VICE CHAIRPERSON ISRAEL: Is the match race -- my
13 only question, it sounds like a good idea for promotion
14 purposes.

15 Dr. Arthur, is there -- is there any reason to worry
16 that a match race is deleterious to the, I mean, the health?
17 Because I know if something happens all we're going to hear
18 about is Ruffian.

19 EQUINE MEDICAL DIRECTOR ARTHUR: To my knowledge
20 there's -- you know, Ruffian and Foolish Pleasure was an
21 anomaly --

22 VICE CHAIRPERSON ISRAEL: Okay.

23 EQUINE MEDICAL DIRECTOR ARTHUR: -- but it sticks in
24 everyone's mind. I doubt if there's been half a dozen match
25 races since then.

1 VICE CHAIRPERSON ISRAEL: Well, that's why.

2 EQUINE MEDICAL DIRECTOR ARTHUR: Yeah.

3 VICE CHAIRPERSON ISRAEL: They're -- they're
4 really --

5 CHAIRPERSON BRACKPOOL: That was in the mud --

6 EQUINE MEDICAL DIRECTOR ARTHUR: -- and it was a lot.

7 CHAIRPERSON BRACKPOOL: -- that's why. That's a
8 possible --

9 VICE CHAIRPERSON ISRAEL: No. No.

10 CHAIRPERSON BRACKPOOL: -- contributor to --

11 VICE CHAIRPERSON ISRAEL: Yeah. I'm a little -- I
12 think the match race idea is a good idea, but I'm a little
13 worried about the horse inventory, and if you realistically
14 would be better off dropping a day as Alan suggested, just to
15 give you a little bit more inventory for the meet. But that is
16 really your problem.

17 MR. HENWOOD: Right. I think we'll find that out as
18 we get into our race meet and -- and start seeing the inventory
19 as it comes to Fairplex Park --

20 VICE CHAIRPERSON ISRAEL: Yeah.

21 MR. HENWOOD: -- following the Del Mar. We are
22 hearing very good comments out there as to the anticipation of
23 our race meet and interest by way of owners and trainers to
24 handle horses.

25 CHAIRPERSON BRACKPOOL: I just think one of the

1 things we've got to get away from in this -- in -- in this
2 Board is this antiquated notion that every day you race is a
3 guaranteed day of profit for everybody involved. And I think
4 that the -- the -- the -- the people at Hollywood Park -- and I
5 had a very good discussion about this the other day where I,
6 without putting words in their mouth, I think they concurring
7 that --

8 MR. HENWOOD: Right.

9 CHAIRPERSON BRACKPOOL: -- you know, life has
10 changed, and it's just not -- not the case like that anymore.

11 Look, these dates were agreed at last year's meeting.
12 You've agreed with TOC. You've plainly done a good job of
13 convincing people who aren't easy to --

14 MR. HENWOOD: Right.

15 CHAIRPERSON BRACKPOOL: -- on this issue. So I'll
16 trust that -- that the minds that be have had those meetings.
17 There will be announcing at the August meeting the -- the date
18 I September where we're going to have an entire meeting, not a
19 regular monthly meeting, an entire scheduled meeting just on
20 race dates. Because I think this notion in the past where all
21 we've done is move a little bit here, a day here, a day there
22 or whatever is just wrong. And we're going to have, I think, a
23 really quite extraordinary meeting on race dates in -- in
24 September.

25 And so I think that I'd be inclined to, if -- if

1 Madeline and her group, you know, are in agreement with you,
2 not fight this at this stage. I tend to agree with
3 Commissioner Harris that I -- I think you'll find it tough
4 slating a couple of -- a couple of days. But let's -- let's go
5 with it as is for now. And I'm pleased that you've actually
6 put some effort into opening day. But I think this is worthy
7 of a much broader, deeper conversation when we have our race
8 dates meeting in September, which will not be a short day.

9 COMMISSIONER HARRIS: Yeah. I think it's important,
10 too, to look around the country to the places you're
11 simulcasting to and receiving races from. And it's a total
12 picture, more than just what you have going on there. And see
13 if -- if -- if the days you've chosen really are going to be a
14 big plus day or not.

15 CHAIRPERSON BRACKPOOL: Madeline?

16 MS. AUERBACH: I tell you, I just want -- I don't
17 believe that these folks shared with you, I -- I didn't hear
18 it, some physical changes that they are making.

19 My -- my other big concern, aside from the number of
20 dates, was what do they typically do to get their patrons,
21 which are quite a few, from the fair into the track? Because
22 you can go to the fair and not even be aware that there's
23 racing, and this is my biggest concern, other than horse
24 collaring people and dragging them in. And they are making
25 physical changes which will make the track area, let's put it

1 this way, more inviting. And they're going to do more, even
2 beyond that.

3 When I looked at the amount of effort and thought
4 that they put into their proposal, I don't really see that from
5 anybody else. And I felt that it was our responsibility to
6 encourage that creativity. And that was a lot of -- of why we
7 went ahead and acquiesced to that opening day Thursday.

8 CHAIRPERSON BRACKPOOL: Well, they're good words.

9 MS. AUERBACH: Yeah.

10 CHAIRPERSON BRACKPOOL: Thank you. Do I have a
11 speaker on this issue? I have two speakers on this issue. The
12 first one, John --

13 MR. DEGANFELDER: Deganfelder.

14 CHAIRPERSON BRACKPOOL: Deganfelder. There, I'm
15 three for three because he gave me a clue. Please, step up,
16 Mr. Deganfelder.

17 VICE CHAIRPERSON ISRAEL: He didn't give you a clue.
18 He said it.

19 CHAIRPERSON BRACKPOOL: I said John.

20 MR. DEGANFELDER: I wanted to tell -- tell everybody
21 how pleased we are to have Arabian horse racing at Fairplex, as
22 well, and thank them for that. And don't forget to mention it
23 in your advertising.

24 CHAIRPERSON BRACKPOOL: Thank you very much. Thank
25 you very much indeed.

1 My -- my -- the other speaker is actually for -- for
2 a separate issue.

3 So with that I would ask for a motion from the --
4 from the Board. Commissioner Choper will make the motion to
5 approve. Commissioner Israel seconds. All in favor?

6 ALL COMMISSIONER: Aye.

7 CHAIRPERSON BRACKPOOL: Permission approved. Have a
8 good fair.

9 MS. DEMOTT: Thank you.

10 MR. HENWOOD: Thank you.

11 CHAIRPERSON BRACKPOOL: Item number 13, discussion
12 and action by the Board on an application for a license to
13 conduct a horse race meeting of the Oak Tree Racing Association
14 at Santa Anita -- is this correct --

15 VICE CHAIRPERSON ISRAEL: Oh, yeah.

16 CHAIRPERSON BRACKPOOL: -- of the -- I've got to get
17 some humor going here -- the Oak Tree Racing Association at
18 Santa Anita commencing September 29th, 2010 through October
19 31st, 2010 inclusive.

20 Mr. Chillingworth?

21 Oh, that's right. We were going to --

22 VICE CHAIRPERSON ISRAEL: Do all these --

23 CHAIRPERSON BRACKPOOL: Yeah. Yeah. Yeah. Yeah.
24 Yeah. Yeah. Yeah. Sorry. I did that. We're going to push
25 this item over until the August Board meeting because we don't

1 have the -- the necessary paperwork yet. I apologize. I had
2 known that and didn't turn to the page.

3 Item number 14 --

4 MR. BREED: Items 14, 15 and 16 is -- Bon's going to
5 present those.

6 CHAIRPERSON BRACKPOOL: Yeah. Okay. Item number 14,
7 Assistant Executive Director Bon Smith will present discussion
8 and action by the board on the approval of the 2010/11
9 providing funding support for the Board. Bon?

10 MR. SMITH: Mr. Chairman, Bon Smith, assistant
11 executive director, California Horse Racing Board.

12 As with last year's budget formula proposal an
13 agreement was circulated amongst all the various participant
14 associations. We had signatures from all of them recognizing
15 their responsibility and support to fund the board. Our budget
16 amount for this year is \$11.734 million. It's in the
17 governor's budget that we hope will be approved sometime in
18 the --

19 CHAIRPERSON BRACKPOOL: Next decade.

20 MR. SMITH: -- reasonable future. Right.

21 The proposal for this year includes a true up from
22 the amount last year, the -- which was based on -- on handle.
23 It came up a little short of expectation. We fortunately had
24 enough built in, in a reserve, that we were able to fund all of
25 our expenses for the prior fiscal year.

1 CHAIRPERSON BRACKPOOL: I have a public speaker on
2 this. Before I do, do I have any comments from the Board?

3 Mr. Wellman?

4 MR. WELLMAN: Hi. Michael Wellman.

5 First of all, did you render the deficit last year,
6 actual dollar for dollar? I mean, I -- I don't know. But I
7 have a suggestion that I think is a fair one.

8 CHAIRPERSON BRACKPOOL: It's not a question and
9 answer session.

10 MR. WELLMAN: Well, I understand that.

11 CHAIRPERSON BRACKPOOL: Just go ahead with what
12 you're saying.

13 MR. WELLMAN: But I -- I -- you asked the question
14 about reserves. There -- there's a mention of reserve. So I'm
15 assuming that he used reserves, there was a deficit.

16 Anyway, I've been a licensed owner here for over 30
17 years, and I still consider owning a license a privilege. That
18 being said, I think the best bang for the buck probably in the
19 industry is being able to own an owner's license. And I think
20 California is extremely fair with the price they charge.
21 Although I'm not necessarily in favor of additional taxes of
22 expenses for anything, I think that the CHRB should consider
23 what we charge.

24 CHAIRPERSON BRACKPOOL: Unfortunately, Mike, it
25 doesn't go to us.

1 MR. WELLMAN: Well, that's --

2 CHAIRPERSON BRACKPOOL: It goes to the general fund.

3 MR. WELLMAN: Okay.

4 CHAIRPERSON BRACKPOOL: So --

5 MR. WELLMAN: Could I have my three minutes still?

6 Okay.

7 CHAIRPERSON BRACKPOOL: Go ahead.

8 MR. WELLMAN: We charge \$150 to have the privilege
9 for three years. That's \$50.00 a year, which I think is less
10 than anybody else in the country. I think, again, owning a
11 horse is a privilege. I think you could raise a little bit of
12 money by increasing, dangerous to say, an owner's license. And
13 it's just something I would like you to consider. Again, I
14 think we are very inexpensive in terms of that. Horses cost a
15 lot of money. \$50.00 to \$100 with 10,000 people as owners
16 raises another half a million dollars. And I think anybody
17 that's fortunate enough to be able to afford owning a horse or
18 having a license should be able to afford another \$50.00 a
19 year, or something in that vicinity.

20 CHAIRPERSON BRACKPOOL: Thank you. Do we have -- so
21 we have staff recommendation that the Board approve the funding
22 formula agreement for fiscal year 2010/11. I'm happy to make
23 that motion. Do I have a second?

24 COMMISSIONER ROSENBERG: Second.

25 CHAIRPERSON BRACKPOOL: Commissioner Rosenberg

1 seconds. All in favor?

2 ALL COMMISSIONERS: Aye.

3 CHAIRPERSON BRACKPOOL: Approved. Thank you. Stay
4 there, Bon.

5 Item number 15, discussion and action by the Board
6 regarding a report from the Los Alamitos Racing Association
7 regarding the impact of the two percent increase in the take-
8 out and conventional and exotic wagers on races conducted by
9 the racing association has had on handle, and if the take-out
10 increase should continue until September the 8th, 2010 as
11 approved by the Board.

12 Because we did this for six months; right?

13 MR. BREED: Yes.

14 CHAIRPERSON BRACKPOOL: Okay.

15 MR. SMITH: The -- the original approved extension of
16 the increase was through the end of the Del Mar meet.

17 CHAIRPERSON BRACKPOOL: Okay.

18 MR. SMITH: And if I could add, Mr. Chairman -- this
19 is, again, Bon Smith, assistant executive director.

20 In the staff analysis for this item the comment was
21 made that to counteract the take-out increase that the better
22 suggested would erode interest in wagering, I -- the -- the
23 conclusion suggested that it was a response --

24 CHAIRPERSON BRACKPOOL: I think it was inartful
25 language. I -- I got Mr. English's email and I agreed with it.

1 I don't think the intent was -- I trust you two have had a
2 conversation. I --

3 MR. ENGLISH: No, we haven't.

4 CHAIRPERSON BRACKPOOL: Okay. I don't think the
5 intent was there. These are very difficult things to try to
6 get into a paragraph. And at the time I read it --

7 MR. SMITH: It -- it was --

8 CHAIRPERSON BRACKPOOL: -- it --

9 MR. SMITH: It was entirely coincident that the
10 reduction in days occurred --

11 CHAIRPERSON BRACKPOOL: Right.

12 MR. SMITH: -- simultaneous. I just wanted to --

13 CHAIRPERSON BRACKPOOL: Right.

14 MR. SMITH: -- make sure that that was clear

15 CHAIRPERSON BRACKPOOL: Yeah. No. I thought that
16 was inartful language, and I thought your point was well taken,
17 Mr. English.

18 MR. ENGLISH: Thank you.

19 CHAIRPERSON BRACKPOOL: Thank you, sir.

20 Well, the floor is yours, sir.

21 MR. ENGLISH: Thank you. The last time this was
22 brought up was at the April meeting, if you'd like an update.
23 And that's what I'd like to do at this time.

24 At the April meeting I --

25 CHAIRPERSON BRACKPOOL: Please identify yourself --

1 MR. ENGLISH: Oh. Richard English --

2 CHAIRPERSON BRACKPOOL: -- for the court reporter.

3 MR. ENGLISH: -- Los Alamitos Race Track.

4 At the April meeting there were -- a couple issues
5 came up. One was there is a lack of common data. There was
6 disputes about what the handle was, the actual handle was
7 between myself, some gambling representatives, Jeff Pratt and
8 Barry Abrams, and also the race board. We specially had a
9 meeting at Los Alamitos and sat down. I sat down with
10 mister -- with Jeff beforehand. We reconciled the handle
11 numbers. We came up with a common -- common record for
12 reporting the handle. We -- at the time we identified my
13 numbers, we identified Jeff's numbers and reconciled the two.
14 We were never able to identify where the Horse Racing Board's
15 numbers came from or staff's numbers came from. Okay.

16 Subsequent to then I've updated the -- the report,
17 and it's included in the current package. As -- as you see
18 what's included in the package, the handle didn't go up right
19 after we went to three days. And during the course of the meet
20 it stayed up, and we've generated more purses than handle. But
21 if you watch week by week the handle fluctuates, not with
22 the -- not directly with the take-out. It directly -- it
23 relates directly with the field size. You look week through
24 week you can see what happens when our fields go up and go
25 down.

1 Commissioner Rosenberg said a question one time,
2 how -- at one time we've increased our purses, and the question
3 was: How can we afford to do that after we cut back? And
4 that's one of these things that shows up in this presentation I
5 made. I'd like to show you, just recap it briefly. It shows
6 the week, the number of races per day. It comes up with the
7 average starters per day. And we now show the handle for that
8 per race, our regular handle and the ADW handle per race for
9 that week, and what was generated in purses and what was
10 generated in handle. And so you go through,
11 you -- you track week by week.

12 As you can see, as the field's going -- went to three
13 days a week our field -- our field size direct -- increased --
14 increased, and so did the handle directly. The increase in
15 take-out did not have an adverse effect at that point and time
16 and still does not. As the meet's worn on you look currently
17 and, unfortunately, our field size has decreased again. We're
18 having the same problems everybody else is. Our field size,
19 we've gone up to 30 races. We've dropped back down to about
20 6.9 horses per race.

21 But what I'd like to point out is our handle per race
22 this last couple of weeks is just about what it was the
23 beginning of the year. The beginning of the year it was about
24 \$118,000 a race. Now it's back to about \$120,000 a race. What
25 has happened is that because of the take-out we're generating

1 \$700 a month more -- \$700 per race more in purses and
2 commissions. It doesn't seem like a lot. But in the horse
3 racing industry, 30 races a week, that's \$21,000 a week, 50
4 race -- 50 weeks a year, that's \$1 million in purses. It makes
5 a huge difference.

6 I agree with the handicappers that our total -- that
7 our gross numbers are down from last year. We've had fewer
8 days, fewer races. That's a function of the number of horses
9 available to us. This increase in take-out is vital to us
10 continuing in our -- in our operations.

11 Like I said the handles are down. We can no longer
12 afford to race four days a week or to have that purse
13 stretched. We're overpaying purses by over \$1 million, and
14 nobody can go on that -- in that method. This is a way to --
15 to help to be able to cover our costs.

16 I brought one -- two more exhibits to share with you
17 at the course of the meeting. These were generated from CRIMS
18 (phonetic), directly from ADW handles. This covers the period
19 from January 21st, the date of our rate increase, through July
20 15th. During that period of time on ADW wagering California --
21 California wagers a bet -- I'm sorry.

22 CHAIRPERSON BRACKPOOL: With respect, we're not going
23 to be able to evaluate a 14 --

24 MR. ENGLISH: No. But I want --

25 CHAIRPERSON BRACKPOOL: -- page spreadsheet --

1 MR. ENGLISH: No.

2 CHAIRPERSON BRACKPOOL: -- as we sit here.

3 MR. ENGLISH: I -- I --

4 CHAIRPERSON BRACKPOOL: Just give me the summary of
5 what it is you're --

6 MR. ENGLISH: The summary is the average take-out bet
7 among all tracks by California wagers, the average win take --
8 take-out is 16.62 percent, right in line with ours. And the --
9 and the exotic take-out is 22.2 -- 22.0 percent.

10 In terms of ranking Los Alamitos among all the
11 California wagers bet on 250 tracks our take-out is 160th.
12 We're nowhere near the top of the field. But my -- our take-
13 out rate is competitive. It's something our aspect of the
14 market needs. And I'd like to ask you to -- to not only
15 continue with that, but continue it for the rest -- the balance
16 of the year.

17 VICE CHAIRPERSON ISRAEL: So what you've been able to
18 determine so far, the most important factor in determining
19 handle and interest is the quality of the product, not the
20 price of the product?

21 MR. ENGLISH: Absolutely.

22 VICE CHAIRPERSON ISRAEL: Okay.

23 CHAIRPERSON BRACKPOOL: And -- and we define quality
24 of the product to this case is field size?

25 VICE CHAIRPERSON ISRAEL: Right.

1 MR. ENGLISH: Yes. That's correct. Perhaps more
2 interesting, because it's just like people pay extra money to
3 see something in 3D --

4 CHAIRPERSON BRACKPOOL: Right.

5 MR. ENGLISH: -- as opposed to regular theater.

6 CHAIRPERSON BRACKPOOL: Right.

7 VICE CHAIRPERSON ISRAEL: So -- so quality is a much
8 more important determining factor than pricing?

9 MR. ENGLISH: Correct.

10 VICE CHAIRPERSON ISRAEL: Okay.

11 CHAIRPERSON BRACKPOOL: Okay.

12 MR. ENGLISH: Correct.

13 CHAIRPERSON BRACKPOOL: Mr. Platt, who has brought
14 his coffee to the table thinking he's going to be here for some
15 period of time, evidently. I've never seen anyone bring their
16 coffee to the table before.

17 VICE CHAIRPERSON ISRAEL: That, and his computer.

18 CHAIRPERSON BRACKPOOL: But -- well, I hope you're
19 not watching a DVD in there or something. But anyway, please,
20 sir, go ahead.

21 MR. PLATT: All right. Jeff Platt representing HANA.

22 I prepared a spreadsheet that's very simple in
23 nature. On one side it shows --

24 CHAIRPERSON BRACKPOOL: Did you submit it to us?

25 MR. PLATT: I did submit it to you. It is part of

1 the package.

2 CHAIRPERSON BRACKPOOL: Oh, it's in the package.

3 It's not a separate one?

4 MR. PLATT: No.

5 CHAIRPERSON BRACKPOOL: No. Okay.

6 MR. PLATT: And I just want to summarize what --

7 CHAIRPERSON BRACKPOOL: Great.

8 MR. PLATT: -- what the spreadsheet is. On one side
9 it is handle for 2009. On the other side is handle for 2010.
10 The time period covered is from the start of the experiment
11 through the end of June 2010.

12 During the time period of the experiment on-track
13 handle went down 27 percent. I think it's vitally important
14 before you make your decision that you are acutely aware of the
15 need to look at handle on a per calendar basis rather than just
16 a per race basis. The people behind me have to pay their bills
17 on a per calendar basis, not on a per race basis.

18 CHAIRPERSON BRACKPOOL: Well, I think that falls into
19 the category of I wish we weren't where we are, but we are
20 where we are.

21 MR. PLATT: Right. Right. The second point that I
22 would like to make is when I analyze the structure of the
23 handle, where it was good, where it was bad, brick and mortar
24 handle was impacted the most by the price increase. ADW handle
25 appears to have held firm from last year to this year. There

1 is a reason for that. And there's evidence of price elasticity
2 in the ADW numbers.

3 When Dr. Allred did the new signal contract after the
4 take-out increase he went to the rebate houses and he told
5 them, "We have a two percent take-out increase. But I'm only
6 going to up your signal fee one percent to mitigate the effect
7 of the price increase."

8 And I think the mitigation of that is being reflected
9 in the ADW portion of the handle.

10 CHAIRPERSON BRACKPOOL: That's certainly one theory.
11 I mean, the other theory is that brick and mortar facilities
12 are continuing their natural decline as people have alternate
13 methods of -- of being to -- to make a bet.

14 MR. PLATT: When I talk to other large players they
15 have told me without question that the rebate houses where they
16 play passed that one percent onto them. Their rates for
17 playing the Los Al signal actually went up. They were
18 incentivized to play the Los Al signal. I think that's an
19 important point, and I think it is reflected in the ADW handle
20 numbers.

21 CHAIRPERSON BRACKPOOL: Right. Right.

22 MR. PLATT: In closing, I'm asking you on behalf of
23 the public to sunset this.

24 CHAIRPERSON BRACKPOOL: Okay. I think you're asking
25 me on behalf of you and perhaps HANA. I don't actually think

1 you speak for the public. But I understand the point that
2 you're -- that you're making.

3 MR. PLATT: Well, we have over 1,600 members.

4 CHAIRPERSON BRACKPOOL: That's what I said --

5 MR. PLATT: So that's not --

6 CHAIRPERSON BRACKPOOL: -- it's on behalf of HANA.

7 MR. PLATT: -- necessarily --

8 CHAIRPERSON BRACKPOOL: I think the -- the public was
9 a little great.

10 MR. PLATT: Well, all right.

11 CHAIRPERSON BRACKPOOL: That's what I was saying.

12 Yeah.

13 MR. PLATT: Okay.

14 CHAIRPERSON BRACKPOOL: Do I have -- do I have
15 questions from any other commissioners on this?

16 COMMISSIONER HARRIS: I wasn't clear on the increase
17 in take-out, if Los Alamitos was able to pass that on to their
18 out-of-state people in ADWs or not.

19 MR. ENGLISH: That -- that was a significant
20 obstacle. It was a challenge to us. And we did is we shared
21 the increase of out-of-state locations. They kept one percent
22 and we got one -- we kept -- one percent came to us.

23 CHAIRPERSON BRACKPOOL: I see.

24 MR. ENGLISH: And that's the arrangement with the ADW
25 companies.

1 CHAIRPERSON BRACKPOOL: Well, I think we -- actually,
2 I think this has been a very useful exercise. And I -- I
3 really commend you who had to do this, because we required of
4 you doing it, and Jeff for the work he's done in -- in putting
5 in this. And I think that -- that you make an interesting
6 point about, you know, calendar days are important for
7 something else, and I think it's a bit of an apple/orange
8 argument because I think you make a good justification for a
9 different reason. We'd all like to be running more, but horse
10 inventory tells us when we can and how much we can -- we can
11 run. And I think on a per race meeting it's -- it's very, very
12 close and I think has -- has been very interesting.

13 So I, for one, would be happy to support a motion
14 that allowed this to continue through the end of this calendar
15 year, which is what you've asked for; correct?

16 MR. ENGLISH: Well, I'd like it to be permanent.

17 CHAIRPERSON BRACKPOOL: Well, I understand.

18 MR. ENGLISH: I'm not sure what's on the docket
19 today.

20 CHAIRPERSON BRACKPOOL: But -- but I would like --

21 VICE CHAIRPERSON ISRAEL: I'd like to be playing in
22 the NBA, so --

23 CHAIRPERSON BRACKPOOL: Yeah.

24 MR. ENGLISH: I'd like to, too.

25 CHAIRPERSON BRACKPOOL: And you have a greater chance

1 of me making this permanent than that.

2 Anyway, but -- but, no, I think we should carry this
3 on through -- through -- through the end of -- of this year and
4 just continue to monitor. I think that gives Jeff and his
5 people a fair chance to continue to -- to do it. I've really
6 been pleased with the way you've all worked together to come to
7 this -- to this detail.

8 MR. ENGLISH: Thank you.

9 CHAIRPERSON BRACKPOOL: And -- and then perhaps at
10 that stage we'll -- we'll have it on as a consideration for --
11 I don't know about permanent, but certainly for -- for a
12 considerably more permanent period of time.

13 MR. ENGLISH: Thank you. And I would like to say
14 there's a partial byproduct to this. One of them is this new
15 handle report that is going to be available on the internet
16 where everybody will have the same data, be able to at least
17 analyze it.

18 VICE CHAIRPERSON ISRAEL: Right.

19 CHAIRPERSON BRACKPOOL: Yeah.

20 MR. ENGLISH: And we have different analyses. Some
21 are players. Some are trip handicappers.

22 CHAIRPERSON BRACKPOOL: Yeah.

23 MR. ENGLISH: But you all --

24 CHAIRPERSON BRACKPOOL: Yeah.

25 MR. ENGLISH: -- you'll have the same document.

1 CHAIRPERSON BRACKPOOL: Well, I wouldn't thank me or
2 pick up your papers yet, because all I'm doing is making a
3 motion that's going to be voted on by everybody. So --

4 MR. ENGLISH: Okay. So -- so --

5 COMMISSIONER ROSENBERG: I second the motion.

6 CHAIRPERSON BRACKPOOL: So that will be the motion.
7 Commissioner Rosenberg -- oh, I'm sorry. You're right. I do
8 have -- I do have one speaker on this. I apologize. Barry
9 Meadow, I apologize, sir.

10 COMMISSIONER ROSENBERG: Mr. Commissioner, by the
11 way, just while the gentleman is walking up, the pack -- the
12 materials that you refer to as being in the package, we only
13 had a one page attachment, which I don't think --

14 CHAIRPERSON BRACKPOOL: No.

15 COMMISSIONER ROSENBERG: -- made all that --

16 MR. BREED: No. No. No.

17 CHAIRPERSON BRACKPOOL: Look under the spreadsheet
18 behind that.

19 COMMISSIONER ROSENBERG: It's the next one?

20 CHAIRPERSON BRACKPOOL: Yes. No. It's not the next
21 one. You're -- You may have an incorrect Board package.

22 COMMISSIONER ROSENBERG: They are?

23 CHAIRPERSON BRACKPOOL: But I have all the -- we all
24 have the details.

25 COMMISSIONER ROSENBERG: We have them? Okay.

1 CHAIRPERSON BRACKPOOL: That's just starting there.

2 VICE CHAIRPERSON ISRAEL: Red.

3 CHAIRPERSON BRACKPOOL: Yeah. The red is Los Al and
4 the yellow is handle.

5 VICE CHAIRPERSON ISRAEL: Okay.

6 COMMISSIONER ROSENBERG: Okay. Is it all? Okay.

7 CHAIRPERSON BRACKPOOL: So --

8 COMMISSIONER ROSENBERG: I didn't picture that.

9 MR. MEADOW: All right. And imagine a two person
10 golf tournament, me versus Tiger Woods. Tiger shoots a 65, I
11 shoot 165. You could say Tiger beat me by 100 shots. You also
12 could say I finished second to the great Tiger Woods.

13 The argument is not about what the -- what the
14 numbers are. The whole question is how these are interpreted.
15 Obviously, as a horse player I have a completely different take
16 on what Rick English might -- might say.

17 Let's say I have a play. I'm a producer. I have 40
18 people come to my play on Friday, 60 on Saturday. I charge
19 them ten bucks a piece. I take in \$1,000 a week. I decide,
20 you know, Friday is not doing that well. I'm only going to do
21 Saturday. But now I'm going to offer free cookies, I'm going
22 to offer --

23 CHAIRPERSON BRACKPOOL: You know, I'm only going to
24 permit you two analogies per -- per -- per comment.

25 MR. MEADOW: Okay. This is --

1 CHAIRPERSON BRACKPOOL: I mean, it's --

2 MR. MEADOW: My --

3 CHAIRPERSON BRACKPOOL: I can't keep up with them
4 all.

5 MR. MEADOW: My final analogy --

6 CHAIRPERSON BRACKPOOL: So what is the -- what --
7 what -- what is the -- what is the point?

8 MR. MEADOW: I might bring in a higher amount of
9 people on a particular day, but overall I'm giving a better
10 product, but totally I'm bringing in less money. This is the
11 problem with the take-out.

12 Take-out means the churn gets reduced because --
13 because people don't have enough money. Whether they
14 understand what the take-out is or not they have less money in
15 their pockets. That's true whether you're a big player or a
16 small player. That effect compounds over a period of -- of --
17 of time.

18 I don't see how you can raise prices under these
19 economic conditions. I don't see how you do it. And I don't
20 see where the -- where comparing a race that has ten horses
21 this year with a race that had eight horses last year is going
22 to tell us much of anything, other than the fact that the
23 product is better. If the product is better you're going to
24 get more money. Yeah, you raise the prices, but you've got --
25 you've got a better product.

1 I think it's important that we do not raise prices
2 under these conditions. And if anything we should be cutting
3 the take-out, not raising the take-out.

4 CHAIRPERSON BRACKPOOL: Thank you very much. So I
5 have a -- I have a motion that I made to approve this issue
6 through December 31st, at which stage we'll have another report
7 at the -- at -- at one of the year end meetings, November or
8 December. And I have a second by Commissioner Rosenberg. All
9 in favor?

10 ALL COMMISSIONERS: Aye.

11 CHAIRPERSON BRACKPOOL: Motion approved. Thank you.

12 MR. ENGLISH: Thank you.

13 COMMISSIONER CHOPER: I would just urge you to keep
14 these statistics.

15 MR. ENGLISH: Yeah.

16 COMMISSIONER CHOPER: Because one of the problems is
17 statistics are very difficult to compare and they're always --

18 MR. ENGLISH: That's right --

19 COMMISSIONER CHOPER: But they -- the -- the
20 comparable dates and how many things you were doing then, how
21 many things you're doing now are very difficult to try to
22 figure out. But by December I don't know that you'll have
23 anything better.

24 MR. ENGLISH: Well, but it's --

25 COMMISSIONER CHOPER: But you still may be comparing

1 apples and oranges. But as long as you -- it would be very
2 helpful along the way to see it. And that -- and that's really
3 the reason that I think we've got to hang with this. You're --
4 you're -- nothing wrong with your logic. But that --

5 CHAIRPERSON BRACKPOOL: No. The reason that we're
6 going to December is to be fair to Jeff and his people --

7 COMMISSIONER DEREK: Yes.

8 CHAIRPERSON BRACKPOOL: -- who are putting all this
9 time and effort into -- into -- into helping monitor this.

10 COMMISSIONER CHOPER: But it's very difficult
11 figuring it out.

12 MR. ENGLISH: Thank you all --

13 CHAIRPERSON BRACKPOOL: Thank you.

14 MR. ENGLISH: -- for that.

15 CHAIRPERSON BRACKPOOL: Thank you. Thank you. Maybe
16 the coffee will go back with you, Jeff.

17 VICE CHAIRPERSON ISRAEL: You must have a great
18 battery in that thing.

19 CHAIRPERSON BRACKPOOL: Okay.

20 VICE CHAIRPERSON ISRAEL: He was running that off a
21 battery all --

22 CHAIRPERSON BRACKPOOL: Item number 16, this was an
23 item requested by Commissioner Harris at the last Board
24 meeting, you know, which is the -- really the pie charts
25 regarding the report on the revenue stream, the take-out

1 dollar, where it goes, how it's used and the sources of --
2 of -- of handle.

3 This is -- this is a difficult one for -- for you to
4 present on because there's a vast amount of data here. And
5 I -- I guess I'd just ask John, I actually thought it was very
6 useful to have this delineated the way it is. We've now got it
7 as a separate exhibit. Was there something else in particular
8 you wanted to -- to go with this, or was this just helpful to
9 have it laid out here like --

10 COMMISSIONER HARRIS: The idea is good. It -- it's
11 almost more information than we can decipher. But a lot of
12 times there are comments that, gee, too much is going here, not
13 enough is going there. And it's good to have it and see. I
14 think if -- if -- the way it is needs to be specific or where -
15 - how you want to re-cut the pie.

16 CHAIRPERSON BRACKPOOL: Right. Well --

17 COMMISSIONER HARRIS: But at least these are the pie.

18 CHAIRPERSON BRACKPOOL: I think it's very useful. I
19 mean, a lot of this information is in the annual report. But I
20 thought the point that Commissioner Harris made last time which
21 was good is that, you know, this needs to be -- this needs to
22 be available, this -- this data, in an easier form, I think,
23 for people to -- to access and -- and -- and -- and look at.
24 And I think that was really the -- not putting words in John's
25 mouth, but I think that's what John was saying and perhaps

1 still is, that rather than making people go find this, it's
2 there.

3 So I know we have something on our website with this.
4 But is -- is it in this format?

5 MR. SMITH: Mr. Chairman, Bon Smith, assistant
6 executive -- executive director.

7 The overall pie chart is the -- is in the annual
8 report every year with slight modifications as the percentages
9 that go to various entities changes ever so slightly due to
10 changes in legislation and/or the --

11 CHAIRPERSON BRACKPOOL: Right.

12 MR. SMITH: -- where the handle --

13 CHAIRPERSON BRACKPOOL: Right.

14 MR. SMITH: -- occurs.

15 CHAIRPERSON BRACKPOOL: But somebody has to know that
16 to go to the annual report, go to the exhibit and find it.

17 MR. SMITH: Yes. And putting a dedicated spot on our
18 website for financial information is something we've been
19 trying to get updated with the addition of a new CRIMS report
20 on the handle that should be generated for LAQHRA. We also
21 believe that we can do something along those lines for --

22 CHAIRPERSON BRACKPOOL: Is this something that I
23 can --

24 MR. SMITH: -- the overall handle.

25 CHAIRPERSON BRACKPOOL: -- task you with to --

1 MR. SMITH: Yeah.

2 CHAIRPERSON BRACKPOOL: -- to do? Because I think
3 that would take care of a lot of your --

4 COMMISSIONER HARRIS: Yeah. I think a lot of it is
5 it is what it is. And a lot of it is legislated, although
6 legislation can be changed. But I think we need everyone on
7 the same page rather than -- we've got a lot of grippers in the
8 industry who are saying this isn't enough or --

9 CHAIRPERSON BRACKPOOL: Right.

10 COMMISSIONER HARRIS: -- there should be more of this
11 or that.

12 CHAIRPERSON BRACKPOOL: Right.

13 COMMISSIONER HARRIS: But in a perfect world maybe we
14 could make the pie bigger. But, I mean, anyway, if there are
15 different ways to cut the pie we need to -- we need to get that
16 on the table.

17 CHAIRPERSON BRACKPOOL: Right. Commissioner Choper?

18 COMMISSIONER CHOPER: Yeah. I found this very
19 helpful.

20 Having said that, I looked all over and I couldn't
21 find any definition of commingled guests, which is a big ticket
22 item here. I don't know what it means. Now maybe I just, you
23 know, know a lot less than everybody else. But I thought -- I
24 mean, I found your definitions page and I looked for something,
25 but it's not there, is it? If it is -- if it is I'm

1 embarrassed publicly.

2 MR. BREED: Mr. Chairman and Commissioner Choper,
3 CRIM -- this report was prepared in collaboration with Mark
4 Thurman.

5 Mark, would you come up here? And do you want to
6 bring parties you're perfectly welcome to.

7 MR. THERMAN: I don't know about collaboration here,
8 so --

9 CHAIRPERSON BRACKPOOL: Identify yourself, Mark,
10 would you?

11 MR. THERMAN: I'm Mark Thurman, president of CRIMS.

12 CHAIRPERSON BRACKPOOL: The -- the question from
13 Commissioner Choper was the definition of commingled guests.

14 COMMISSIONER CHOPER: Yes.

15 MR. THERMAN: Commingled guests.

16 COMMISSIONER CHOPER: That's a bit section in a lot
17 of these.

18 MR. THERMAN: Yeah. What -- what that is, is that's
19 the amount of money that is kept by the out-of-state location
20 that's wagering on a California race. So they are the
21 commingled guests.

22 So if we have -- say we have a 20 percent take-out
23 and we're sending our signal to New York. We're going to get
24 the host fee back. But then the -- the most -- and let's say
25 we have a host fee of 3 percent, so we've got 17 percent that

1 is going to stay in New York. So that -- that's the commingled
2 guest, the 17 percent that would remain there. We would get
3 the three percent back.

4 CHAIRPERSON BRACKPOOL: Yeah. So it's just defined
5 as out-of-state?

6 MR. THERMAN: Right.

7 VICE CHAIRPERSON ISRAEL: So does that assume --
8 that's New York plus Kentucky plus Florida.

9 MR. THERMAN: Oh, yeah. Yeah.

10 CHAIRPERSON BRACKPOOL: Right.

11 MR. THERMAN: Yeah. Yeah.

12 VICE CHAIRPERSON ISRAEL: I got it.

13 MR. THERMAN: Yeah.

14 CHAIRPERSON BRACKPOOL: Did you find your money,
15 Commissioner Choper?

16 COMMISSIONER DEREK: It's a lot of money.

17 CHAIRPERSON BRACKPOOL: Commissioner Rosenberg, yes?

18 COMMISSIONER ROSENBERG: This relates to the first
19 public comment or second public comment about San Luis -- San
20 Luis Rey Downs. I think it's appropriate, not necessarily put
21 that item on the agenda for a future meeting, but to get some
22 information on that specific amount of money that's allocated
23 towards that. It's defined very -- on page 16-A in a very
24 broad way in terms of monies that go to the re-stabling areas
25 at race tracks and the subsidies to offset the daily cost of

1 stabling horses.

2 CHAIRPERSON BRACKPOOL: Is your question who has the
3 discretion and who has the executive authority to make those
4 determinations?

5 COMMISSIONER ROSENBERG: Exactly.

6 VICE CHAIRPERSON ISRAEL: Yeah.

7 COMMISSIONER HARRIS: I think in all of these, this
8 is where the money goes. And there's a bunch of subheadings of
9 all of these categories.

10 CHAIRPERSON BRACKPOOL: Right.

11 COMMISSIONER HARRIS: There's somebody out there
12 that's sorting out who gets that money. But that's where it
13 goes, anyway.

14 CHAIRPERSON BRACKPOOL: Right. And that goes to
15 the -- the speaker under public comment, John Bucalo's point,
16 which is who's -- who's making these determinations, which I
17 chided you for your one comment. But the rest of your comments
18 were -- were -- were -- were on -- were on point. So --

19 MR. THERMAN: But there are organizations and --
20 and -- that are approved by the Board.

21 CHAIRPERSON BRACKPOOL: No. I -- I understand. So
22 what I'm wondering is whether we don't have -- have that as an
23 exhibit next time, which is delineating the organizations that
24 are distributing this money, because that goes to John's point,
25 as well as Commissioner Harris's point.

1 Commissioner Moss?

2 COMMISSIONER MOSS: How long has this set up been
3 going on --

4 CHAIRPERSON BRACKPOOL: Right.

5 COMMISSIONER MOSS: -- you know?

6 CHAIRPERSON BRACKPOOL: Right. I think that's a
7 very, very useful exercise. I'll give staff until the
8 September meeting to come back with that one, just because
9 we've got, I know, vacation schedules, etcetera, with some
10 people. But I -- I -- I think that's good. We come back with
11 the -- the organizations that are actually distributing this
12 money, are in charge of it. And as Commissioner Moss says, how
13 long they've been in place, etcetera. And I think that's --

14 COMMISSIONER MOSS: How long -- how long is it
15 viable?

16 CHAIRPERSON BRACKPOOL: I'm sorry?

17 COMMISSIONER MOSS: How long it's viable for.

18 CHAIRPERSON BRACKPOOL: How long it's viable. Yeah.
19 I think that's -- I think that's a good one. But I still do
20 think that we should -- Kirk, I'd like you to make sure this
21 happens, that we get this information on our website in a far
22 more accessible form than it -- than it -- than it -- than it
23 currently is.

24 I have, before you go, a speaker, Michael Wellman.
25 You can take the -- stand up, Michael.

1 MR. WELLMAN: Michael Wellman. I think this is
2 something that I've really asked for since February, maybe.
3 And my particular focus was on the CMC situation when Hollywood
4 Park requested from the CMC to take money that, as far as I was
5 concerned, was interpreted as money for promotional purposes
6 and used for purses. And I think it is -- it would behoove
7 the -- the -- the Board to look into this further.

8 I did get, finally, a response back. And I was very
9 disappointed with really the amount of clout the CHRB has in
10 really controlling what happens to the money. And -- and like
11 everybody up there has said, there are a number of different
12 areas where money is put into different sections and allocated
13 in certain ways. And I don't think any of us have confidence
14 of exactly how that money is used.

15 CMC specifically -- I -- I held my breath a couple of
16 times when both -- well, Oak Tree didn't come up in terms of
17 their license. But I was happy to hear about Pomona -- or
18 Fairplex, excuse me, coming up and talking about the
19 promotional stuff that they were intending to do. And I was
20 very curious at that time whether they were going to go the
21 route of Hollywood Park or take the money that I guess is
22 intended from the CMC and utilize it for promotion. I think
23 for us to exist and to maybe improve ourselves, promotional
24 things have to be considered. And money used any other way is
25 detrimental to the longevity and future of the sport.

1 CHAIRPERSON BRACKPOOL: Thank you. Okay. So I think
2 we have marching orders on that. Thank you, Mark. Thank you,
3 Bon.

4 COMMISSIONER MOSS: Oh, I'm sorry.

5 CHAIRPERSON BRACKPOOL: Commissioner Moss?

6 COMMISSIONER MOSS: But -- but every one of these
7 entities the -- I've really looked at.

8 CHAIRPERSON BRACKPOOL: Yeah.

9 COMMISSIONER MOSS: And what -- what is the service
10 they're providing? What do they deserve what they're getting?
11 You know, a real in-depth --

12 CHAIRPERSON BRACKPOOL: Yeah. We --

13 COMMISSIONER MOSS: -- study.

14 CHAIRPERSON BRACKPOOL: We will --

15 COMMISSIONER MOSS: It's probably the first time this
16 has happened --

17 CHAIRPERSON BRACKPOOL: Which -- which I think would
18 be excellent. And --

19 COMMISSIONER MOSS: -- in a long time.

20 CHAIRPERSON BRACKPOOL: -- we will do our best to --
21 to get that information ready for the September Board meeting.
22 I've got staff working on a bunch of different, so we'll do our
23 best -- we'll do our best to have it done by September. It may
24 be October, but we'll do our best, like I said. Because I
25 think to do a proper job on this is going to take some time and

1 analysis, but it's something that needs to be done.

2 COMMISSIONER HARRIS: That's right.

3 CHAIRPERSON BRACKPOOL: So --p

4 COMMISSIONER HARRIS: But it's like an educational
5 effort, too, with the industry, that they understand it.

6 Because I think very few people in any aspect of the industry
7 really understand it.

8 CHAIRPERSON BRACKPOOL: I think those are points --

9 COMMISSIONER HARRIS: And I think it's important.

10 CHAIRPERSON BRACKPOOL: -- that have come through
11 time and time again.

12 Commissioner Rosenberg?

13 COMMISSIONER ROSENBERG: Well, there might be some
14 duplication, as Mr. Wellman alluded to, the CMC, there may be
15 some duplication. A stabling fund that comes out of a handle,
16 and the CMC at one time had a pot of their money going to that.
17 So --

18 CHAIRPERSON BRACKPOOL: Right. I have -- I have
19 two -- two speakers on this issue, Madeline and -- and Guy.
20 We're good. We're good. We're good.

21 MS. AUERBACH: Okay. I want to speak.

22 CHAIRPERSON BRACKPOOL: We're good. I have a copy
23 for --

24 MS. AUERBACH: Madeline Auerbach, TOC.

25 VICE CHAIRPERSON ISRAEL: Just turn the mike.

1 MS. AUERBACH: Hello?

2 VICE CHAIRPERSON ISRAEL: There you go.

3 MS. AUERBACH: Okay.

4 VICE CHAIRPERSON ISRAEL: Yeah.

5 MS. AUERBACH: Madeline Auerbach, TOC.

6 This issue, I'm glad that you're doing this, and it's
7 quite timely. About a year ago we started the process, so
8 you're a little bit ambitious in terms of wanting it by
9 September. We've put a tremendous amount of time and effort
10 into it. And very specifically with the money, we were
11 concerned where it was going, what it was being used for, how
12 effective it was. And the TOC, under Marsha's leadership,
13 really pushed to have a complete examination of all the funds
14 that you are now questioning. And we came up with a
15 controllers group. And we have basically put a very good
16 controllers group together to examine all of these funds.

17 And I think that Guy should apprise you of where we
18 are in our examination. I think a duplication of efforts, I
19 mean, it's fine, but we've done a lot of the legwork. And I
20 think we should be sharing it with you, as opposed to you
21 trying to reinvent the wheel.

22 CHAIRPERSON BRACKPOOL: Yeah. And we'll -- we'll
23 definitely piggyback your --

24 MS. AUERBACH: But can --

25 CHAIRPERSON BRACKPOOL: -- your information --

1 MS. AUERBACH: -- can we --

2 CHAIRPERSON BRACKPOOL: -- and do that.

3 MS. AUERBACH: -- just take a minute and tell you
4 exactly how far we've come? Because we've come a long way --

5 CHAIRPERSON BRACKPOOL: Please.

6 MS. AUERBACH: -- in this.

7 CHAIRPERSON BRACKPOOL: Please.

8 MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of
9 California.

10 Thanks, Madeline, for putting me on the spot. A
11 little impromptu here.

12 Madeline is right, we did put a group together of
13 various -- we call it a controllers group, but we've got people
14 from various race tracks and owners groups and things like
15 that. We've taken a lot of time to do financial review of the
16 various funds. We'd be happy to sit down with all of you and
17 apprise you of our assessment. Much of the work was looking at
18 the OTB network, SCOTWINC AND NOTWINC, since that -- among all
19 the funds, that probably makes up the biggest allocation of
20 funds.

21 And that will dovetail in with some of the standards
22 that this Board is looking for that was brought up at the last
23 Board meeting. We've already gotten -- reached out to -- to
24 your staff and began to implement some of the recommendations
25 that we came up with in -- in our very extensive assessment.

1 I will add that this -- you know, that was a phase
2 one. This is an ongoing process. So we don't see this as
3 something, you know, we just -- we did it once and we're done
4 with it. This is part of just doing business, to continually
5 improve on our operations, on the costs side of the equation,
6 as well as revenue development.

7 So if you have any questions --

8 CHAIRPERSON BRACKPOOL: No. Not so much a question
9 as I think this is a very good start. I think this is
10 something that I'm -- I'm -- I'm hearing strong, you know,
11 support that we should -- we should do. So we're going to get
12 on with this and do that. And we'll definitely piggyback the
13 work you've -- you've -- you've done.

14 MR. LAMOTHE: Thank you.

15 CHAIRPERSON BRACKPOOL: Thank you. Thank you, Bon.

16 Item 17, discussion and action by the Board regarding
17 a comprehensive report from MI Developments as requested by the
18 Board at it's May 2010 regular meeting concerning it's future
19 plans for California racing and it's plans for racing at Santa
20 Anita Park Race Track and Golden Gate Fields. If I could ask
21 the principals to step forward and identify themselves.

22 George, why don't you introduce your group.

23 MR. HAINES: George Haines, Santa Anita.

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

25 MR. DEMARCO: Frank DeMarco, Santa Anita.

1 MR. DARUTY: Scott Daruty with Santa Anita and Golden
2 Gate.

3 CHAIRPERSON BRACKPOOL: Okay. Well, we'll cut right
4 to the -- to the -- to the chase here. This is a discussion
5 about the comprehensive report, and there was no comprehensive
6 report. We've had several discussion between us, as -- as to
7 that. But I'll let you go ahead and give your explanation of
8 where you think things stand at this stage, George.

9 MR. HAINES: Well, we have been back and forth and
10 had discussions with you. We have submitted public documents,
11 which include financial reports from MID as to the financial
12 stability of MID. And we have also made certain comments
13 regarding future plans for Santa Anita. Mr. Stronach in the --
14 the June meeting made his intentions clear. You know, he wants
15 to further --

16 CHAIRPERSON BRACKPOOL: I suspected his intentions.
17 I don't know that he made it clear.

18 MR. HAINES: Oh. Well, and to bring forward
19 California racing and to promote California racing as -- as we
20 see at every -- every meeting in the CHRB mission statement,
21 we're here to promote Southern California -- California racing,
22 and to do it to the best of our ability, and to use all the
23 assets that we have to do so.

24 So with the lack of, as I -- I guess you would
25 determined, a comprehensive business plan, you know, we're

1 prepared to go forward. We -- we still need more information
2 from the industry. Mr. Stronach has stated his intentions to
3 come back in the middle of August and to talk to Board members,
4 the CHRB Board members, and also to more horsemen groups, and
5 to come up with, you know, a final solution. But the plans are
6 going forward.

7 VICE CHAIRPERSON ISRAEL: Find a different phrase.

8 MR. HAINES: Yeah. I'm sorry.

9 CHAIRPERSON BRACKPOOL: Poor choice of words.

10 The -- let's -- let's get a couple of things on the table here.

11 The reason that you have given -- repeatedly given me
12 over the last two weeks as to why a comprehensive report was
13 not and has not yet been submitted is that, you know, you
14 wanted protection under some trade secret provision to be able
15 to submit an exhaustive plan that we could review as a board,
16 and yet would not in any way harm you. We've been advised by
17 counsel that that is possible to do.

18 I over the last week have strongly encouraged you to
19 have your counsel work with ours so that such a plan can be
20 submitted. I will tell you that I don't believe it's going to
21 be the position, from what the -- all the comments I've heard
22 over the last several months I'd be surprised if it was the
23 position of this Board that they would just waive that
24 requirement. But we'll come to that in -- in a moment.

25 I think, you know, your -- there are certain aspects

1 of your business plan that it's acceptable that it be given to
2 us in -- in confidence, and we're happy to have that worked
3 out. And as I say, Counsel Miller has -- has given me a very
4 good opinion, a very detailed opinion as to how that can be
5 done. And so I, for one, will be insisting that that -- that
6 does happen and that gets -- that gets done.

7 You know, items 17 and 18 I'm going to take in
8 combination here, because they're really the same -- the same
9 issues. Item 18 is really the action item as to what we hear
10 in item -- item 17.

11 But I -- I think it's -- it's beyond frustrating at
12 this stage, that this is the third meeting in a row that we're
13 having a conversation about the dog ate my homework. I mean,
14 it's -- it's really -- you know, we've all got a lot vested in
15 this business. We know you have a lot vested in this business,
16 both individually and corporately. The idea that you won't
17 share that with the rest of the industry, and yet expect the
18 rest of the industry should continue to cooperate with you
19 because you've got some magic box that you're going to open on
20 a date uncertain over there, it's just fanciful and it -- it
21 doesn't work.

22 We're not sitting here making these requests for fun.
23 We're sitting here making these requests because the seven of
24 us are charged with that mission statement over there, and we
25 have obligations. We have obligations to protect, to regulate

1 and promote. And I understand that you're executive management
2 doesn't think we should be doing any of those, and that's fine,
3 they can have that opinion. But right now the law gives us
4 that obligation and responsibility. And we're not just going
5 to waive it because somebody says I'm not going to send it to
6 you. This has to be resolved. I don't know if I can make
7 myself any clearer that this has to be resolved.

8 So let's -- let's -- let's get the first point
9 agreed. If you're -- if you are prepared to send it, if we can
10 give you a confidentiality provision that's acceptable, we'll
11 do that. If that's not really the issue and you're not going
12 to send it anyway then let's not waste any more time pretending
13 it's a confidentiality issue.

14 So let me ask that question directly. Is that the
15 issue or is that not the issue?

16 MR. HAINES: Not really. You know, it's the main
17 concern for us, the confidentiality issue. So if that's
18 resolved I believe we can go forward.

19 CHAIRPERSON BRACKPOOL: Well, I believe that can be
20 resolved. I have to tell you that, and I'll just say this and
21 then I'll move on, I would have been more impressed if somebody
22 said to me, I have a document here, it's got everything you
23 want, but I need to negotiate a confidentiality provision. To
24 send me a letter on July the 6th that said I'm not going to
25 send you anything because I don't have the confidentiality

1 provision is in my view dog ate my homework category. So
2 that -- that's -- that's where I feel strongly about this.

3 At this stage, before I say any more, I'm going to
4 open it up to other Board members to ask some -- some -- some
5 questions. Commissioner Derek first.

6 COMMISSIONER DEREK: I don't know if this is
7 premature, but have you signed the lease with Oak Tree for the
8 fall meet yet?

9 MR. HAINES: Did you want to answer that?

10 MR. DEMARCO: No. It hasn't been signed yet.

11 COMMISSIONER DEREK: I noticed, too, it was supposed
12 to be under the same conditions as last year. So is -- is
13 there a problem, a reason why it hasn't been signed?

14 MR. DEMARCO: Well, it's not exactly the same as last
15 year.

16 CHAIRPERSON BRACKPOOL: Introduce --

17 MR. DEMARCO: I'm sorry. Frank DeMarco for Santa
18 Anita.

19 MR. BREED: Your name?

20 MR. DEMARCO: Frank DeMarco for Santa Anita. All
21 right.

22 It started out to be a really simple process. I
23 thought maybe we'd do a one pager and we'd solve all the
24 problems, but it didn't. Because of the bankruptcy there are
25 various provisions in that that had to be considered by the

1 bankruptcy counsel on both sides. It took them about ten days
2 to work their problems because Oak Tree filed some claims in
3 the bankruptcy proceeding, so they had to be worded just right
4 in this -- in this lease.

5 The lease, incidentally, has magically turned into a
6 license and not a lease, because it's -- we're shorter than the
7 period of a year.

8 I was satisfied with the final form of the document,
9 as were the bankruptcy on both sides and Oak Tree's counsel, as
10 well, and that was on the 16th of July.

11 Then we got word that we were not authorized to sign
12 the document until this particular hearing was over with, and
13 that's where we are. I've heard nothing further since then.

14 CHAIRPERSON BRACKPOOL: Well, my understanding of
15 that is slightly different. Maybe you've raised -- maybe
16 you've raised the bar a level here. My understanding is that
17 there was a mechanical issue that said that until we had issued
18 a license for -- for MID to operate Santa Anita, mechanically
19 it could not be executed. So --

20 COMMISSIONER DEREK: Is that the only reason?

21 CHAIRPERSON BRACKPOOL: If -- if -- if you're now
22 telling me that we're having a leverage conversation, then let
23 me know that we're having a leverage conversation.

24 MR. DEMARCO: Well, define a leverage conversation?

25 CHAIRPERSON BRACKPOOL: I don't think you want me to

1 define leverage conversation.

2 MR. DEMARCO: Yes, I do. It might be --

3 CHAIRPERSON BRACKPOOL: Don't -- don't -- don't start
4 playing poker here. Right.

5 Are you now saying that you will possibly sign an Oak
6 Tree lease, possibly not sign an Oak Tree lease, depending on
7 the outcome of the issues in front of us on this agenda?

8 MR. DEMARCO: I'm not in power to say yes or no.
9 It's not my authority. I was told not to sign it until this
10 issue was just disposed of. That's what I'm telling you.

11 CHAIRPERSON BRACKPOOL: Until which issue is disposed
12 of?

13 MR. DEMARCO: That's on the calendar today.

14 CHAIRPERSON BRACKPOOL: Which issue on the calendar
15 today?

16 MR. DEMARCO: Well, the -- the --

17 CHAIRPERSON BRACKPOOL: We've had multiple issues --

18 MR. DEMARCO: Multiple --

19 CHAIRPERSON BRACKPOOL: -- on the calendar today.

20 MR. DEMARCO: The multiple license issue. Yes.
21 Unless you've heard something different.

22 MR. HAINES: No.

23 MR. HAINES: I think what we're talking about is if
24 we had a license to go forward and do business in the future.
25 If we don't -- obviously, if we don't have a license to do

1 business we have to unwind our operations.

2 VICE CHAIRPERSON ISRAEL: Define the future.

3 MR. HAINES: Well, the immediate future, I mean,
4 tomorrow. I mean, if we don't have a license to operate --

5 CHAIRPERSON BRACKPOOL: That's what I'm saying, a
6 mechanical -- a mechanical --

7 MR. HAINES: Yeah.

8 CHAIRPERSON BRACKPOOL: -- a mechanical issue --

9 MR. HAINES: Yeah.

10 CHAIRPERSON BRACKPOOL: -- is what I was told it was.

11 MR. HAINES: So -- so --

12 CHAIRPERSON BRACKPOOL: So are you saying it's a
13 mechanical issue?

14 MR. HAINES: Yes.

15 CHAIRPERSON BRACKPOOL: Okay.

16 MR. HAINES: We need a license to continue business,
17 to employ people. If we don't have that license we can't go
18 forward?

19 VICE CHAIRPERSON ISRAEL: So through November 1st
20 then?

21 MR. HAINES: I would say so, yes.

22 VICE CHAIRPERSON ISRAEL: Okay. That -- that defines
23 future.

24 COMMISSIONER CHOPER: It's not known that there's an
25 overlap between a mechanical issue and a leverage. I mean, but

1 what's the difference? That's the reality.

2 CHAIRPERSON BRACKPOOL: Okay. Before I carry on, any
3 other Commissioners to speak to the house?

4 COMMISSIONER HARRIS: Yeah. Mr. DeMarco mentioned
5 bankruptcy counsel. Now am I clear on that or whatever it is
6 has been released from bankruptcy? There's not really a
7 bankruptcy proceeding going on now. Hasn't that been
8 concluded?

9 MR. DEMARCO: Well, NAC (phonetic), the plan of
10 reorganization was approved by the court. The company, the
11 assets of Santa Anita are now MI Developments.

12 The issues in the bankruptcy, and I'm not a
13 bankruptcy lawyer, were because of claims that were filed in
14 that NAC bankruptcy proceedings that had to be resolved, and
15 that issue was raised by Oak Tree's lawyer, not by us. So then
16 I referred it back to the MID bankruptcy lawyer, and the two
17 bankruptcy lawyers apparently solved the problem because they
18 re-drafted those portions of the license agreement.

19 CHAIRPERSON BRACKPOOL: Right. Right. I don't want
20 this to be or you to construe that this is a meeting about Oak
21 Tree. This is a meeting about MI Developments and the issue of
22 the waiver, and whether this Board should issue a waiver or
23 whether this Board should direct you to pick one of the three
24 businesses and stay with one of the three businesses.

25 The rule is in place for a very specific particular

1 reason. And I would say pictorially you are the reason. It's
2 there to say if we have a level of influence being exerted over
3 the majority or a multiple group of assets in this state that
4 the Board has to be convinced that it is in the best interest
5 of racing for that to happen. It is very difficult for the
6 Board to reach that conclusion when you are doing the corporate
7 version of taking the fifth at every hearing.

8 So there is no way that I would be prepared
9 certainly -- I can't speak for the others -- but no way I'd be
10 prepared to vote for a permanent waiver without the data.

11 So, George, you've told me that the confidentiality
12 provision is paramount. I will say that in the -- in the
13 meetings we've had in the last week or two that you've had with
14 Commissioner Israel and myself, we've been able to get into a
15 little more detail. We have to cut through these issues and
16 get to -- to the business plan. I can't be any clearer. We
17 have to have a business plan that we, as a Board, can rely on
18 to make our determination as to whether to grant the waiver or
19 not.

20 COMMISSIONER DEREK: Can you tell us, does the
21 business plan exist?

22 MR. HAINES: Not in a final form, no.

23 COMMISSIONER DEREK: Close to final? How far from
24 final in days, would you say?

25 MR. DARUTY: Can I -- Scott Daruty.

1 I guess there's been a lot of discussion about the
2 business plan concept. And I think it's important to
3 understand, there -- there is a plan. There -- listen,
4 everybody's made it clear, from -- from our chairman down, we
5 want racing in California to succeed. We're willing to work
6 and cooperate with the rest of the industry to -- to help make
7 racing succeed.

8 There is no black box that's hiding over here that
9 will be unveiled on some day. There's no magic bullet. If
10 there was anybody in this room would have already come up with
11 it. So this isn't a matter of any big secret. It's a matter
12 of how do we work within the industry to move forward the
13 industry by implementing changes.

14 As -- as Chairman Brackpool mentioned a few years
15 ago, in the last couple of weeks there's been a great amount of
16 cooperation on legislative issues that are team, while not
17 being the leader of, has been cooperative of, and we will
18 continue to cooperate.

19 So is there a business plan? Yes. We want to
20 continue to run racing at Santa Anita and at Golden Gate Fields
21 and continue to operate XpressBet and do it in a way that makes
22 economic sense and helps the industry move forward. I -- I
23 just wanted to say that because I don't want there to be some
24 perception that we're hiding something or keeping something
25 back. From a business plan standpoint in all likelihood it's

1 going to look very similar to business plans in the past,
2 again, because there is no magic bullet, with an effort on
3 cooperating through new legislative changes to try to make this
4 industry work.

5 CHAIRPERSON BRACKPOOL: Mr. Daruty, I'll tell you
6 that -- I'll -- I'll -- I'll tell you the -- the difference.
7 The difference is that in the past things went wrong. We need
8 to know that in the future they're not going to go wrong. And
9 when I have four people sit in front of me who say collectively
10 I don't know, I've really been told that I have to do the
11 following, or I don't have the authority for that, that's what
12 makes everybody nervous.

13 So when I say business plan for the waiver
14 discussion, in addition to it being a comprehensive plan as to
15 how you're going to run the track and what you're going to do,
16 I want to know what MI Developments is going to do differently
17 with this multiple ownership. Is it going to invest money in
18 (inaudible)? Is it going to invest different money in
19 marketing? What's the management structure? What's the
20 decision structure? What's the authority level? Those are the
21 things, to me, that I would need to be able to lead a
22 discussion here as to whether it's appropriate to have or not.

23 Commissioner Moss?

24 COMMISSIONER MOSS: I just -- if we look at the worst
25 case scenario and we grant you a temporary waiver, and then

1 let's say the negotiations with Oak Tree fell apart somehow, so
2 we have two different entities vying for the same dates
3 somewhere, I mean, we need to know more.

4 CHAIRPERSON BRACKPOOL: Uh-huh.

5 COMMISSIONER MOSS: You know, we just need to know
6 more.

7 MR. DARUTY: And I think both of those comments are
8 very reasonable. And everybody here understands, the things
9 you just asked for make sense.

10 At the same time, I mean, one of the things we've
11 tried to communicate with -- with you in some of our, you know,
12 other meetings that we've had has been that it's hard for us to
13 sit here and say here's the plan, here's the investment that we
14 will or won't make. This industry is so tied together with
15 what other tracks do, which what -- what issues we don't
16 control.

17 We have submitted a list of items for discussion, 13,
18 I believe, that said here's some ideas. We can't sit here
19 today and tell you all of these are good ideas and we're going
20 to push every one of them, because a lot of those depend on
21 cooperation from others within the industry. And I think what
22 you have seen over the last couple of weeks, and I believe will
23 continue to see, is that we are willing to work in -- in that
24 sort of cooperative way.

25 VICE CHAIRPERSON ISRAEL: I mean --

1 CHAIRPERSON BRACKPOOL: Commissioner Israel?

2 COMMISSIONER MOSS: I have another question.

3 VICE CHAIRPERSON ISRAEL: All right. I don't agree
4 with that conceptually. But if MI Development brought these
5 properties out of bankruptcy thinking that the rules, laws and
6 regulations of the State of California would not longer obtain,
7 that was foolish. That's like buying the Dodgers and saying
8 you're going to play in the National Football League just
9 because you want to.

10 There -- everybody involved at MID knew what the laws
11 of California were as it related to this. They all knew what
12 the rules and regulations were. The business is in flux, but
13 changing the law is different from a business in transition.
14 And the laws in all likelihood aren't going to change
15 significantly. This body's ability to regulate horse racing
16 isn't going to be aggregated. And -- and that seems to be the
17 only plan that we've been presented with, is go away and let us
18 do what we want. And that's not the only way you can succeed,
19 that's not the only way the business can survive and thrive,
20 and it's not going to happen.

21 MR. DARUTY: Right. And I think people sitting at
22 this table recognize that that's not going to happen and --

23 MR. HAINES: And we -- we assure you that MID is not
24 going to sit still. They are in business for the long term in
25 horse racing. They're very passionate about it. They're

1 willing to make a large capital investment. And a lot of
2 ideas, you've probably seen in the public forum over there,
3 their Chief Executive Officer, Larry Pollock, made some
4 statements regarding capital investments. We are prepared to
5 do that. We're not in business for six months. We're going to
6 be -- we're -- we're looking here to make a long term
7 investment.

8 CHAIRPERSON BRACKPOOL: Commissioner Choper?

9 COMMISSIONER CHOPER: May I -- may I speak? I want
10 to say first of all, I don't envy you four guys. All right.
11 That's perfectly clear. But we -- I think -- I think we're
12 entitled to have some -- some schedule here. We know what
13 these issues are. There's a confidentiality issue, although,
14 you know, from what you said I don't really get it. But maybe
15 there is something that you want to keep confidential. Okay.
16 And --

17 MR. DEMARCO: And the law protects.

18 COMMISSIONER CHOPER: Then, as you've indicated, you
19 know, obviously, we're going to conform to that.

20 The Oak Tree issue, you can see what -- you know,
21 realistically and psychologically, you -- you are all in this
22 industry. You know what -- what this means. Let's -- let's
23 get that settled. And it certainly is possible for you to
24 settle it and say, yeah, well, that's -- this is just a
25 technicality as to whether you got the license. And,

1 obviously, if you don't have the license -- if you don't get
2 the license it's going to be off in some way; right? I would
3 think that's a defense. To make any contract with Oak Tree and
4 then you don't get a license. I think you ought to -- and I'm
5 not -- not a lawyer, but you are. I think that's -- that would
6 be true.

7 So -- but also, I think we ought to, you know, we
8 ought to just get a calendar that we can -- that we can agree
9 on. We've got to resolve this confidentiality issue. We've
10 got to resolve the Oak Tree thing. And I think we've got to
11 resolve these --

12 CHAIRPERSON BRACKPOOL: Yeah. The -- the bigger --
13 the -- the -- the issues on the -- on the -- that -- that I
14 went through about why would we support somebody owning
15 multiple unless we knew what the authority levels were and what
16 the investment decisions were, etcetera.

17 Do I have other comments? Commissioner Rosenberg?

18 COMMISSIONER ROSENBERG: Well, this -- discussing
19 item number 16 and 17 --

20 CHAIRPERSON BRACKPOOL: Yeah.

21 COMMISSIONER ROSENBERG: -- 17 and 18 --

22 CHAIRPERSON BRACKPOOL: Yeah. I'm speaking of 17 and
23 18.

24 COMMISSIONER ROSENBERG: -- and 20 here, also --

25 CHAIRPERSON BRACKPOOL: Well, I'm --

1 COMMISSIONER ROSENBERG: -- is --

2 CHAIRPERSON BRACKPOOL: I'm -- what?

3 COMMISSIONER ROSENBERG: And also, we skipped number
4 13, which is that discussion about Oak Tree.

5 CHAIRPERSON BRACKPOOL: No. No. No. We put it over
6 until the next month because the documents weren't ready.

7 COMMISSIONER ROSENBERG: Okay.

8 CHAIRPERSON BRACKPOOL: This is really -- I'm talking
9 at the moment on item 17 and 18. I'm not yet talking about the
10 license issues.

11 COMMISSIONER ROSENBERG: Okay.

12 CHAIRPERSON BRACKPOOL: I'm just talking about 17 and
13 18 at the moment.

14 The two of you, I'm going to ask you to stay there
15 for a moment. I'm going to allow the public speakers to come
16 forward and speak. And then I'm going to tell you what I think
17 we should do for a next step.

18 Guy, are you -- Guy Lamothe, TOC, first speaker.

19 MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of
20 California. Well, I -- I'm still trying to catch my breath
21 after this presentation or lack thereof. This item is on the
22 future of racing. And I want to make one global warning on a
23 more practical point.

24 And globally speaking, when we talked about future
25 plans, I think it's awful presumptuous of MID to be acting

1 almost in a unilateral way. It really runs contrary to them
2 speaking of working as partners with the rest of the industry,
3 the owners, the trainers, the breeders. And when we talk about
4 future plans we've got so much going on with inventory issues.
5 We talk about all these funds today and we want disclose on CMC
6 and all this stuff. What we really need out here in
7 California, among other things, is some stability. Okay.
8 Stabilities for owners, for breeders to know that the anchor
9 race track in California will be here. And we're not sending
10 that signal today. We haven't for some time. Okay.

11 We're certainly -- we know they're flying out of
12 California, owners are. We're doing nothing to -- here today
13 to attract owners back into California when we hear this. And
14 some -- you know, you need a waiver; that's very disturbing in
15 my opinion.

16 On a more practical matter, short term plans, you
17 know, we need to -- the stabling area has been closed for -- is
18 closed now through the fall. So there's two months remaining
19 while it's closed. It's -- it's pretty evident that they're
20 not going to replace the track, but we know there are issues
21 with the track. And we want to know what's being done to
22 repair the track? Again, a stability issue. If we're not
23 confident in the track, which lost several race days last year,
24 okay, which is not only detrimental to purses but also to
25 commissions, it's also detrimental to fans. They don't know

1 when the show's going to be on. We've got to cancel the day
2 before. Okay.

3 So we want to know what's going on as we -- you know,
4 this is two months out.

5 CHAIRPERSON BRACKPOOL: Yeah. Guy, if I may, and
6 stay there for a moment, before I get to the next speaker I
7 want to ask specifically about the track, because obviously
8 we've got some determinations to make here.

9 Are you authorized right now as the president of MID
10 California, correct --

11 MR. HAINES: Yes.

12 CHAIRPERSON BRACKPOOL: -- are you authorized by your
13 executive body in Canada to expend funds on the track to get
14 everything ready so that when this, hopefully, mechanical issue
15 of licenses and everything goes that you would be in a position
16 to run and run safely at Oak Tree?

17 MR. HAINES: Yeah. Well, I wish I would have spoke
18 to Guy before that because we've never had this conversation.
19 We start Monday with some track renovations, as directed by
20 Rich Tadesco (phonetic), our track superintendent. We have
21 also sent material to Australia to be analyzed to come back to
22 us of what -- exactly what the track may need.

23 CHAIRPERSON BRACKPOOL: Did you start this with a
24 yes?

25 MR. HAINES: Yes.

1 CHAIRPERSON BRACKPOOL: Okay.

2 MR. HAINES: We -- we begin Monday.

3 CHAIRPERSON BRACKPOOL: So, yes, you are authorized
4 to -- to do that?

5 MR. HAINES: Right. We already have plans to -- to
6 start some renovation on the track.

7 CHAIRPERSON BRACKPOOL: Right. Well, I would
8 strongly suggest that you and Guy sit down, you know, following
9 this meeting and understand exactly what those plans are and
10 work through it, because, you know, this is absolutely crucial
11 in terms, certainly, of us basing a decision, I'm sure, as to
12 whether -- because I certainly hope we're not having, as Mr.
13 DeMarco perhaps said here, a leverage conversation here. So
14 please tell me we're not having a leverage conversation here
15 about the track.

16 MR. HAINES: Well, we're not going to leverage horse
17 safety.

18 CHAIRPERSON BRACKPOOL: Right. Thank you, George.
19 Thank you.

20 VICE CHAIRPERSON ISRAEL: I think you should also
21 communicate with the trainer.

22 CHAIRPERSON BRACKPOOL: Well, hold on, sir. My next
23 speaker -- I apologize. I interrupted just because I wanted to
24 be very strong on that point. My next speaker is Alan Balch,
25 CTT. Actually, John and -- John Sadler is going to come forth,

1 as well.

2 MR. SADLER: Thank you. John Sadler. I'm CTT president.
3 Alan Balch, our director. We wanted to speak in unison with
4 TOC and how concerned we are with MID's plan for the track. I
5 mean, I looked up -- it wasn't long ago when -- we lost
6 countless days last winter. And, basically, Mr. Haines says
7 there were a bunch of holes in the track to get it to drain.
8 And we're very concerned looking for next year what -- what the
9 plans are with the track. We feel, you know, time is of the
10 essence. Today is the first we've heard that they were doing
11 anything. If they were doing something then we certainly
12 weren't privy to it until today.

13 So we can't express enough how important it is that
14 we get a plan going into next year, other than we hope it
15 doesn't rain.

16 CHAIRPERSON BRACKPOOL: Can I -- before you -- before
17 you go, John, can I implore you, George, that communication,
18 communication, communication? I mean, I'm very happy to hear
19 you're starting on Monday. I'm very happy to hear it's not a
20 leverage issue. And I'm happy to hear that horse safety is
21 paramount, because that's my number one concern.

22 But why are we not communicating this to the industry
23 participants is a mystery to me. So can you enlighten me?

24 MR. HAINES: We've been doing this every year for the
25 past X many years. And -- and we've never really gone through

1 this process.

2 CHAIRPERSON BRACKPOOL: Well, MID is a brand new
3 owner of a business that's never had any interest in horse
4 racing before, as I've been told over and over again. So I
5 think what you have to understand --

6 MR. HAINES: It's been -- it's --

7 CHAIRPERSON BRACKPOOL: What you have to understand,
8 George, is that it -- it appears to be convenient that
9 sometimes we're the old company and we've been in business
10 forever. Sometimes it appears, on page 42, we'd like to be new
11 company that's never been in the business. But if you go to
12 page 45 you've actually been in the business for a long time.
13 You -- you just can't play that -- that -- that role. I won't
14 even -- I won't -- I won't go further than that.

15 I understand that what you're now doing is talking
16 about Santa Anita has been there for years and has -- has been
17 doing it. But you have to understand that this MID, we're new,
18 we've got this, you know, idea of how we're going to
19 revolutionize the industry, hangs over you. And you're wearing
20 two hats. Wear them properly.

21 So I don't think you should just assume that you do
22 it every year and it's fine. So I would absolutely insist that
23 you sit down with CTT, with TOC, and work through this issue.
24 Because this -- this -- this is -- this is going down. One of
25 us will be happy to participate however it works. But we need

1 to resolve this communication issue so that we're not having to
2 have this laundry being washed in public at all times.

3 MR. BALCH: Alan Balch --

4 CHAIRPERSON BRACKPOOL: Alan Balch.

5 MR. BALCH: -- CTT. And we would join the comments
6 that TOC made, as Mr. Sadler said, that specifically this is
7 not a routine year as far as track repair. There are specific
8 problems at the -- at the finish line area. There are other
9 problems with the membrane perhaps being pierced and -- and
10 stones coming up through the surface, and things like that.
11 And I think if we could -- particularly at this time when, you
12 know, there's a race meeting going on here it's going to be
13 difficult, but we really urgently need to address this for our
14 constituents and -- and speak with whatever -- whoever the
15 track people are that are doing this so we can share and --
16 and, we believe, participate in with maybe some suggestions so
17 that the problems they're addressing are the same problems that
18 the horsemen, the trainers and the owners see on a daily basis.
19 But given the experience last winter, we think that's
20 essential.

21 CHAIRPERSON BRACKPOOL: Yeah. And Mr. Sadler?

22 MR. SADLER: Yeah. We'd -- we'd like to know, you
23 know, how much is going to be spent on -- on the race track,
24 what -- if there's -- if there's numbers that they're --
25 they're comfortable with what they're going to do. And then we

1 haven't heard anything either on the stable or the barn area,
2 which is, obviously, in horrible shape.

3 CHAIRPERSON BRACKPOOL: George, is there an answer to
4 those two questions?

5 MR. HAINES: We -- we don't have a final cost yet
6 because, you know, we're still waiting for the analysis to come
7 back from Australia.

8 As far as the barn area, we anticipate doing some
9 grading of the roads. We're got our crews working back there
10 right now. We're -- we're doing a clean up of all the stalls
11 as the horses leave. So we're doing the maintenance that we
12 are scheduled to now perform.

13 CHAIRPERSON BRACKPOOL: Maintenance, but no -- no
14 deferred maintenance and no capital improvement?

15 MR. HAINES: We're -- we're working on some -- some
16 long term capital improvements. As I think we've talked about,
17 we're working with the City of Arcadia. And we're also doing
18 just, you know, general maintenance and getting it -- we
19 haven't been closed for two years. So when we're closed we're
20 able to get into areas like tack rooms and whatever and do
21 major repairs, whether replacing beams or whatever, that
22 takes -- get into the restrooms and do a thorough cleaning of
23 the restrooms, repairs. That's all things we do when we're
24 closed down every other year.

25 CHAIRPERSON BRACKPOOL: Commissioner Moss?

1 COMMISSIONER MOSS: Yeah. George, forgive me for --
2 this sounds maybe a bit snide. But isn't Australia where this
3 thing -- where the problem started with the Pro-Ride and the
4 fact that we had to cancel dates? And what concerns me is as
5 an owner, certainly, that we're -- we're just continuing to
6 reinvest in the Pro-Ride product which has been responsible for
7 having to cancel so many races in the past.

8 You know, I -- I just think it's time, you know,
9 that -- I'm not going to quote the statement, but the
10 understatement is get off the pot. You know, you -- you either
11 have to do something or -- you know, and make a stand or
12 what -- what -- what -- what are the owners supposed to do
13 here? I mean, where -- where are the horses going to run? And
14 how can we run with the knowledge that they're going to run
15 safe and have a successful meet. And something's got to be
16 done.

17 And, you know, it -- it's just, I mean, very
18 depressing, you know, that you're here today without a real
19 statement of what you're going to do. And we want to help in
20 every aspect. We all know we're in this together. But somehow
21 this message isn't getting to -- to -- to the people at Santa
22 Anita. And that's all I got to say.

23 MR. HARTMAN: Robert Hartman, Golden Gate Fields.
24 Just from Northern California's standpoint there has not been
25 one capital expenditure request that I sent up to MID that has

1 been denied since MID took over. We are spending six figures
2 to add more prior to our August 27th opening. So MID is
3 spending money. They're not just sitting on their hands
4 waiting for -- for -- for something to happen. I mean, every
5 single request I've made has -- has been approved. So they're
6 going forward to stay in the horse racing business. And -- and
7 I just want --

8 CHAIRPERSON BRACKPOOL: You have to send six figure
9 requests to -- to Toronto?

10 MR. HARTMAN: Absolutely.

11 VICE CHAIRPERSON ISRAEL: What's the threshold?

12 MR. HARTMAN: For capital. Any capital expenditure
13 expense over \$50,000 has to be approved.

14 VICE CHAIRPERSON ISRAEL: A 50,000 threshold. And --
15 and also at Santa Anita?

16 MR. HAINES: Yes.

17 COMMISSIONER DEREK: It's 15.

18 COMMISSIONER ROSENBERG: Mr. Haines, I have to --
19 excuse me --

20 CHAIRPERSON BRACKPOOL: Commissioner Rosenberg,
21 please.

22 COMMISSIONER ROSENBERG: As -- as the president of
23 MID California or West Coast or whatever it is, it seems to me
24 that the -- the point the Chairman made much earlier about
25 communication is the key, it's almost as if the information

1 that Mr. Hartman just put out is -- is information that maybe
2 has been shared, but probably has not been shared. And the
3 coincidence, announcing today that you're starting work on the
4 track Monday when the back stretch scuttlebutt was that there
5 was no authority to start work on this surface, contrary to
6 that. And -- and it just -- it seems to me you should
7 communicate, communicate, communicate. I'll just repeat that.

8 CHAIRPERSON BRACKPOOL: That's right.

9 MR. HAINES: Well, I apologize for not communicating
10 that and putting out a press release. But however,
11 specifically, the inception of the synthetic surface at Santa
12 Anita, actually it started in the UK with cushioned tracks.
13 Pro-Ride is the one that's -- that's got us this far.

14 We have continually spent seven figures on this race
15 track for fixes. So what -- what Robert is talking about, the
16 six figure fix, is not a big number to us. And -- and as we
17 have done to promote the safety of the -- of the race track we
18 have spent the money that's -- that's needed.

19 So, you know, we're communicate with the owners and
20 the trainers exactly what we're doing and get their input. We
21 already have their input through our --

22 CHAIRPERSON BRACKPOOL: But you shouldn't do it
23 because we're telling you to do it.

24 MR. HAINES: No.

25 CHAIRPERSON BRACKPOOL: You should do it anyway.

1 MR. HAINES: We -- we do have a committee that is --
2 you know, travels the world looking for new surfaces and
3 reporting back and, you know, we're listening to their input.

4 CHAIRPERSON BRACKPOOL: Okay.

5 VICE CHAIRPERSON ISRAEL: Buy American.

6 CHAIRPERSON BRACKPOOL: Right. I have one speaker on
7 this issue, Michael Wellman.

8 MR. WELLMAN: Michael Wellman. I hope you're not
9 sick of me yet. And first of all, you know, I've got
10 tremendous sympathy for the board and -- and even for the four
11 gentlemen that sit before you. But I -- I am sort of
12 speechless and -- and to say depressed would be maybe an
13 understatement. There are a number of people here, probably
14 the first thing I'm depressed about is I'm the only owner that's
15 getting up here and speaking. It's beyond me.

16 You know, the TOC had an election a month ago; 800
17 out of 8,000 voted. So we're to blame for a lot of this
18 ourselves.

19 But the CHRB still is our governing group and
20 commission, and I see this very clearly. I've said it for
21 months now. I've tried to be more active. I make my feelings
22 heard. You know, this is a poker game. And anybody that
23 doesn't think it -- and if you think leverage isn't part of
24 this, you know, I read -- I read the minutes. I read the
25 transcripts. I see what's being said.

1 And as a board I ask you again, like I have a number
2 of times, you're being played. They've got a full hand. I'm
3 not a Jerry Jamgogian disciple by any means. Okay. But, you
4 know, he's told you a number of times that, you know, he's
5 going to finally get his way. And we know who MID is. We saw
6 it from having a board have to decide about Oak Tree to an
7 individual, and in a matter of 12 seconds turn that decision
8 around, hopefully for the benefit of all of us.

9 Now we're sitting a month later in the same
10 predicament. We really don't know where oak tree is. Mr.
11 Liebau, I -- I would suggest you get in touch with the Oak Tree
12 directors pretty quick. And I'm not being sarcastic. I'm
13 being frustrated. It's not a funny matter. I -- I can only
14 speak as an individual. I hope I speak for many. I wish more
15 owners would speak up. I wish they would be heard. And I ask
16 you as a Board, please, the longer this goes on, this nonsense,
17 okay, the longer you allow them to play you the more difficult
18 it's going to be to get what you really need.

19 CHAIRPERSON BRACKPOOL: Thank you for your comments.

20 COMMISSIONER CHOPER: I just want to repeat one
21 thing.

22 CHAIRPERSON BRACKPOOL: Okay.

23 COMMISSIONER CHOPER: Let's get a calendar down.
24 Let's get a schedule with dates. And -- well, it's an excuse
25 for them.

1 COMMISSIONER DEREK: This -- yeah. Yeah. This is
2 the third meeting we've been waiting --

3 COMMISSIONER CHOPER: Yeah.

4 COMMISSIONER DEREK: -- for the same information. I
5 don't have confidence that it's ever going to happen. And I'm
6 sorry that Oak Tree agreed to go back to Santa Anita.

7 CHAIRPERSON BRACKPOOL: Guy --

8 COMMISSIONER DEREK: That's -- that's my personal
9 opinion.

10 CHAIRPERSON BRACKPOOL: Guy, is this really
11 compelling?

12 MR. LAMOTHE: One sentence.

13 CHAIRPERSON BRACKPOOL: That's compelling.

14 MR. LAMOTHE: I appreciate Mr. Wellman's comments.
15 TOC is the official representative of all owners. And we did
16 express our displeasure with what we're seeing here today.
17 Thank you.

18 CHAIRPERSON BRACKPOOL: This notice has been paid for
19 by -- okay.

20 Here's -- here's what I would like to suggest, that
21 we continue to hold feet to fire, and yet not hurt the horsemen
22 and the industry. Items 19, 20 and 21 are individual license
23 applications for Pacific Racing, for LATC to operate their
24 simulcast facilities, and item 21 is the XpressBet license.

25 VICE CHAIRPERSON ISRAEL: Twenty-two.

1 CHAIRPERSON BRACKPOOL: My -- no 21. Twenty-two is a
2 separate --

3 VICE CHAIRPERSON ISRAEL: Wait. What is this?

4 CHAIRPERSON BRACKPOOL: -- a separate issue, which
5 I'll come to I a minute.

6 VICE CHAIRPERSON ISRAEL: Oh. Okay. Twenty-two
7 is --

8 CHAIRPERSON BRACKPOOL: Staff analysis that I've been
9 provided with tells me that the individual license applications
10 under Pacific Racing and LATC are -- are acceptable. All
11 documents as required have been submitted. License 21, there
12 is an audited financial document requirement still outstanding.
13 So I would -- I'm going to read a motion in the moment. And
14 the -- the -- the condition under item 21 will be that the
15 audited financial statements are -- are submitted as -- as
16 required.

17 What I would do -- and if I read this motion -- and
18 this is really the motion for 18, but this will take care of
19 18, 19, 20 and 21, counsel; correct?

20 MR. MILLER: Yes.

21 CHAIRPERSON BRACKPOOL: And I would do this, and then
22 I'll give you an editorial when I've finished it. But let me
23 read the motion so that you understand it and do that.

24 The California Horse Racing Board hereby moves to
25 extend the existing licenses of the Los Angeles Turf Club Inc.,

1 the Pacific Racing Association, and XpressBet Advance Deposit
2 Wagering entity until December the 26th, 2010. And the
3 existing waiver of the Business and Professions Code Sections
4 19483 and 19484, prohibiting common ownership, only until
5 September the 16th, 2010 in order for their parent company, MI
6 Developments Inc., to prepare and submit to this board a
7 comprehensive plan setting forth it's intended business
8 practices and procedures for operation of Santa Anita Park and
9 Golden Gate Fields thoroughbred horse racing venues with the
10 utilization of XpressBet as an advance deposit Wagering
11 platform all under common ownership.

12 In order to ensure MI Developments Inc. discloses its
13 future intended business practices and procedures for the
14 operations of Los Angeles Turf Club, the Pacific Racing
15 Association and XpressBet in a forthright manner and stating
16 its business plan for Santa Anita Park and Golden Gate Fields
17 as thoroughbred horse racing venues. The document will be
18 submitted -- the document to be submitted will be deemed exempt
19 from the disclosure under the Public Records Act in California
20 Evidence Code. This document is to be presented to the staff
21 of the Board on or before September the 1st, 2010.

22 That is my motion. So while everyone still has the
23 motion in mind --

24 VICE CHAIRPERSON ISRAEL: Second.

25 CHAIRPERSON BRACKPOOL: -- I have -- Commissioner

1 Moss?

2 VICE CHAIRPERSON ISRAEL: I'll second it.

3 COMMISSIONER MOSS: The only thing is it's not really
4 clear what happens to Oak Tree in this whole thing. And I
5 think -- not that it's our business or our job to worry
6 about --

7 CHAIRPERSON BRACKPOOL: Right.

8 COMMISSIONER MOSS: -- these kind of commitments.

9 CHAIRPERSON BRACKPOOL: What happens --

10 COMMISSIONER MOSS: I just wonder where that goes.

11 CHAIRPERSON BRACKPOOL: What happens to Oak Tree under
12 this theory is that they execute the lease with Oak Tree
13 tomorrow because the license has been approved through --
14 through December 26th --

15 COMMISSIONER MOSS: Right.

16 CHAIRPERSON BRACKPOOL: -- 2010.

17 COMMISSIONER MOSS: What if -- what if they find
18 something else wrong with the commitment in some form? You
19 know, I -- we have no -- we -- we can't insist --

20 CHAIRPERSON BRACKPOOL: Well, we can. I can make
21 it -- I can certainly make this waiver subject to the approval
22 of the Oak Tree license by such and such a date.

23 COMMISSIONER MOSS: Well, even -- or any license.

24 You know --

25 CHAIRPERSON BRACKPOOL: Any license. Yeah.

1 COMMISSIONER MOSS: -- there's going to be a meet --

2 CHAIRPERSON BRACKPOOL: I'm -- I'm --

3 COMMISSIONER MOSS: -- in effect.

4 CHAIRPERSON BRACKPOOL: Counsel, I'm quite happy to
5 add something at the end. Because we can not as a Board leave
6 here today, come back in August and be told by this team that
7 there are reasons why they have not executed the lease. And I
8 don't think this should be read as us necessarily promoting Oak
9 Tree or forcing Oak Tree on. But the agreement was offered.
10 Our job is to make sure the racing calendar is full and people
11 know where they're racing.

12 So I would like to add a sentence at the end of this
13 motion that I will do my best to -- to -- if you will, that
14 says --

15 VICE CHAIRPERSON ISRAEL: Subject to?

16 CHAIRPERSON BRACKPOOL: -- the -- the -- the entire
17 motion is subject to the execution of the lease between Oak
18 Tree Racing Association and LATC by -- I'll allow you to pick a
19 date next week, but it's next week.

20 COMMISSIONER ROSENBERG: Well, if you get to make a
21 pick, pick Friday. That's --

22 CHAIRPERSON BRACKPOOL: Okay. We're almost there.
23 There wasn't a person on this Board that wouldn't have thought
24 you'd pick Friday.

25 VICE CHAIRPERSON ISRAEL: No. I would have picked

1 Saturday.

2 CHAIRPERSON BRACKPOOL: Yeah. I'll tell you what,
3 we're going to make it Thursday. So a week from today, because
4 then we've got Friday to fire off all sorts of communication.

5 MR. CHILLINGWORTH: The lease has to be signed by
6 both parties. And the position was that you'd grant them,
7 grant Santa Anita a license during our operation.

8 CHAIRPERSON BRACKPOOL: Right.

9 MR. CHILLINGWORTH: That's been accomplished.

10 CHAIRPERSON BRACKPOOL: Right.

11 MR. CHILLINGWORTH: So they should be in operation
12 right now.

13 CHAIRPERSON BRACKPOOL: Is that your understanding,
14 Mr. Daruty? You said you have no authorized execution of it.

15 MR. DARUTY: You haven't put it on the motion yet.
16 That's the --

17 CHAIRPERSON BRACKPOOL: Yeah. Well, before I vote on
18 the motion let's just find out, has that happened?

19 VICE CHAIRPERSON ISRAEL: What are we talking about?

20 MR. DARUTY: You're asking, has it been signed?

21 CHAIRPERSON BRACKPOOL: Yes.

22 MR. DARUTY: No.

23 CHAIRPERSON BRACKPOOL: Well, why is Chilli -- why is
24 Chilli believing it has been signed? Who signed it on behalf
25 of MID, Chilli?

1 MR. CHILLINGWORTH: My understanding is that Jerry
2 James and Frank DeMarco signed the agreement. I signed that
3 agreement and sent it up to MID for approval.

4 VICE CHAIRPERSON ISRAEL: Have you seen --

5 MR. CHILLINGWORTH: And I -- and I have received
6 communication yesterday from Mr. Cameron saying that the lease
7 was in order. They agreed to the terms of it. And it was
8 subject to the license being extended.

9 VICE CHAIRPERSON ISRAEL: You've seen the signature
10 page with both signatures executed?

11 MR. CHILLINGWORTH: Yeah.

12 VICE CHAIRPERSON ISRAEL: You have?

13 CHAIRPERSON BRACKPOOL: Well, they say they haven't
14 signed it. So --

15 VICE CHAIRPERSON ISRAEL: Are their signatures on it?

16 MR. DARUTY: Can I -- can I just -- can I just
17 interject for one minute? I really think we're making a much
18 bigger deal out this than it needs to be. And I realize, you
19 know --

20 CHAIRPERSON BRACKPOOL: You know, I'd -- you know,
21 I'd really think about what you are about to say.

22 MR. DARUTY: Well, I --

23 CHAIRPERSON BRACKPOOL: I'd really think about what
24 you're about to say.

25 VICE CHAIRPERSON ISRAEL: After everything that's

1 happened that's not possible; right?

2 MR. DARUTY: Listen --

3 CHAIRPERSON BRACKPOOL: Maybe rephrase your
4 opening --

5 MR. DARUTY: Well, I --

6 CHAIRPERSON BRACKPOOL: Anyway, before you even --

7 MR. DARUTY: My -- my comments --

8 CHAIRPERSON BRACKPOOL: Before you even say it --

9 MR. DARUTY: -- I thought I should --

10 CHAIRPERSON BRACKPOOL: Well, actually, before you
11 even say it, you have not signed this lease, Mr. DeMarco?

12 MR. DEMARCO: No. Not the final version. It hasn't
13 been signed by anybody.

14 CHAIRPERSON BRACKPOOL: Right. So the motion that I
15 read --

16 COMMISSIONER DEREK: Uh-huh.

17 VICE CHAIRPERSON ISRAEL: Yeah.

18 CHAIRPERSON BRACKPOOL: -- is the accurate motion.

19 MR. BREED: That's correct.

20 CHAIRPERSON BRACKPOOL: And what we're going to do is
21 take a vote on that motion. But it has to be signed by next
22 Thursday. Otherwise, the waiver no longer applies and you
23 won't -- you won't be able to -- to operate the three -- the
24 three businesses.

25 MR. CHILLINGWORTH: I -- I --

1 CHAIRPERSON BRACKPOOL: Next --

2 MR. CHILLINGWORTH: Sorry.

3 CHAIRPERSON BRACKPOOL: -- Mr. Chillingworth.

4 MR. CHILLINGWORTH: I don't understand why we have to
5 wait until next Thursday. That's a week.

6 VICE CHAIRPERSON ISRAEL: No, you don't. It's up to
7 next Thursday.

8 MR. CHILLINGWORTH: Well, anyway, I think it should
9 be done immediately. I mean, we have people calling us saying
10 are you really going to be operating at Santa Anita. We've got
11 contracts to sign. Why should be wait another week.

12 MR. DARUTY: We'll sign.

13 MR. CHILLINGWORTH: We've waited five weeks already.

14 MR. DARUTY: We'll sign -- we'll sign the lease now.
15 That's what I said, we're -- we are making a bigger deal out of
16 this. The issue --

17 VICE CHAIRPERSON ISRAEL: Do you have the authority
18 to say that? You -- which -- Scott, Frank?

19 MR. DARUTY: Yes.

20 MR. CHILLINGWORTH: He has authority to say whatever
21 he wants. He can say anything he wants.

22 MR. DARUTY: Listen --

23 COMMISSIONER CHOPER: It's -- it's not a lease, it's
24 a license; correct?

25 MR. DARUTY: It's a license. The -- the -- the

1 direction we received was -- was clear, in my -- in my opinion,
2 that if -- if we were not going to be a licensed race track
3 facility, which we hoped to avoid at all costs but which we
4 recognize this board has the authority to license us or not, if
5 it got to the point where we were not going to be a licensed
6 racing facility then we would have no choice but to close down
7 and terminate and let go employees --

8 CHAIRPERSON BRACKPOOL: Right.

9 MR. DARUTY: -- and all that. It -- it didn't get to
10 that point. None of us wanted it to get to that point. And we
11 haven't --

12 CHAIRPERSON BRACKPOOL: And we haven't taken it to
13 that point.

14 MR. DARUTY: No, you have not, and we appreciate
15 that. And what you said is we're licensed --

16 CHAIRPERSON BRACKPOOL: Right.

17 MR. DARUTY: -- through December 26th.

18 CHAIRPERSON BRACKPOOL: December 26th.

19 MR. DARUTY: So we have -- so -- so we have the
20 authority to sign the lease and we'll sign the lease, and let's
21 all --

22 CHAIRPERSON BRACKPOOL: So --

23 MR. DARUTY: -- move on.

24 CHAIRPERSON BRACKPOOL: So then we'll do it by the
25 end of the day tomorrow?

1 MR. DARUTY: Yes. But --

2 COMMISSIONER ROSENBERG: Who -- who's in possession
3 of this document?

4 COMMISSIONER CHOPER: Mr. DeMarco -- Mr. DeMarco, is
5 that right?

6 VICE CHAIRPERSON ISRAEL: Frank, you have the --
7 the --

8 MR. DEMARCO: I have it.

9 COMMISSIONER CHOPER: Do you agree with that?

10 MR. DEMARCO: Yeah. I agree with it.

11 VICE CHAIRPERSON ISRAEL: Do you have authority to
12 sign?

13 MR. DEMARCO: Yes.

14 COMMISSIONER CHOPER: And Mr. Haines, do you agree
15 with it?

16 MR. HAINES: Yes, I do.

17 MR. DARUTY: Yes.

18 COMMISSIONER CHOPER: Then I call the question on
19 your motion.

20 CHAIRPERSON BRACKPOOL: And the -- the -- my motion
21 is modified only to say that the date it has to be signed by is
22 tomorrow, tomorrow afternoon at three o'clock.

23 MR. DARUTY: Fine.

24 MR. CHILLINGWORTH: All right.

25 MR. DARUTY: That's fine.

1 CHAIRPERSON BRACKPOOL: By -- in time for the first
2 post. Okay. I made a motion.

3 COMMISSIONER MOSS: Second.

4 CHAIRPERSON BRACKPOOL: Commissioner Moss seconds.
5 All in favor?

6 ALL COMMISSIONERS: Aye.

7 CHAIRPERSON BRACKPOOL: Thank you. The only item
8 remaining is item 20 -- the only item remaining is item 22, and
9 this is the discussion and action by the Board regarding the
10 reallocation of the August 25th through October 3rd, 2010 race
11 dates from PRA to LATC, and the application to conduct a live
12 meeting in that same period.

13 Kirk, I think that given all of the -- quite please.
14 I -- I think that given all of the conversations, can you just
15 explain to the audience why this motion is necessary?

16 MR. BREED: Mr. Chair and Members, Kirk Breed with
17 the California Horse Racing Board. The motion is necessary
18 because in the original awarding of dates by the -- by the
19 Board we awarded those dates to Golden Gate Field/Pacific
20 Racing which -- which is over and above the number of dates
21 required by statute for them to run. And, therefore, the
22 remainder of those dates, we're -- we're requesting that the
23 board award those dates to the L.A. Turf Club to run the dates
24 at Golden Gate Fields as association is restricted on the
25 number of days they can run in one area -- one zone versus the

1 other zone.

2 And staff requests the approval of this application.

3 CHAIRPERSON BRACKPOOL: I have no speaker comments on
4 this.

5 Commissioner Harris?

6 COMMISSIONER HARRIS: Yeah. I'll move. It sounds
7 like -- like we will have to do it. As long as we're -- I
8 guess we are convinced that the financial stability of the --
9 of the --

10 CHAIRPERSON BRACKPOOL: Through December 26th.

11 COMMISSIONER HARRIS: Yeah.

12 VICE CHAIRPERSON ISRAEL: Second.

13 CHAIRPERSON BRACKPOOL: Commissioner Harris moves the
14 motion. Commissioner Israel. All in favor?

15 ALL COMMISSIONERS: Aye.

16 CHAIRPERSON BRACKPOOL: We are now going to finish
17 the regular session. We're going to go into closed session,
18 but we'll come back and adjourn later. Thank you very much
19 everybody.

20 (The members recessed to a closed session.)

21 MR. SMITH: We are adjourned.

22 (Thereupon the California Horse Racing Board
23 Regular Meeting was adjourned.)

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TRANSCRIBER'S CERTIFICATE

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I, Martha L. Nelson, attest that the foregoing proceedings were transcribed to the best of my ability.

I further certify that I am not a relative or employee of any attorney of the parties, nor financially interested in the action.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated this 30th day of July, 2010.

 /s/ Martha L. Nelson