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CALIFORNIA HORSE RACING BOARD

REGULAR MEETING

Thursday, October 17, 2002

EMBASSY SUITES HOTEL  
211 E. Huntington Drive  
Arcadia, California

BOARD MEMBERS PRESENT:

- ALAN W. LANDSBURG (Chairman)
- ROGER H. LICHT (Vice-Chairman)
- ROY C. WOOD, JR. (Executive Director)
- JOHN C. SPERRY (Commissioner)
- JOHN C. HARRIS (Commissioner)
- MARIE G. MORETTI (Commissioner)
- DERRY KNIGHT (Deputy Attorney General)

Reported by: LESLIE A. TODD, CSR 5129 and RPR

Job No.: 02-24120

1           ARCADIA, CALIFORNIA; THURSDAY, OCTOBER 17, 2002

2                                   10:00 A.M.

3                                   -o0o-

4                           EXECUTIVE DIRECTOR WOOD: Ladies and  
5           Gentlemen, welcome and good morning. If you would  
6           like to take a seat, we can begin.

7                           This is a regular scheduled meeting of  
8           the California Horse Racing Board. It's being  
9           conducted on Thursday, October 17, 2002, at the  
10          Embassy Suites in Arcadia, on Huntington Drive, in  
11          Arcadia, California.

12                          Present at today's meeting are Chairman  
13          Alan Landsburg, Vice-Chairman Roger Licht,  
14          Commissioner John Harris, Commissioner Marie Moretti,  
15          and Commissioner John Sperry.

16                          Before we begin with this morning's  
17          meeting, I would respectfully request that if you  
18          give testimony in front of the Board that you provide  
19          your name and your organization for our court  
20          reporter. If you have a business card to provide  
21          her, that would be much appreciated.

22                          With that, I would like to turn the  
23          meeting over to our Chairman, Mr. Alan Landsburg.

24                          CHAIRMAN LANDSBURG: Good morning. We  
25          have a dual celebration of Roy Wood's birthday, and

1 we have coffee today for that.

2 EXECUTIVE DIRECTOR WOOD: Thank you. I'm  
3 49, same as last year.

4 CHAIRMAN LANDSBURG: Good morning and  
5 welcome to the mass of people who have arrived at our  
6 cavern. This is today's meeting, opening with the  
7 discussion and action by the Board on the application  
8 for license to conduct a horse race meeting for the  
9 Los Angeles Turf Club at Santa Anita, commencing  
10 December 26th, 2002 through April 20th, 2003.

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

13 The Los Angeles Turf Club has filed this  
14 application to conduct a horse racing meeting. The  
15 proposed dates are December 26, 2002, through  
16 April 20, 2003, for 85 days, which is the same number  
17 of days that they raced in 2002. They are proposing  
18 to race a total of 731 races or 8.6 races per day.  
19 They will be racing five days per week, Wednesday  
20 through Sunday, with eight races per day on weekdays,  
21 nine races on opening day, weekends and holidays.  
22 They are proposing a 1:00 p.m. post time on weekdays  
23 and a 12:30 p.m. post on weekends and holidays. They  
24 have also noted that January 26th is Super Bowl, and  
25 they will have an 11:00 a.m. post on that day. They

1 are proposing a 12:30 p.m. post on opening day,  
2 December the 26th, on February the 1st, March 1st and  
3 April 5th, and on Friday, April 11th and 18th, they  
4 are proposing a 3:00 p.m. post time.

5                   There are still two items missing from  
6 this application, and they include the horsemen's  
7 agreement and the fire clearance. Staff would  
8 recommend that the Board adopt the application,  
9 contingent upon us receiving the information.

10                   CHAIRMAN LANDSBURG: Are there any  
11 questions or discussion on this item?

12                   COMMISSIONER HARRIS: I had a couple.  
13 I'm not clear. That 12:30 post on those exceptions,  
14 that is the same time as the regular weekends and  
15 holidays. Is that supposed to be a 12:00 o'clock  
16 post time, I wonder, or something?

17                   MS. WAGNER: My understanding is it 12:30  
18 post times.

19                   MR. LIEBAU: It's at 12:00 o'clock. I'm  
20 sorry. My name is Jack Liebau, president of Santa  
21 Anita.

22                   COMMISSIONER HARRIS: So those dates that  
23 show exceptions would be 12:00?

24                   MR. LIEBAU: Yes.

25                   COMMISSIONER HARRIS: Also, on the

1 different people that would be carrying the signal,  
2 you show Youbet. Would that mean that Youbet as an  
3 ADW in California would be carrying this for  
4 Californians?

5 MR. LIEBAU: As I understand the Youbet  
6 situation, Mr. Harris, there are two Youbets really.  
7 When you go to their site, you can go to Youbet  
8 Pennsylvania, and if you go to Youbet Pennsylvania,  
9 you bet on the Magna tracks, and if you go to Youbet  
10 TVG on the other side, you get the TVG exclusive  
11 tracks. And we are on the Youbet Pennsylvania side.

12 COMMISSIONER HARRIS: Okay. Well, I'm on  
13 the wrong side, I guess, because when I go to it --

14 MR. LIEBAU: I find that -- I will take  
15 that back, Mr. Harris.

16 COMMISSIONER HARRIS: -- they show the  
17 Magna tracks, but they are all blanked out. And that  
18 kind of gave you the impression that the Magna tracks  
19 are in California, but you couldn't bet on them from  
20 California.

21 MR. LIEBAU: No. If you go to the  
22 Pennsylvania side, you can bet on the Magna tracks,  
23 and that is where you would find Bay Meadows, on the  
24 Pennsylvania side.

25 COMMISSIONER HARRIS: Okay. I didn't

1 find a Pennsylvania side. But I guess one of the  
2 issues is have the horsemen and whoever else needs to  
3 sign off on that signed off on that?

4 MR. LIEBAU: Yes, they have.

5 COMMISSIONER HARRIS: Okay.

6 VICE-CHAIR LICHT: Jack, I have one  
7 question. I think the directors that you list on  
8 page 3, haven't there been some changes to that?

9 MR. LIEBAU: Those directors remain the  
10 same.

11 VICE-CHAIR LICHT: How about Terry  
12 Landing?

13 MR. LIEBAU: Terry Landing has resigned  
14 from the Magna Entertainment board, but is still on  
15 the LATC board, and I specifically queried him on --  
16 as to whether Magna Entertainment included LATC, and  
17 I was told it did not.

18 MR. VAN DE KAMP: Mr. Chairman, John  
19 Van de Kamp. We are working with Santa Anita to  
20 develop a purse schedule and a stake schedule, and  
21 we'll be, I'm sure, done within 30 days on that. We  
22 just got the purse schedule the 14th of October, and  
23 have sent a contract over to them I think on  
24 September 30th. And, to the best of my knowledge,  
25 and I've talked to Mr. Siegler (ph.) about this, we

1 are not going to have any, I think, major problems  
2 that I can see. And we'll file that just as soon as  
3 we get finished. But I can guarantee you that 30  
4 days or less will be needed to finish that up.

5           Second, with respect to Magna and all the  
6 other ADW providers, our contract or approvals, if  
7 you will, with them expire before the Santa Anita  
8 meet, and so we are beginning to go through some  
9 renegotiations and review of that whole process that  
10 we started last -- from February, and we'll be  
11 sending in, once we get those things finalized, our  
12 new arrangements, if there are any changes, by the  
13 time this meeting begins.

14           CHAIRMAN LANDSBURG: So we should have by  
15 the next meeting all of this paperwork done?

16           MR. VAN DE KAMP: I hope so. But  
17 certainly by the -- when I said the meeting, I guess  
18 I was referring to Santa Anita beginning. I would  
19 like to hope that -- and that's a hope -- that by  
20 the -- I think it is the 21st of November --

21           CHAIRMAN LANDSBURG: That's right, 21st,  
22 I believe you said.

23           MR. VAN DE KAMP: Whether we will be able  
24 to do that or not, I don't know. We'll try. It  
25 depends a little bit on getting everybody together,

1 and there's usually some jawboning and some review,  
2 and promises made in the past, whether they have been  
3 maintained. And whether or not there should be any  
4 material changes made. So that's a process that we  
5 are just about to begin.

6 CHAIRMAN LANDSBURG: Well, the licensing  
7 process has become fairly routine in terms of a  
8 meeting. The problem of not getting to it early  
9 enough so that the Board can have some decent input  
10 is distressing.

11 MR. LIEBAU: I think that with respect to  
12 the locations to which tracks have planned to send  
13 their signal have been -- it's been through custom  
14 that we have included those in all the applications,  
15 but they are ultimately subject to the approval of  
16 the horsemen, in any event, and I would certainly put  
17 the ADWs in the same category, as would be New York  
18 OTV, they have to be approved by the horsemen under  
19 the law. And I, like Mr. Van de Kamp, do not foresee  
20 any problem whatsoever in the finalizing of the  
21 horsemen's agreement. I think that we have some  
22 people on vacation; otherwise, it would have been  
23 done today. So I don't see a problem at all.

24 CHAIRMAN LANDSBURG: As we discussed  
25 yesterday in the pari-mutuel meeting, and we'll go

1 further into it, we are still concerned about the  
2 limited number of ADWs that cannot break into this  
3 state because of the state issuing what comes down to  
4 a monopoly license to two organizations for ADW, but  
5 we will take that up as you come in with your  
6 agreements.

7 Further discussion?

8 In that case, can we have a motion to  
9 approve the license, subject to the contingency noted  
10 by Jackie Wagner?

11 COMMISSIONER MORETTI: I will move that,  
12 subject to the contingency.

13 CHAIRMAN LANDSBURG: Moved by  
14 Commissioner Moretti.

15 COMMISSIONER SPERRY: Seconded.

16 CHAIRMAN LANDSBURG: Seconded by  
17 Commissioner Sperry.

18 All in favor?

19 (All Board members responded  
20 affirmatively.)

21 CHAIRMAN LANDSBURG: All opposed?

22 Unanimously carried with the approval for  
23 the Santa Anita -- for the license application to  
24 conduct a horse race meeting at the Los Angeles Turf  
25 Club is approved unanimously, subject to the

1 contingent approval of contracts with the horsemen.

2                   Moving on to a discussion and action by  
3 the Board with the 45-day public notice on a proposed  
4 regulatory amendment to CHRB Rule 1467, paymaster  
5 purses.

6                   MS. WAGNER: Jackie Wagner, CHRB staff.

7                   As you know, Rule 1467 was amended in  
8 January to require that 10 percent of the purse  
9 earned on any horse that finishes first, second or  
10 third at a thoroughbred race meeting be deducted and  
11 deposited into the trainer's account.

12                   This amendment before you is at the  
13 request of the Pacific Coast Quarter Horse Racing  
14 Association. They have requested that the Board  
15 amend Rule 1467 to implement the 10-percent automatic  
16 payment to the trainer's account at quarter horse  
17 meetings also.

18                   The proposed amendment will follow the  
19 current program that is currently established. It  
20 will require that 10 percent of the net purse earned  
21 on any horse that finishes first, second or third at  
22 a quarter horse meeting be deducted and deposited  
23 into the trainer's account. The paymaster will  
24 disburse the money to the trainer, and the funds will  
25 be available at the office of the paymaster not later

1 than seven days after the race is conducted. And  
2 owners -- quarter horse owners may opt to -- who want  
3 to opt out of the program may do so by submitting  
4 written notification to the paymaster.

5 Staff would recommend that the Board  
6 instruct us to initiate the 45-day comment period on  
7 this proposal.

8 CHAIRMAN LANDSBURG: Comments and  
9 discussion on this rule? Is there someone who would  
10 like to discuss it?

11 COMMISSIONER HARRIS: Does this impact  
12 the fairs where you have quarter horse racing  
13 factored in a mixed-breed meet, or are they under --  
14 what rule would they be under?

15 MS. WAGNER: I think this would impact  
16 them. It is my understanding right now that the  
17 fairs are participating in this program.

18 COMMISSIONER HARRIS: But I think the way  
19 it is written in the rule, it says at quarter horse  
20 meetings. I'm not sure if the other rule refers to  
21 thoroughbred meetings or how mixed meetings are  
22 defined.

23 EXECUTIVE DIRECTOR WOOD: Mr. Breed.

24 MR. BREED: Mr. Chairman and Board, Kirk  
25 Breed, Pacific Coast Quarter Horse Racing

1 Association.

2                   The intent of this rule change is more,  
3 Commissioner Harris, for only quarter horse  
4 meetings. I don't know how the fair meetings  
5 would -- I think they'd fall under the thoroughbred  
6 rule.

7                   EXECUTIVE DIRECTOR WOOD: They do. They  
8 are using the thoroughbred rule currently, or they  
9 have the opportunity to use it, and so this is for  
10 quarter horse meets only.

11                   COMMISSIONER HARRIS: Just to clarify.

12                   CHAIRMAN LANDSBURG: A question here of  
13 procedure. If there is a minor amendment to the  
14 rule, will we still be able to go forward with the  
15 45-day notice? I mean, it would seem to me that  
16 because the Board -- and because we had difficulty  
17 when a horse is disqualified for some kind of illegal  
18 medication, the seven days is a generally good  
19 period, but I'm not sure how quickly we can ascertain  
20 whether or not there has been any illegal medication  
21 involved. I'm trying to keep us from awarding a  
22 purse and then have -- awarding a percentage of a  
23 purse and awarding purses before we know clearly that  
24 this will be the official winner and the purse will  
25 be official to that winner.

1 EXECUTIVE DIRECTOR WOOD: The 45-day  
2 notice period is exactly for, as you stated,  
3 Mr. Chairman -- a lot of people make comments about  
4 the proposed regulation. The time of payments for  
5 the issue that you are bringing up is basically  
6 covered under the agreement that the TOC has with the  
7 racetrack to distribute the funds to the owners and  
8 the trainer and others in their purse accounts, and I  
9 think that's an issue that probably needs some more  
10 discussion, and not be a part necessarily of this,  
11 which is to change the rule that we already have in  
12 effect that's been working since January, to allow  
13 trainers to be paid their percentage on a timely  
14 basis by the paymaster, and this will allow the  
15 quarter horse people to participate.

16 At the beginning of this rule change with  
17 the thoroughbreds, the quarter horse representatives  
18 agreed not to allow them to participate, and now  
19 they've come to us and asked us to be involved. But  
20 I think the -- in situations which have existed over  
21 the years where we have put money in the escrow for  
22 medication violations, and we'd need to have a pretty  
23 broad discussion with TOC and others as to how we are  
24 going to handle this problem that you just brought up  
25 of paying someone before the final adjudication of

1 any case becomes a matter of difficulty if we have to  
2 retrieve that money, and I think that is basically  
3 handled between the contracts and the TOC and the  
4 associations.

5 COMMISSIONER HARRIS: Yeah, I don't think  
6 it really has to be part of this, because this is  
7 just consistent with the thoroughbred rule. I mean  
8 the payments are a whole other area there of concern  
9 that I need to see -- I think purse money, as I  
10 understand it now, is available 48 hours after a  
11 race, isn't it?

12 EXECUTIVE DIRECTOR WOOD: Actually, it is  
13 72 hours that is required by the contract with the  
14 TOC and the association. I think, as you said,  
15 Mr. Harris, this rule would just mirror the  
16 thoroughbreds and bring the quarter horses into the  
17 same rule, and I think the other issue needs further  
18 discussion.

19 CHAIRMAN LANDSBURG: Let's see how it  
20 works out at the end of the year, and we'll have a  
21 year's experience and we may have to come back and  
22 visit this again.

23 Is there any further discussion? If not,  
24 we'll entertain a motion to approve the continuation  
25 of this rule as amended.

1 COMMISSIONER SPERRY: So moved.

2 CHAIRMAN LANDSBURG: Commissioner Sperry  
3 has moved.

4 COMMISSIONER MORETTI: Seconded.

5 CHAIRMAN LANDSBURG: Commissioner Moretti  
6 has seconded.

7 All in favor?

8 (All Board members responded  
9 affirmatively.)

10 CHAIRMAN LANDSBURG: Opposed?

11 The motion is therefore carried to  
12 continue the action on the notice of proposed  
13 regulatory amendment to CHRB Rule 1467, paymaster  
14 purses.

15 Discussion and action by the Board on the  
16 allocation of race dates for 2003.

17 John?

18 MR. REAGAN: Good morning, Commissioners.  
19 John Reagan, CHRB staff. The race dates convened  
20 last week in Fresno, and we have come up with a final  
21 schedule. If you would like me to work through it, I  
22 will do so.

23 Starting with the Southern California  
24 thoroughbreds and fair, we would have a meet at Santa  
25 Anita, beginning on December 22, 2002 and going

1 through April --

2 COMMISSIONER LICHT: December 26th.

3 MR. REAGAN: -- December 26, 2002 through  
4 April 20th, 2003. All subsequent dates will be  
5 2003. A meet at Hollywood Park, April 23rd through  
6 July 20th; Del Mar, July 23rd through September 10th;  
7 the L.A. County Fair at Pomona, September 12th  
8 through September 28th; back to Santa Anita,  
9 October 1st through November 9th; and back to  
10 Hollywood Park -- we have on the schedule you have in  
11 front of you, the color chart -- November 12th  
12 through December 21st. There is some discussion  
13 where they may wish to begin on the 11th of November,  
14 Veterans Day, and then be dark on the 12th, and run  
15 again on Thursday the 13th.

16 So that would be the Southern schedule.

17 Questions?

18 EXECUTIVE DIRECTOR WOOD: John, would you  
19 also state for the record the exact number of days --

20 MR. REAGAN: Absolutely.

21 EXECUTIVE DIRECTOR WOOD: -- that's being  
22 allocated within those periods that you just read  
23 off?

24 MR. REAGAN: Thank you. Thank you. I  
25 neglected to do that.

1                   For the first meet we had at Santa Anita,  
2 that was 85 days, from December 26th through April  
3 20th; the first portion of Hollywood Park, April 23rd  
4 through July 20th, is 65 days; the Del Mar meet is 43  
5 days; the Santa Anita meet, the Oak Tree meet, in  
6 October and November is 31 days; the L.A. County Fair  
7 at Pomona is 17 days.

8                   Thank you, Mr. Wood.

9                   VICE-CHAIR LICHT: And what about the  
10 Hollywood Winter Meet?

11                  MR. REAGAN: Hollywood Winter Meet, of  
12 course; 30 days, November and December dates.

13                  CHAIRMAN LANDSBURG: Are you going to  
14 cover Northern as well?

15                  MR. REAGAN: Yes. Ready?

16                  For the Northern California thoroughbred  
17 and fair circuit, we have the first meet  
18 December 26th through March 30th at Golden Gate  
19 Fields, for 70 days -- that's December 26th, 2002  
20 through March 30th, 2003. All subsequent dates will  
21 be 2003. The following meet is at Bay Meadows,  
22 April 2nd through June 15th, for a total of 55 days.  
23 The next meet is at Stockton, a fair meet, June 11th  
24 through June 22nd, for 10 days. The next fair is  
25 Pleasanton, June 25th through July 6th, for 11 days.

1 The next meet, Vallejo, July 9th through July 20th,  
2 for 10 days. Santa Rosa, July 23rd through  
3 August 4th, for 12 days. San Mateo, August 6th  
4 through August 18th, for 12 days. Humboldt,  
5 August 7th through August 17th, for 10 days.  
6 Sacramento, August 20th through September 1st, for 12  
7 days. And Fresno, October 1st through October 13th,  
8 for 11 days.

9 Are there any questions?

10 CHAIRMAN LANDSBURG: I think there is --  
11 just one question. If Hollywood Park is approved for  
12 November 11th, does Golden Gate suggest it would move  
13 or stay where it is? Just so we know what the  
14 proposal is.

15 MR. REAGAN: Yeah, I would expect that  
16 they would coordinate with Hollywood. Maybe we could  
17 hear from them.

18 MR. LIEBAU: I believe that the meet in  
19 the fall for Bay Meadows and Golden Gate Fields were  
20 adjusted.

21 MR. REAGAN: Yes. To complete the  
22 schedule, after the fairs -- after the state fair and  
23 we also had the Fresno fair mentioned, the fall meet  
24 at Bay Meadows would begin on August 29th and go  
25 through November 2nd, for a total of 50 days, and the

1 final meet at Bay -- at Golden Gate Fields would  
2 begin on November 5th and go through December 21st,  
3 for a total of 35 days. So that would complete the  
4 year-round schedule, the 12-month schedule, in  
5 Northern California.

6 CHAIRMAN LANDSBURG: Is there now  
7 discussion and questions?

8 COMMISSIONER HARRIS: Just while we are  
9 at it, should we finish the quarter schedules?

10 MR. REAGAN: Absolutely. Ready?  
11 Certainly. We have the quarter horse meet at Los  
12 Alamitos, we have 208 days, December 26th, 2002  
13 through December 21st, 2003; the harness meet, which  
14 is currently at Cal Expo, in two sections, really,  
15 December 26th, 2002 through July 26th, 2003, a month  
16 and a half off, and coming back December 24th through  
17 December 21st, and those two sections are 135 days  
18 and 55 days.

19 Any further questions about the dates?

20 CHAIRMAN LANDSBURG: Yes. Mr. Liebau?

21 MR. LIEBAU: Jack Liebau on behalf of  
22 Golden Gate Fields. Golden Gate Fields requests  
23 authority to run concurrently with Hollywood Park, or  
24 whatever you decide with respect to that issue.

25 CHAIRMAN LANDSBURG: Thank you. Further

1 discussion?

2                   COMMISSIONER HARRIS: I might just  
3 comment that we did spend considerable time looking  
4 at these dates. I drafted a report, just to give  
5 racing some feel of what issues we thought were  
6 important, that I will have made a part of the record  
7 and available for distribution.

8                   The racing law doesn't exactly tell us  
9 what to do on dates, so we have to look at all the  
10 different interests. Basically, racing law -- the  
11 intent is assuring protection of the public,  
12 encouraging agricultural and the breeding of horses  
13 in this state, supporting the network of California  
14 fairs, providing for the maximum expansion of horse  
15 racing opportunities in the public interest, and  
16 providing uniformity of regulation for each type of  
17 horse racing. And some of this language conflicts.  
18 How much should racing opportunities be expanded in  
19 the public interest? And are the public interests  
20 better served with more racing or less racing? Is  
21 the network of California fairs better served if they  
22 get dates at the expense of the associations, and  
23 does that conflict with the public interest? There  
24 are so many different interests, most of which are  
25 represented. You got the racing associations, the

1   fairs, the owners, the trainers, breeders, frontside  
2   and backstretch employees, and the frontside  
3   organized labor, which represents the pari-mutuel  
4   clerks, janitors, and others. Unfortunately, one  
5   party that doesn't get much attention is the fans.  
6   Since all of us are fans, I guess maybe we can  
7   represent the fans in our own way, but I don't think  
8   we've had any fans actually come to testify on what  
9   they thought the mix of racing dates should really  
10  be. Fortunately, we talk to fans, and a lot of them  
11  complain about short fields and uninteresting  
12  programs and basically advocate less races, but then  
13  when you look at all the other interests, there is a  
14  case made for the status quo, which is essentially  
15  what we did.

16                   Just looking at what specifically some of  
17  the issues were, in the harness/quarter horse case,  
18  basically, there was not much controversy at all.  
19  They both have four-day weeks. The South is Thursday  
20  through Sunday on basically the quarters and mixed  
21  breeds down there, and the North is Wednesday through  
22  Saturday in Sacramento for harness, and they're  
23  heavily sending on that, exporting signals.

24                   Some of the issues were mainly the  
25  thoroughbreds, and I think we agree on 95 percent of

1 the things, so actually we are somewhat of a happy  
2 family. It's just that we have little things on the  
3 borders once in awhile that come along. I will just  
4 go through some of those quickly. One of the issues  
5 is a six-day week versus a five-day week. I think at  
6 one point in California, we had six-day weeks. They  
7 used to run, before there was racing Sunday -- I  
8 think the race -- the normal program was Monday  
9 through Saturday. And we conceivably -- you could  
10 just deregulate it, and let people run whatever they  
11 run; they just get weeks, and they figure it out.  
12 But I think that the consensus is that five-day weeks  
13 are the advisable idea, with basically the norm of  
14 running eight races a day on Wednesday, Thursday and  
15 Friday, and more on weekends. The problem is certain  
16 meetings make a good case that due to the shortness  
17 of their meeting, particularly the fairs and Del Mar  
18 and Oak Tree, that they would like to have some  
19 six-day weeks, or, in Del Mar's case, all six-day  
20 weeks, and this has been supported by the owners,  
21 represented by the TOC, and the trainers represented  
22 by CTT, and just to create harmony, we've gone along  
23 with that, although I do have some question on it.  
24 One thing is the holiday break was discussed early  
25 on, that TOC felt there should be a couple-week break

1 at -- over the Christmas holiday. They were about  
2 the only ones that felt that; the tracks didn't feel  
3 that and the organized labor didn't feel that, and  
4 I'm not sure where the trainers were on that, but a  
5 lot of the Christmas holiday or -- it really depends  
6 on the day Christmas falls on, but obviously some  
7 will be during the holiday. Last year we had a  
8 longer break because of the way the day Christmas  
9 fell. This year we do have a four-day break, which  
10 is somewhat of a compromise, but we feel that that is  
11 an important time for racing, and that there are  
12 people who have free time, and it would hurt total  
13 revenues, I think. Although field sizes did  
14 increase, the longer the break you have, you are  
15 going to get better field sizes at the beginning of  
16 whenever the meet is. But if you look at those lost  
17 days, if that revenue loss can't be made up  
18 subsequently, I don't think we've got data that  
19 really shows that over any period of time.

20                   One of the issues is just what day you  
21 do have a dark day over that Christmas holiday --  
22 between Christmas and New Years, and it was decided  
23 to make that Monday the 30th, and then that would  
24 create a six-day week for that week, but --

25                   Another issue was the overlap with the

1 fairs, which was -- the ability to overlap the fairs  
2 was legislated back several years ago and a different  
3 situation did exist then, but now a lot of it comes  
4 down to -- I guess the two issues are availability of  
5 horses, which hasn't really been as big a problem as  
6 I might have thought; the big issue is probably just  
7 money, that whoever is the host gets -- if the fair  
8 is racing and it's the only event in the north, they  
9 are getting 100 percent of the host fees, in Stockton  
10 and Cal Expo's case, but if they overlap by Bay  
11 Meadows, Stockton gets 50 percent and Bay Meadows  
12 gets 50 percent, and Cal Expo, if they overlap,  
13 Cal Expo gets 60 percent and Bay Meadows gets 40  
14 percent. So you have conceivably several hundred  
15 thousand dollars in a few days there that could swing  
16 back and forth.

17                   But I think this did get a lot of  
18 discussion from all parties, and basically the  
19 recommendation was to keep the 2003 in line with  
20 2002, where Stockton's overlapped five days and  
21 Cal Expo's overlapped four days. A few felt that on  
22 that one day, which actually did get a lot of  
23 attention, the Friday night, which would be the  
24 opening -- or Friday or whenever Bay Meadows decides  
25 to do it, it's to everyone's benefit that that total

1 handle in the north is going to get split 60/40,  
2 regardless of what time who runs, so that Cal Expo  
3 and Bay Meadows will figure out how to maximize it,  
4 if somebody's better off starting earlier or later,  
5 to really give some thought, and not so much worry,  
6 about the competition, as trying to think of them as  
7 that they are all on the same team.

8                   Another issue that's gotten a lot of  
9 attention this year is the Fairplex dates, and the  
10 dates allocated to the Fairplex were 17 consecutive  
11 days from September 12th to the 28th. I think it is  
12 clear that those were designated or allocated based  
13 on their wish to run at the Pomona facility, and any  
14 change from that would have to be approved by the  
15 full board, and the whole issue would have to be  
16 revisited, so it's not -- they don't have dates that  
17 are movable dates based on this recommendation. But,  
18 as I understand it, they do plan to utilize the  
19 Pomona facility in 2003.

20                   And I would like to thank everyone for  
21 their input. I think we got a lot of -- we spent a  
22 lot of time on it, and maybe the final product isn't  
23 that much different from last year, but I think we've  
24 revisited a lot of issues.

25                   It is distressing that we are not showing

1 more growth in racing. The total purses are fairly  
2 static, and at the same time expenses for both the  
3 tracks and the horsemen are going up, and we're not  
4 really showing that much of an increase at all. It  
5 may have picked up a little bit with ADW, but we're  
6 not really going anywhere. I don't think -- I don't  
7 know if the dates are a problem or not. And dates  
8 are one thing that if there's some easy fix, dates  
9 would be a fix, but I'm not sure if that's a problem  
10 or not, so we need to look at everything we can and  
11 see how we can keep the sport as economically viable  
12 as we can. And I think we've done the easy things;  
13 we've lowered license fees and brought in ADW, and --  
14 so I think we've run out of easy fixes; we've got to  
15 figure out some tougher fixes.

16                   So I appreciate everyone's work on this.  
17 I do applaud the industry for a study that I think  
18 Oak Tree has commissioned, and I think that several  
19 other groups have also agreed to help on and give  
20 input to, just to look at the whole racing dates  
21 issue, and see if we can pull data together to  
22 show -- you know, either validate what we're doing or  
23 look at different alternatives to really see where we  
24 can enhance this sort of business. And I think that  
25 they'll need a lot of input, and we need to make sure

1 that industry buys into this study and that everyone  
2 has a -- you know, believes in whatever the thesis is  
3 going to be.

4 So I appreciate the help of everyone on  
5 the dates, and all of Roger's help on this too.

6 CHAIRMAN LANDSBURG: Further discussion  
7 of the comments? And we, in fact, moved the report  
8 from the Dates Committee up to this item, principally  
9 because it seemed to work together with the  
10 discussion of allocation of dates. So -- yes,  
11 comment?

12 MR. LIEBAU: Jack Liebau. I would just  
13 like to make a suggestion, that maybe it might be  
14 helpful if the staff would be able to come up with  
15 some sort of a report or analysis as to the meaning  
16 in the horse racing law of support and network of  
17 California fairs. And I want to say at the outset,  
18 neither Bay Meadows nor Golden Gate are trying to  
19 take any dates away from the fair, but I think it's  
20 important for everybody to have an understanding of  
21 what those words -- or at least what I think those  
22 words -- mean in the statute. Before the passage of  
23 SB 27, those words were that the purpose of the horse  
24 racing was to support the general fund. When SB 27  
25 was passed, and the license fees were substantially

1 reduced, it was acknowledged that there would no  
2 longer be funding for the general fund, and that the  
3 money that was being generated through license fees  
4 was supposed to go to the fairs. The words "the  
5 network of California fairs" is actually defined in  
6 the initial part of the horse racing law, and is  
7 defined as about 85 different fairs, that -- they are  
8 all listed there -- and those fairs are in the  
9 statute referred to as "the network of California  
10 fairs." And I think we always have some confusion  
11 about that, and I think it might be a good idea if we  
12 could all get on the same page, and I would suggest  
13 that maybe we could do that by having something from  
14 the staff at a later time.

15 CHAIRMAN LANDSBURG: Thank you. We will  
16 take it under advisement. "Network of California  
17 fairs" seems to me to be a broad catchall, but we  
18 will examine it.

19 Thank you, Jack.

20 MR. KORBY: Well, I have to agree --  
21 Chris Korby, California Authority of Racing Fairs. I  
22 have to agree 100 percent with my distinguished  
23 colleague, Mr. Liebau here. We would love to be on  
24 the same page with respect to an understanding about  
25 how the fairs are treated in the statute and in

1 practice. I would like to thank the Racing Dates  
2 Committee for all the time they spent listening to  
3 testimony. We had ample opportunity to put our  
4 position forward, and we very much appreciate that.  
5 I'm also pleased to note that the California  
6 Authority of Racing Fairs will participate in the  
7 funding of the study that Mr. Harris mentioned, and  
8 we are looking forward to working with the industry  
9 on that.

10 Thank you.

11 MR. PASQUEL: Good morning. My name is  
12 David Pasquel (ph.). I'm the chair of the --

13 CHAIRMAN LANDSBURG: Raise that  
14 microphone a little, David. It's just missing you  
15 by --

16 MR. PASQUEL: My named is David Pasquel.  
17 I'm the chair of a committee of racing fans that for  
18 the past ten years has worked with various aspects of  
19 the racing industry, the racing associations, the  
20 government agencies, et cetera.

21 None of our -- some of our people were  
22 going to attend the meeting that was held in Fresno  
23 last week, but couldn't, including myself. I  
24 understand that a study is going to be conducted,  
25 which we applaud and frankly would like to

1 participate in, if you want some input from an  
2 organized fans group, and I commend all of those who  
3 have come forth to fund this study, and I think it is  
4 time for such a study and it would be a great idea.  
5 That's it.

6 CHAIRMAN LANDSBURG: Thank you.

7 Comments from the audience or Board?

8 COMMISSIONER HARRIS: I'll move the  
9 allocation of racing dates for 2003, as outlined. I  
10 guess the only change from the current outline is  
11 changing racing on November 11th, and being dark for  
12 the South on the next day, the 12th.

13 CHAIRMAN LANDSBURG: Is that -- are you  
14 approving that, Jack? Just so that I understand, is  
15 it Hollywood Park's desire to do that?

16 COMMISSIONER HARRIS: I don't know,  
17 unless there's any comments from any of the parties  
18 on that.

19 MR. BAEDEKER: Rick Beadeker, Hollywood  
20 Park. No, we would like to formally request that  
21 that change be made to the 11th. And we researched  
22 the rest of the country and everybody is running on  
23 the 11th; most people are dark on the 12th, and we  
24 propose the same thing for our people.

25 COMMISSIONER HARRIS: And that would be

1 basically -- the approval would be both -- I guess  
2 who's running then at that point is Golden Gate and  
3 Hollywood Park.

4 CHAIRMAN LANDSBURG: So moved.

5 COMMISSIONER MORETTI: I will second  
6 that motion.

7 CHAIRMAN LANDSBURG: Seconded by  
8 Commissioner Moretti.

9 All in favor?

10 (All Board members responded  
11 affirmatively.)

12 CHAIRMAN LANDSBURG: Opposed?

13 The motion is unanimous on the allocation  
14 of race dates for 2003, as currently the motion by  
15 Commissioner Harris.

16 Moving on, we need a staff update on  
17 Advance Deposit Wagering handle. And if you don't  
18 mind, I would like to combine the report of the  
19 Pari-Mutuel Committee with that so that we can move  
20 forward on the agenda and get the items that are tied  
21 together spoken to.

22 MR. REAGAN: Thank you. Mr. Chairman.  
23 Commissioners, briefly, as indicated in the staff  
24 analysis, at this point, when this was being written,  
25 the ADW handle was up to over \$121 million; I think

1 we are well past \$125 million now; we anticipate as  
2 much as \$150 million by the end of the year. We find  
3 that currently 6.8 percent of the total California  
4 handle is ADW. And in the chart that's attached to  
5 the staff analysis, we are beginning to see perhaps  
6 some slight indications of patterns. We see a nice  
7 runup through Del Mar in the TVG line, and then as  
8 soon as Del Mar ends, there's a sharp drop, just as  
9 earlier in the year when TVG started with Hollywood  
10 Park, there was a nice increase. So, like I say,  
11 there are some patterns perhaps starting to emerge,  
12 and we'll certainly keep track -- keep an eye on  
13 these as we go through the next several months, and  
14 when we end up with a year or two of data, we may  
15 have more information that we can all share.

16 But that's what we have for now.

17 CHAIRMAN LANDSBURG: Thank you. And tied  
18 to that, before we get comment, is there a report  
19 from the Dates Committee, Chairman Roger Licht?

20 VICE-CHAIR LICHT: The pari-mutuel.

21 CHAIRMAN LANDSBURG: Pari-mutuel. I'm  
22 sorry.

23 VICE-CHAIR LICHT: Al Landsburg and I met  
24 yesterday, held a meeting yesterday. It was well  
25 attended. We discussed in detail ADW, both -- our

1 three licensees, as well as what we have taken under  
2 the wing of ADW, which are the parties that have  
3 contracted to handle California racing through the  
4 various race tracks. They are referred to as  
5 offshore venues, but they are not all offshore,  
6 obviously. We asked each of the providers -- those  
7 being Youbet, XpressBet and TVG -- to discuss in  
8 detail where they are, where they are going with  
9 respect to California labor, with respect to  
10 attracting new fans, with respect to increasing fans  
11 through additional media exposure, and each of them  
12 basically stated what we already knew. They are  
13 basically -- they're online with what they've been  
14 doing in the past. Youbet is continuing to upgrade  
15 their online video, and trying to deal with the  
16 tracks and bringing people onto the track, as well as  
17 attracting people onto their service. XpressBet has  
18 said that they are very close to making deals with  
19 some major outlets, such as cable, throughout the  
20 state, and possibly even local television, but  
21 nothing that they can announce today. And TVG stated  
22 how they believe they are attracting new fans,  
23 principally through these spikes that you see on the  
24 chart of wagering. Those spikes reflect, according  
25 to TVG, major events such as the Kentucky Derby,

1 American Oaks and so forth, and that they believe the  
2 spike is not a result of their existing players  
3 betting more, but more of people being attracted to  
4 the game because of the significant events. Several  
5 of the -- or two of the licenses will be coming up  
6 for renewal relatively shortly, and we, I think, gave  
7 ample warning to all the providers that we are  
8 looking to make sure that they are in compliance not  
9 only with the letter of the law but also with the  
10 spirit of the initiative, that being increasing  
11 wagering for the state, not cannibalizing our  
12 existing people, and also for assisting the state  
13 with their labor pool and their revenue pools.

14                   CHAIRMAN LANDSBURG: We've asked the ADW  
15 providers to have ready sometime in January for us a  
16 postal zone breakdown of their bettors. What that  
17 will give us is a clear indication of whether or not  
18 we are, in fact, cannibalizing our on-track audience,  
19 and to what extent ADW, which has always been the  
20 fear, is, in fact, causing some cannibalization, and  
21 are we losing that good on-track revenue to a smaller  
22 ADW takeout for horsemen and the race tracks.

23                   We were surprised to hear or at least  
24 interested in a piece of news that one of the  
25 offshore services contributed 10 percent of Del Mar's

1 handle, which is one of those moments when they had  
2 100 bettors who contributed 10 million of the 100  
3 million bet -- am I stating that correctly?

4 VICE-CHAIR LICHT: 100 million was the  
5 on-track handle, and they provided -- they did  
6 10 percent of the on-track.

7 CHAIRMAN LANDSBURG: Which is -- and  
8 coming from 100 bettors, so -- and what rebating had  
9 to do with that and how does it affect our tracks is  
10 the next thing that the Pari-Mutuel Committee had  
11 started to investigate, and learning that some of the  
12 associations, not in California, are starting to  
13 monitor where the money is coming from and where the  
14 money is real. Some of these places might, in fact,  
15 be having ghost money running through our machines  
16 without our knowing it. But there's a lot more to be  
17 said about that and a lot more investigation to be  
18 done. And because of the volume of these semi-outlaw  
19 organizations, as far as California is concerned, we  
20 will continue to pursue it, because they do provide  
21 us with a lot of handle. On the other hand, they are  
22 not legal for Californians, so we are now caught with  
23 a blind justice system at the moment on dealing with  
24 them.

25 The television saturation seems to be

1 increasing. Were we to give a rating number to all  
2 of the efforts of the ADW providers, they would have  
3 about a one to 1.2 percent rating, which means that  
4 one to 1.2 percent of all television sets that are in  
5 use are tuned to us, which is not a bad figure. And  
6 that's some other additional material.

7                   So is there further discussion of ADW  
8 handle, ADW operations?

9                   COMMISSIONER HARRIS: It would be helpful  
10 at some point to have a presentation on where the  
11 money goes from showing the different allocations  
12 because it gets pretty complicated, because, say,  
13 they have someone who is betting in Stockton,  
14 California on a signal through TVG, that the race is  
15 being run in Keeneland or some place, how all that  
16 money moves around and where it ends up.

17                   CHAIRMAN LANDSBURG: John, we just -- I  
18 agree with you, and we had a chart designed for our  
19 own information, and we can certainly make it  
20 public. It is a chart prepared by Mr. Reagan's  
21 office, covering Southern California thoroughbred  
22 distribution of handle under SB 27 and ADW, and we  
23 just got this yesterday, so we will be able to  
24 publish it following this meeting.

25                   MR. REAGAN: Precisely. And,

1 Mr. Chairman, when I return to Sacramento on Monday  
2 and Tuesday, I will be working with my assistant, who  
3 put that chart together; we'll review it; we'll  
4 update it and probably -- update it to the tune of  
5 the current Oak Tree meet, because the way the ADW  
6 law is written, the distribution between purses,  
7 commissions and the breeders is different for each  
8 meet, since it's based on the allocation of last  
9 year's meet -- the percentage allocation of last --  
10 and that change is based on the character of the  
11 handle, and so on and so forth, so each meet in a  
12 sense is slightly different. We certainly have  
13 similar numbers, but slightly different. So we will  
14 give you an entire package of the on-track/off-track  
15 handle, as well as the ADW handle coming and going,  
16 and we will try to show you consistently what the  
17 various percentages are from each of those type of  
18 activities.

19 CHAIRMAN LANDSBURG: Thank you.

20 MR. REAGAN: And we will provide an  
21 entire package.

22 CHAIRMAN LANDSBURG: As soon as we begin  
23 talking about it, the mysteries start to pile up.  
24 You can't help talking about accounting measures and  
25 trying to equate them with what is the reality for

1 the track. In fact, the reality is what trickles  
2 down out of all of this. Remember that 80 percent of  
3 the handle goes away immediately to pay -- as an  
4 average, 80 percent of the handle goes away  
5 immediately to pay off the bets, and the other 20  
6 percent then becomes 100 percent of what we can deal  
7 with, and that 100 percent is then broken up by  
8 percentages down the line, which can dazzle any  
9 accountant, certainly any non-accountant.

10 Further discussion?

11 COMMISSIONER HARRIS: Yeah. There's some  
12 concern in looking at the XpressBet numbers that once  
13 the fairs were over and Bay Meadows began, and  
14 basically I guess Bay Meadows is -- has an  
15 exclusive -- if you want to bet on Bay Meadows, you  
16 have to bet through XpressBet. I would have thought  
17 that those -- the chart would start up more, and it  
18 doesn't seem to have done -- you know, it stayed  
19 flat, where during the fairs, you could bet on the  
20 fairs with TVG, Youbet or XpressBet, so I would have  
21 thought that the chart would change, but -- are those  
22 numbers right?

23 MR. REAGAN: Yeah.

24 CHAIRMAN LANDSBURG: Well, we've only  
25 had -- we don't have enough experience with the

1 change of guard which will now occur, thanks to the  
2 monopolization of the signal by two different ADW  
3 holders. But, in fairness, we don't have an accurate  
4 enough vision of Santa Anita last year, which will  
5 provide us with a much stronger base for determining  
6 where XpressBet will wind up. I'm sure that will be  
7 echoed by the XpressBet contingent.

8 VICE-CHAIR LICHT: XpressBet also said,  
9 John, yesterday that their television production is  
10 really in the beginning stages, and that it won't be  
11 really up to speed until the big meet starts at Santa  
12 Anita, so that I would expect that in the future that  
13 that improved production and more greater production  
14 will help Bay Meadows.

15 CHAIRMAN LANDSBURG: Further discussion?

16 This will then conclude our update on  
17 Advance Deposit Wagering and its handle.

18 Moving on to the staff report on the  
19 following concluded race meetings:

20 A, Del Mar Thoroughbred Club; B, Los  
21 Angeles County Fair at Pomona.

22 MR. REAGAN: Commissioners, first looking  
23 at the Del Mar numbers, it's an interesting  
24 situation. As I indicated last month, this is the  
25 first meeting where we've been able to work the ADW

1 numbers into the report we present here to you  
2 today. The Del Mar meet was down a little bit. When  
3 we add back in the ADW, they are up a little bit. So  
4 we see that as an interesting situation, and we'll  
5 certainly continue to track that. The L.A. County  
6 Fair, although there are some ADW numbers in with  
7 that -- with the report here, the meet was still down  
8 overall. So that's what we have at this point.

9                   If you have any questions, I will try to  
10 answer them.

11                   COMMISSIONER HARRIS: I'm not clear on  
12 the report -- that does or not does not include the  
13 ADW numbers? Because I thought --

14                   MR. REAGAN: Yes, this report includes  
15 the ADW numbers, yes, sir.

16                   COMMISSIONER HARRIS: Because the one I  
17 saw in the package showed that the purses were down  
18 for Del Mar.

19                   MR. REAGAN: At this point, in terms of  
20 the distribution of the ADW, we have not included  
21 that portion in the purses; only in terms of the  
22 total handle.

23                   COMMISSIONER HARRIS: The total handle.  
24 But the distribution is the important part.

25                   MR. REAGAN: Of course. And as soon as

1 we have those numbers available -- we don't have  
2 those -- as soon as we get the total handle, we still  
3 wait until the money is actually distributed.

4 VICE-CHAIR LICHT: I think that the  
5 percentages are misleading for Del Mar. We hear it  
6 also that because so many of the dates fell after  
7 Labor Day this year, and those are much, much lower  
8 attendance, lower wagering days, and so if we compare  
9 apples to apples, the meeting was really -- did quite  
10 well.

11 MR. REAGAN: It was a very successful  
12 meet, yes.

13 CHAIRMAN LANDSBURG: Craig?

14 MR. FRAVEL: Mr. Chairman, Craig Fravel,  
15 Del Mar Racetrack.

16 Yeah, I just wanted to -- apparently  
17 Roger Licht left just after Labor Day and evidently  
18 all the people went with him.

19 But, in general, John, to answer your  
20 question, overall purses were up close to half a  
21 million dollars, which given that we run a week after  
22 Labor Day -- and we are doing some studies that I'm  
23 going to provide a separate report to the Board on,  
24 kind of the details of the meet and getting beneath  
25 the numbers to the distributions, and hopefully

1 before the November meeting, you will have a much  
2 more comprehensive report on all those elements --  
3 but our on-track attendance was up half a percentage  
4 point, which, again, we would normally expect to drop  
5 off between three and five percent over that last  
6 week of the meet. This year, thanks in part to Black  
7 Ruby and the other events that took place -- I'm not  
8 kidding, we had 20,000 people the day Black Ruby ran,  
9 which was 5,000 more than the year before, so some of  
10 our preconceived notions about what people are  
11 interested in got changed a little bit this year. So  
12 we ended up half a percentage point. We normally --  
13 we had budgeted that we would be down three percent  
14 just because of the shift in race days, so we were  
15 very pleased with the meet. And I think from a  
16 number of racing standpoints, the number of  
17 catastrophic injuries on the racetrack was very  
18 minimal, relative to past experience, and overall we  
19 were very pleased with the meet.

20                   But, again, before the next November  
21 meeting, we will have a comprehensive report for you  
22 that details all the various components of things.

23                   CHAIRMAN LANDSBURG: I think it would be  
24 good to restate these numbers to show that ADW,  
25 because that's a pretty big swing; otherwise, it

1 looks like it's a whole different situation than it  
2 maybe was.

3 MR. REAGAN: Actually, Commissioner, we  
4 are getting very close with the CHRIMS system.  
5 CHRIMS is now providing frequent reports on all meets  
6 and also year-to-date numbers, and we will be  
7 analyzing those, double checking with CHRIMS, and  
8 making sure that they comport with our numbers, but I  
9 think we'll have a system where I think we can  
10 probably e-mail these things to you on a more  
11 consistent, weekly or biweekly, basis, and you'll be  
12 able to take a look at those much sooner because of  
13 the CHRIMS system.

14 CHAIRMAN LANDSBURG: Just sort of a  
15 curious question. Craig, are you considering  
16 starting mule racing?

17 MR. FRAVEL: I'm not sure I should  
18 even -- let me just tell you one thing. This is an  
19 anecdotal story, but the day that Black Ruby and Taz  
20 ran -- in fact, the entire week -- was one of the  
21 most fun weeks that I have had at the racetrack. The  
22 spirit that the people brought to Del Mar, the  
23 interest level that the mule representatives had; I  
24 mean, they were thrilled to be there and we were  
25 thrilled to have them, and it was really a pleasure.

1 And maybe there is no place for that sort of thing at  
2 this meeting, but it really was just a great -- and  
3 there were people from the mule connections who were  
4 crying as their horses were entering the paddock at  
5 Del Mar because they were so happy to be there. It  
6 was really nice just to be a part of that.

7 CHAIRMAN LANDSBURG: Good.

8 COMMISSIONER HARRIS: I talked to some of  
9 the owners and trainers of the mules, Black Ruby and  
10 Taz, and they were both very complimentary of the  
11 treatment that they got at Del Mar, so that's very  
12 good.

13 MR. FRAVEL: We even got thank you notes.  
14 We never get those.

15 CHAIRMAN LANDSBURG: That's why I asked  
16 if you would include one perhaps next year.

17 Yes? Do we have further discussion?

18 MR. REAGAN: Yes, Mr. Landsburg, I also  
19 have a comment on that. When Mr. Fravel did chat  
20 with me about the mule race, the match race, and all  
21 this, I'm afraid I had to inform him that under  
22 current law, that really would not be legal as a  
23 pari-mutuel part of their meet -- of their meet.  
24 Yes.

25 EXECUTIVE DIRECTOR WOOD: But under new

1 law, it will be acceptable at Los Alamitos, and it  
2 gives extended opportunities -- notice how I used  
3 that word -- additional opportunities for mules to  
4 race in California, so that's the continuation of a  
5 good program.

6 CHAIRMAN LANDSBURG: Any further  
7 discussion?

8 VICE-CHAIR LICHT: About the L.A. County  
9 Fair, I think we just need some public brief  
10 discussion of why these numbers are down. I think in  
11 the press, it's been reported and I have had  
12 discussions with the people at the fair, and that in  
13 comparison to -- because -- that September 11th, '01  
14 caused an aberration in some of these statistics, but  
15 all in all, I attended the fair quite a few times  
16 myself and I thought it was a very successful meet.  
17 I really do think, just from a layman's standpoint,  
18 we do attract new people to the game there. Whether  
19 they stay interested in the game, I don't know. But  
20 they also had a very successful promotion with Black  
21 Ruby, and -- Black Ruby seems to be the star of the  
22 industry today.

23 MR. HENWOOD: Jim Henwood, L.A. County  
24 Fair. And, yes, in total, I feel we had a quality  
25 meet, for all the same reasons that Craig alluded to,

1 including our mule racing, which was very interesting  
2 to our customers coming to the L.A. County Fair. It  
3 makes us think about the type of racing that we are  
4 doing at our fair race meeting. As a matter of fact,  
5 we have had some discussions with our racing  
6 department about the formation of the type of racing  
7 that we will be offering next year as a result of  
8 that.

9                   As it relates to our handle, you know, we  
10 are very disappointed with the level of handle that  
11 we were able to achieve at our race meet, and we are  
12 not the type of business that can sustain that type  
13 of reduction in handle and be successful. And it's  
14 a -- this is a small race meet that is telling this  
15 commission here today, much like we had a  
16 conversation last week up in Fresno, that it's a  
17 very, very frail piece of business that's very  
18 important, as I think we all know, at this point to  
19 California racing at large.

20                   We were very proud of our fair product;  
21 we were able to bring a good cross section of the  
22 L.A. and expanded market to Pomona. We had  
23 record-breaking days all the way through the fair.  
24 We ended up just short of 1.3 million people who  
25 attended the Los Angeles County Fair this year in

1 17 days. Many of those came in and enjoyed a lot of  
2 fine racing. We were proud of the way in which we  
3 were able to put together a schedule of racing that I  
4 think from a standpoint of integrity provided a good  
5 product and was very representative of the  
6 thoroughbred industry here in Southern California;  
7 albeit, different than perhaps some people would like  
8 it to be, but it was quality racing from our  
9 customer's point of view. We received many favorable  
10 comments all the way through the meet on the  
11 interests of the Los Angeles County Fair race meet.  
12 They are looking as customers, and we'd love to have  
13 them be here today to tell you that they would like  
14 to figure out a way we can preserve that. It's going  
15 to take the industry at large to be continually  
16 supportive of trying to help us work through these  
17 type of solutions and how we build race events.

18               As you know, our handle is not really  
19 generated in the on-track business. As much as we  
20 try to create the audience, we did this year -- about  
21 90 percent of our handle was done out in the signal.  
22 Not all the numbers are in on our account wagering,  
23 as I believe are on your reports. We have gotten  
24 some information back that later in the race meet, we  
25 did pretty well on that. We were proud of how that

1 seemed to work for us. Our challenge was the opening  
2 of the race meet; it was just simply not there. We  
3 were 20 percent plus off for six days, and the  
4 industry was troubled by that, and we still don't  
5 have a definitive answer as to why we were so off.  
6 The last 11 days we were up one and a half, two  
7 percent. We had an extraordinary closing weekend.  
8 We had a handle of \$8.2 million on Saturday and came  
9 back with a Pick 6 on Sunday and had about \$8.7  
10 million of handle, which is very respectable for any  
11 racetrack and something we were proud of being able  
12 to do. It tells us and gave us some encouragement  
13 that we have a race meet that does have interest.  
14 Overall, we ended up five percent down. Again, down  
15 is not the right direction for any business; we  
16 cannot sustain that, and we have to figure out ways  
17 to bring that up.

18                   We talked earlier about and Mr. Harris  
19 made comment relative to our race meet, and we would  
20 like very much for our race meet to be at Fairplex  
21 next year. We've always enjoyed having our race meet  
22 at Fairplex Park. The subject about how our race  
23 meet is doing, along with the use of our business at  
24 Fairplex Park, is an important agenda, and it is  
25 something that we are looking to gain resolution on

1 as we go through the rest of this year. We still  
2 don't have a training agreement that extends past --  
3 what is it? -- next May of 2003, and we need  
4 clarification on training, and we need a better  
5 understanding of how our fair operation can integrate  
6 into the racing industry as the preeminent sales  
7 facility on the West Coast for horses. So there  
8 needs to be a combined discussion on that.

9 All in all, we were pleased to be able to  
10 provide the type of product we did for our race meet,  
11 and we look forward to doing it again next year, and  
12 we thank the industry for their cooperation.

13 Thank you.

14 VICE-CHAIR LICHT: What was the fair  
15 attendance this year, in general, versus last year?

16 MR. HENWOOD: We were way up, about  
17 10 percent over the prior year, and we were up over  
18 2000, as well, in our numbers. We were not -- we  
19 targeted, Roger, 1.3 million, so we were a little  
20 short of that. Some of that is due to the fire  
21 conditions that we were dealing with in the  
22 neighboring hills from the Fairplex.

23 VICE-CHAIR LICHT: And the track  
24 attendance, just so everybody knows and remembers, is  
25 an estimate, right, because there is no admission?

1                   MR. HENWOOD: Right. We have taken all  
2 of our admission gates down, and we've basically  
3 opened up as a price to come to the fair the  
4 availability to come in and see racing at any  
5 location, including our Top-Of-The-Park area.

6                   VICE-CHAIR LICHT: Well, I think a lot of  
7 things hopefully will change next year. I think your  
8 idea of knocking down those walls that cover up the  
9 track and don't make it available to the general  
10 public that comes to the fair -- they don't even  
11 realize that it is there -- that will help, and  
12 certainly having Tom Robbins (ph.) as an icon in the  
13 business will draw national attention, and the  
14 Workers' Comp problem being resolved, that will help  
15 you with the fields, I would think.

16                   MR. HENWOOD: We are hoping that --

17                   VICE-CHAIR LICHT: Year-round training  
18 obviously would also be a big help to the meet, I  
19 would think.

20                   MR. HENWOOD: -- it would settle down a  
21 group of horsemen that have made great contributions  
22 to our industry by giving them a place where they can  
23 train their horses and feel as if they are important  
24 to the industry.

25                   VICE-CHAIR LICHT: Any discussion with

1 any of the tracks around the country or providers  
2 around the country why your off-track handle was down  
3 so much?

4 MR. HENWOOD: I have not seen any  
5 definitive report. I've asked for some help on  
6 that. We are talking to the industry at large. As  
7 soon as I get something, I will make it available to  
8 this commission --

9 VICE-CHAIR LICHT: Thanks.

10 MR. HENWOOD: -- and other people.

11 Thank you.

12 CHAIRMAN LANDSBURG: Thank you.

13 Any further discussion of Del Mar?

14 Okay. We'll take a very limited  
15 ten-minute break, and then we'll go to our last item  
16 as soon as we come back.

17 (Recess.)

18 CHAIRMAN LANDSBURG: For the first time  
19 in my memory of meetings of the California Horse  
20 Racing Board, we are going to discuss one of the most  
21 vital elements that we have, and it's just as  
22 important as any other element in racing, and that is  
23 security. Therefore, we have asked to make this a  
24 continuing process for a report on the security  
25 programs at Del Mar.

1 EXECUTIVE DIRECTOR WOOD: Mr. Chairman,  
2 if I may, staff took this opportunity to try to give  
3 not only the Board but the public an update and a  
4 review of some of the efforts and enhancements we've  
5 enacted in our security programs at the racetracks.  
6 I will tell you that this report today will not be  
7 inclusive of everything, nor is it the end mile of  
8 all what we plan to do in the future. We've  
9 conducted training sessions for many of our  
10 investigators, and we plan to do more. We offer the  
11 opportunity to work with the industry to help develop  
12 a security plan that everyone can buy in and  
13 support. I want to personally thank the racing  
14 associations who have been so helpful in helping us  
15 employ some of the means that we are going to talk  
16 about today. And I would also caution that some of  
17 them are going to be very proprietary because they're  
18 still in the operational phase and things are still  
19 ongoing. But with that, I'm very proud of our  
20 investigative staff in Southern California. We've  
21 got a lot of dedicated people who work awful hard and  
22 try to do the things that ensure the integrity in  
23 this great sport we're all participating in.

24 And with that, I've asked the man who is  
25 responsible for the supervision of our Southern

1 California investigative staff at Los Alamitos --  
2 excuse me -- at Los Angeles Turf Club and Hollywood  
3 Park, Mr. Mike Kilpack -- I'm sure everyone knows  
4 Mike very well -- to kind us give us an update of  
5 what we did and how we employed our forces at Del  
6 Mar.

7 So with that, Mike, I would like you to  
8 give the Board and the public an update on our  
9 ongoing security enhancements. Thank you.

10 MR. KILPACK: Thank you. Good morning.  
11 I appreciate the opportunity to brag about what my  
12 people have been doing.

13 CHAIRMAN LANDSBURG: You have to identify  
14 yourself, as well, for the purposes of --

15 MR. KILPACK: Yes. Mike Kilpack, CHRB  
16 staff.

17 Thank you for allowing me the opportunity  
18 to brag about some of the things that we have been  
19 doing.

20 What I would like to do briefly is go  
21 over some of the initial security programs that we've  
22 implemented in previous race meets, but we've  
23 certainly concentrated at the Del Mar 2002 race  
24 meet. I will go over each of the programs briefly.  
25 If need be, we can go into detail. One of the nice

1 things about these programs that we initiated is one  
2 of the missions that I seriously wanted to accomplish  
3 that overlapped with each one of these programs was  
4 to create a greater CHRB presence inside the  
5 restricted barn area at Del Mar and at the other  
6 racing associations that I supervise.

7                   One of the programs, I think probably the  
8 most highly visible, that some of you folks are aware  
9 of that we've done is creating a -- what I call an  
10 audit of all the grade one races. Basically, what we  
11 would do, my staff, supplemented by the racing  
12 association, would monitor those horses four hours  
13 out from the call to the receiving barn, and  
14 basically have either a CHRB investigator or a  
15 uniformed security guard from that racing association  
16 sit and monitor the activities in that barn and  
17 create a strict security for that particular horse.  
18 It was nice because that day, that particular grade  
19 one had an even playing field; nobody was able to  
20 tamper with the horse. Everybody that had access to  
21 the horse was identified. I personally attempt every  
22 morning to at least go to that trainer and advise  
23 them what we are doing, and if the owners are there,  
24 advising them also of what we are attempting to do.

25                   At the Del Mar 2002 race meet, there was

1 numerous instances where there was more horses than  
2 there were CHRB personnel. The racing association  
3 was generous enough to supplement our personnel to  
4 make sure each one of those horses was monitored.

5           It also should be noted that both the Oak  
6 Tree Racing Association, Hollywood Park and LATC  
7 Racing Associations have been kind enough during the  
8 running of the live race meet to give us a live  
9 security agent personnel. That person's assigned to  
10 the CHRB; he works with us on all of our daily  
11 investigations, and basically complements our  
12 staffing.

13           Another program that I recently  
14 instituted -- and it was unfortunately after an  
15 incident that had occurred approximately two years  
16 ago where we had seven trainers who had tested  
17 positive for class three drug substance from a result  
18 of an unlicensed vendor who was selling a product on  
19 the backside. It was unfortunate, but a lot of good  
20 things come out of things, and we decided to do -- my  
21 program is called a vendor audit where we attempted  
22 to identify as many vendors as we could, many  
23 pertaining to any type of pharmaceutical products, or  
24 anything that is going to be ingested into the horse,  
25 identify those vendors, make sure that the product

1 that they are vending is consistent with what they  
2 had on application and is consistent with what they  
3 had submitted to Davis for analysis. We are  
4 attempting to do this at every race meet because  
5 there are vendors at every race meet.

6 Another program that we've been doing  
7 probably over four years, but it hasn't really been  
8 publicized, is what we call just basic barn  
9 inspections, where I will have a staff, basically  
10 consisting of one or two investigators and an  
11 associate steward, and we would just select randomly  
12 barns -- it's a high visible, where we tell the  
13 trainer we are coming. What we are doing is kind of  
14 giving them a report card on their security, their  
15 work lists, their medication practices, are their  
16 medications properly labeled, are they secure, are  
17 they being distributed by a groom, or are they  
18 properly being distributed by the assistant trainer  
19 or trainer, making sure the work lists are updated.  
20 We try to do this every race meet. And when we find  
21 a barn that maybe might not be in compliance, we try  
22 to give them a little bit of education. We'll  
23 discuss with them opportunities with Winner's  
24 Foundation, if they've got any employees that they  
25 are concerned about that might possibly have a drug

1 or alcohol problem.

2                   Going into the preemployment drug testing  
3 program, this is something that I've taken personal  
4 pride in in the past six years, where we have a  
5 program where it is so user friendly for a trainer/  
6 employer to drug test all his new employees. I  
7 worked directly with the Winner's Foundation. It is  
8 strictly confidential, and it allows a trainer the  
9 opportunity to test his people for any type of drug.  
10 Winner's Foundation plays an active part in it. We  
11 are constantly trying to recruit this tool amongst  
12 the backside industry, because it is very common  
13 that, you know, we do have a drug problem back  
14 there. It is no different than on the streets of  
15 Arcadia here: People are using, people are dealing.  
16 And it is a safeguard for the trainer to protect his  
17 employees, his barn, and, of course, the horses.

18                   At every race meet, particularly Del Mar  
19 this year, and with the onset of the 9/11 situation,  
20 we had unbelievable assistance from numerous law  
21 enforcement agencies. They made themselves available  
22 because of what has happened to our nation, but also  
23 some of the concerns that I have had. Sometimes I'm  
24 not available to monitor people off-track or in  
25 another city. I'm pretty much grounded to the race

1 meet. But I would like to at least acknowledge these  
2 agencies who sometimes spent several days with us or  
3 sometimes just made themselves available. We had  
4 both the San Diego County Sheriffs Department and  
5 Police Department's intelligence units; the San Diego  
6 District Attorney's Office, their organized crime  
7 unit; the California Department of Justice, their  
8 gaming division; the Orange County District  
9 Attorney's Office, organized crime unit; and both the  
10 FBI and the IRS. Those agencies made themselves  
11 available at any particular time, and there were  
12 several instances where we assisted them in some of  
13 their investigations.

14 Another program that seems very simple,  
15 but that we have to monitor and audit, is the use of  
16 helmets and vests on the track. It is obvious in the  
17 afternoon our jockeys are wearing vests and helmets,  
18 but sometimes in the morning, the exercise riders are  
19 a little amiss, and we do that on a periodic basis.

20 During the Del Mar 2002 race meet, my  
21 office conducted approximately 62 investigations.  
22 Another program that we've done for some time is a  
23 basic, what we call, a Lasix and detention stall  
24 audit. Making sure that the detention stall sign is  
25 up, and that the Lasix shot is administered in a

1 timely manner. We do that unannounced at the various  
2 race meets.

3                   Another program that I spent a lot of  
4 time at Del Mar this year was the audit of the jockey  
5 scales, both inside the jock's room and out on the  
6 track. I conducted this audit for approximately  
7 three weeks, and felt that the results reflected both  
8 compliance in the established and accepted  
9 procedures. Currently there is a five-pound weight  
10 variance in a listed program, and that basically has  
11 to do with the helmet, the vest, girth, saddle pad,  
12 et cetera. I have made recommendations, although,  
13 concerning my audit with the scales, and that is  
14 after seeing the type of scale that they have at  
15 Santa Anita, which is a digital scale -- I think most  
16 of us are familiar with the scale that has the needle  
17 that moves back and forth. As a lay person, it took  
18 me several weeks to really feel comfortable with  
19 those scales and being able to read them and then  
20 trying to figure out which riders had a vest on, how  
21 much does the vest weigh. So I would recommend that  
22 the racing associations strongly consider the use of  
23 the digital scale. I have had the opportunity since  
24 this audit to talk to both Del Mar and Hollywood  
25 Park, and they are very interested in that particular

1 scale. I don't know, though, and I have not done any  
2 research to find out, if that scale would be  
3 adaptable out on the track due to electronics and  
4 type of weather. That I don't know. But I do know  
5 that those scales are a lot easier to read. I'm sure  
6 they are just as accurate as the scale that we've  
7 probably been using for 70 years.

8                   As I mentioned earlier, I've been to  
9 numerous Board meetings, and I know that the CHRB has  
10 been criticized for our lack of presence in the barn  
11 area, and I've attempted to find ways of creating  
12 programs that we're back there, and instead of just  
13 walking around and looking, we are also doing  
14 pro-active things, and I think these programs  
15 complement that mission. When I'm back there -- for  
16 example, at Del Mar, because I didn't have an hour  
17 commute each way -- I was three minutes from the  
18 track -- I found myself at 5:30 in the morning not  
19 knowing what to do, and so I was in that barn area  
20 six days a week. I thoroughly enjoyed it. I  
21 probably saw Roger back there more in those seven  
22 weeks than I have in ten months elsewhere. And it's  
23 amazing when you are back there, and you're looking  
24 and you're talking to people, what you see and what  
25 you hear, and sometimes it's garbage and other times

1 it's something that you can follow up on, and, guess  
2 what, next thing you know, you are doing a  
3 surveillance on a barn, hoping to catch somebody  
4 doing something illegal. So, yes, presence is  
5 important. Yes, all these programs are important.  
6 We've attempted to make it more difficult for you  
7 commissioners to come into the barn area. Hopefully,  
8 they are asking you for your license. Everybody is  
9 attempting to assist in the security. I cannot  
10 express my thanks and gratitude to the racing  
11 associations enough. When I've asked for something,  
12 they've given it to me; they're assisting us with the  
13 personnel. I know there's a forefront hopefully down  
14 the road to get video cameras somehow stationed in  
15 the barn area. These are all things that are going  
16 to complement what my mission is on the backside.

17 CHAIRMAN LANDSBURG: Thank you.

18 Is there any comment or discussion of any  
19 of the points that Mike has raised?

20 COMMISSIONER HARRIS: I think that the  
21 surveillance camera issue is something I've been  
22 tracking and it is widely used in businesses and  
23 widely used probably on the frontside of tracks and  
24 virtually non-existent on the backside. I think  
25 racing really needs to get surveillance cameras. I

1 guess, there's different levels of expense we could  
2 go to, but I think that our security department  
3 really needs to come up with some recommendations of  
4 different places to put cameras and different  
5 applications so that we can get started because we  
6 are really lagging behind where we should be.

7 EXECUTIVE DIRECTOR WOOD: Mr. Chairman, I  
8 would like just to respond to Mr. Harris's comments,  
9 and I think it was because of his efforts and his  
10 coordination that we were all -- all of us who were  
11 present last week for the meetings of the BOG and  
12 the Race Dates Committee got to take part in what I  
13 thought was one of the most interesting tours I've  
14 been on in a long time at a company in Fresno, which  
15 I was surprised and amazed at their uniqueness in  
16 this area, and there probably the world's leader in  
17 developing security cameras. And after the meeting  
18 was over, and after we had a chance to view what can  
19 be done with these cameras, we decided that it would  
20 be appropriate to ask the representatives of the  
21 Pelco Company to come visit the staff and some  
22 members of the industry, and we'll use Cal Expo as an  
23 example, to try to devise a standardization of camera  
24 placements on a racetrack that would be economically  
25 feasible and also kind of serve the purpose of

1 enhancement of the security that we need back there.  
2 So I know Craig Fravel from Del Mar has stepped  
3 forward and said he would like to participate in  
4 that, as I have had some other people who said they  
5 would like to be involved in that standardization  
6 program.

7                   But thank you very much, Commissioner  
8 Harris, for bringing this company and their abilities  
9 to our attention, and I promise that we will work  
10 diligently to come up with a standard, because we've  
11 been talking about cameras and surveillance now  
12 for -- I don't want to age myself, but for quite some  
13 numbers of years, and it looks like this is the only  
14 way that we are going to get this done, and we are  
15 now taking the steps at your direction to go forward  
16 and make something happen. So we are looking forward  
17 to coming up with that program in the next few  
18 months.

19                   MR. KILPACK: I was a very strong  
20 advocate of video surveillance. And now I'm totally  
21 sold on it, and I'm going to give you an example why,  
22 and this is something that recently happened in the  
23 restricted barn area. A trainer had decided to put  
24 in his own camera system; not very sophisticated;  
25 probably something that you can probably buy at Home

1 Depot. And he basically just wanted to monitor the  
2 shedrow, what's going on, and he had the video set to  
3 where about every two or three days, he just kind of  
4 scanned through it; well -- and he would do this in  
5 the evenings. He did it, and he observed the  
6 veterinarian go into the wrong stall, and that  
7 veterinarian had attempted to give a medication.  
8 Fortunately, that veterinarian realized it was the  
9 wrong horse and didn't. When he saw this, he  
10 couldn't believe it happened. He immediately came to  
11 our office and we started an investigation. It went  
12 to the Board of Stewards via a complaint. That  
13 veterinarian was fined, and it is now under appeal.  
14 Could you imagine what would have happened if that  
15 particular trainer did not have the video camera, and  
16 the veterinarian did administer a drug and it ended  
17 up being a positive test? He would not have had  
18 really much of a defense versus if he had the  
19 camera. Now he's in the process of doing each  
20 individual stall and the surrounding barn area. Once  
21 we saw that, I knew that that's something that we  
22 probably want to pursue down in the future, and I  
23 admired and complimented the trainer for going that  
24 direction on his own.

25 CHAIRMAN LANDSBURG: Further comment or

1 discussion?

2 COMMISSIONER MORETTI: I just have a  
3 quick question. Mike, I think you said there were  
4 approximately 62 investigations that you conducted at  
5 Del Mar this year.

6 MR. KILPACK: That is correct.

7 COMMISSIONER MORETTI: Could you just  
8 give us a sense of what the nature of those were.

9 MR. KILPACK: Oh, they could vary from  
10 the most informal type of investigation, which would  
11 be like a financial complaint, where party A is  
12 accusing party B of not paying for services  
13 rendered. We had some situations where licensees  
14 were cashing NSF checks. We did have a couple of  
15 domestic violence cases. We have had some narcotic  
16 cases; drug testing of licensees -- that's an active  
17 investigation, we do a drug test. Those are just  
18 some of the ones that we do.

19 CHAIRMAN LANDSBURG: And, of course, barn  
20 examination -- or trainer room examinations go on all  
21 the time.

22 MR. KILPACK: That is correct.

23 VICE-CHAIR LICHT: I think you guys do an  
24 exemplary job, and I think nationwide we are  
25 recognized in California as being in the forefront of

1 investigations and so forth, so you should be  
2 commended. I think also the track should be  
3 commended for cooperating. I think we've gone a long  
4 way into having these sit-ins, I guess you might call  
5 them, on grade one races, and I think it is helping a  
6 lot. I think the public really appreciates it; I  
7 think the press appreciates it; and I think the  
8 industry will benefit from it, and I think the more  
9 cooperation that the CHRB can get from the tracks in  
10 continuing with these, the better off we'll be.

11 We want to do now an informal sort of  
12 look at the results of these races to see if there  
13 are any aberrations; in other words, if the  
14 percentage of winning favorites at Del Mar was 33 and  
15 the percentage of winning favorites in these races  
16 was 10, to use an extreme, maybe we have more to look  
17 at. Just different types of statistical analysis we  
18 might do in conjunction with that.

19 MR. CHILLINGWORTH: Sherwood  
20 Chillingworth, Oak Tree. I want to compliment Mike.  
21 On October 5th, we ran four grade stakes in one day.  
22 We asked him for help in getting additional  
23 surveillance on the barn areas. He did an  
24 outstanding job. I think he had -- how many men did  
25 you have out there? Eight or ten, Mike?

1 MR. KILPACK: Yes.

2 MR. CHILLINGWORTH: And it was more than  
3 cooperative, so I want to congratulate him and thank  
4 him.

5 CHAIRMAN LANDSBURG: I've always  
6 wondered, and I don't know whether anybody else does,  
7 but whenever I'm in the backstretch, and the trainer  
8 happens to be out at the track, we never label the  
9 stalls. And for some of us who are not quite sure of  
10 which stall our horse is in, and a number of horses  
11 look alike -- I don't think we ought to put horses'  
12 names on it -- but I don't think it would hurt to  
13 have a numbering system for stalls -- that is, P-1,  
14 P-2, P-3, P-4 -- the trainer has a list of horses  
15 and make it available to his owners when and if he  
16 wants it, just to know which stall you are in. For  
17 people who are on the backstretch and have to  
18 identify a horse quickly instead of having to grab  
19 the first person who comes along, a very simple stall  
20 numbering device might give a lot of information to  
21 security if they had it.

22 COMMISSIONER HARRIS: I think the stalls  
23 are numbered at most of the tracks just in case the  
24 wrong horse gets in the wrong stall.

25 MR. KILPACK: Correct. Yeah, most of

1    them are numbered.  I noticed some of the trainers go  
2    to a little bit further extent and actually put up  
3    the name of the horse, which isn't necessary.  But  
4    what we do is, if we're doing a grade one, and it is  
5    in the fifth race, at 9:00 in the morning, myself or  
6    somebody else is going with the state veterinarian to  
7    do the morning soundness, usually that stall -- that  
8    horse is in the same stall.  When they start moving  
9    them around, you know, it gives us suspicion,  
10   actually.

11                   CHAIRMAN LANDSBURG:  Is there any  
12   further discussion or comment?

13                   COMMISSIONER HARRIS:  On the scales,  
14   actually there are a lot of digital scales in  
15   agriculture that are outside, so I don't think that  
16   with the digital weather problems is a problem, but I  
17   would think that would be something that should be  
18   the norm.  I would hate to have to see us do  
19   regulations and rules in order to do that, but I  
20   would hope that the track would do that, because it  
21   is tough to read a moving number.

22                   And I'm also concerned just on this whole  
23   weight issue with the helmets and the flak vests and  
24   this and that, that perhaps we're deceiving the  
25   public that the weight that the horse is carrying is

1 not really the weight that is shown, so I think we  
2 need to revisit that whole area sometime, and maybe  
3 the weight, whatever it is it is.

4 MR. KILPACK: Absolutely.

5 EXECUTIVE DIRECTOR WOOD: And I will say,  
6 Mr. Commissioner Harris, that Mike or I have talked  
7 to either or all of the race tracks who do not have  
8 an outside digital scale. We have not had any  
9 resistance from any of them to look at the change to  
10 a digital scale. I think they recognize the benefit  
11 of it, and I think the cost of it is just not a very  
12 large issue, and I think you will see that being done  
13 without a regulatory process to require it.

14 COMMISSIONER HARRIS: Yeah, the whole  
15 scales and weights, this is an issue that would be  
16 best discussed at some other time, but I think we  
17 need to get input on that from the jockey colony and  
18 trainers and owners and tracks as far as if that  
19 should possibly be raised.

20 CHAIRMAN LANDSBURG: Mike, thank you. If  
21 there is no further discussion, we thank you for your  
22 effort. We thank you for the continuing progress,  
23 and we thank you for making us feel more comfortable  
24 with safety and integrity in the backstretch. Thank  
25 you.

1 MR. KILPACK: Thank you.

2 CHAIRMAN LANDSBURG: We now have an item  
3 of general business. Is there any communication,  
4 reports or requests for future action for the Board?

5 VICE-CHAIR LICHT: Just one item of  
6 general business that I have is slots. There has  
7 been some discussion by some of us regarding the  
8 impact of slots on California. I would hope that TOC  
9 and CTT can look into that, so that if and when slots  
10 go to Kentucky, New York, and even more influential  
11 would be Arizona, what that might do to our racing  
12 game, and so that we are not doing it after the fact.

13 CHAIRMAN LANDSBURG: Further general  
14 business?

15 Mr. Baedeker?

16 MR. BAEDEKER: Rick Baedeker, Hollywood  
17 Park. I was speaking with Commissioner Licht during  
18 the break about workers' comp, and he suggested that  
19 I make a comment to the Board.

20 We do have a bit of a glitch. While all  
21 the parties are doing their best to make their  
22 commitments on time, the proposal from the insurance  
23 company requires a very high participation level of  
24 trainers on the backside. When we approached the  
25 State Fund last summer, it was willing to waive the

1 penalty that trainers would have to pay if they  
2 pulled out of the program earlier than their renewal  
3 date. Unfortunately, I've gone back to them within  
4 the last few weeks, and they are apparently now not  
5 willing to make that concession, so trainers are  
6 facing having to pay a fine, basically, to get out of  
7 the State Fund, even though they might be very  
8 willing and anxious to join the new program. I know  
9 that this is a private entity, but whatever political  
10 pressure any of us could bring to bear might be  
11 helpful at this point, at least raising the awareness  
12 issue of what we are trying to do here, by what we  
13 are trying to accomplish for the industry.

14 CHAIRMAN LANDSBURG: Mr. Van de Kamp?

15 MR. VAN DE KAMP: I'm glad that was  
16 raised because we are in a crunch time right now.  
17 The word that I have is that many of the Northern  
18 California trainers have signed up, a high  
19 percentage. Checking this morning, it's unclear  
20 about how we are doing here. And what Rick has just  
21 mentioned is a real problem, I think, in getting over  
22 the pass, the last hurdle I think, in Southern  
23 California getting trainers to sign on, and I think  
24 it would be very helpful if the Board designated the  
25 executive director to make a call over to the Fund.

1 You've been very helpful before, I think earlier when  
2 we were trying to work with them to get a waiver of  
3 that penalty. I'm going to be working with the  
4 assemblyman who carried the bill that provided the  
5 mechanisms for some of the funding to see if he could  
6 weigh in on that, but we just need to come from a  
7 variety of different directions, and I think anything  
8 the Board could do along those lines maybe through  
9 Roy or through the chairman would be very helpful.

10 CHAIRMAN LANDSBURG: I will try.

11 EXECUTIVE DIRECTOR WOOD: If it is the  
12 desire of the Board, I will be more than happy to  
13 make that call. I've made several calls to the State  
14 Fund people and tried to use our influence to have  
15 them help in this effort, and I will be happy to  
16 continue that. And anyone else on the Board who  
17 could lend support, we could use all the help we can  
18 get.

19 COMMISSIONER HARRIS: I think somebody  
20 should also talk to the Insurance Commissioner and  
21 see --

22 CHAIRMAN LANDSBURG: It's about to  
23 change -- and I was just going to suggest that it's  
24 going to change in less than two weeks.

25 COMMISSIONER HARRIS: Well, but whoever's

1 in there right now is going to be there until the  
2 first of the year anyway.

3 COMMISSIONER MORETTI: Yeah, they  
4 wouldn't change until December 2nd, I think, or  
5 whenever they get sworn in.

6 CHAIRMAN LANDSBURG: So they get sworn in  
7 by -- is that the governor --

8 COMMISSIONER MORETTI: That's the  
9 legislature. I'm not even sure if that would be --  
10 I think it's January for the constitutional.

11 COMMISSIONER HARRIS: Constitutional --

12 CHAIRMAN LANDSBURG: But I think an  
13 incoming commissioner might be more pliable than  
14 the --

15 COMMISSIONER HARRIS: This is a problem  
16 that we need to fix like quickly.

17 CHAIRMAN LANDSBURG: I will try. I take  
18 it as an assignment, Jack.

19 And further discussion?

20 EXECUTIVE DIRECTOR WOOD: Mr. Chairman, I  
21 will also recommend that we ask the Legislature  
22 Committee and Ms. Moretti is the chairperson, to make  
23 an effort on their behalf to contact some people.

24 COMMISSIONER MORETTI: Absolutely.

25 CHAIRMAN LANDSBURG: Moving on to old

1 business, issues that may be raised for discussion  
2 purposes only which have already been brought to the  
3 Board.

4 If there are no issues, then we will move  
5 now to end the formal part of this -- the beginning  
6 of this meeting, and we -- oh, I'm sorry. We had an  
7 executive session on the agenda --

8 EXECUTIVE DIRECTOR WOOD: That's been  
9 cancelled.

10 CHAIRMAN LANDSBURG: Well, in that case,  
11 the executive session is canceled, and the end of  
12 this meeting is now noticed. We are finished with  
13 the meeting.

14 Thank you all for your participation.

15 (Whereupon, the Regular Meeting of the  
16 California Horse Racing Board concluded at  
17 11:45 A.M.)

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REPORTER'S CERTIFICATE

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

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

IN WITNESS WHEREOF, I have hereunto subscribed my name this 26th day of October 2002.

\_\_\_\_\_  
LESLIE A. TODD,  
CSR 5129 and RPR

