

MEETING

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:                    )  
  )  
Special Meeting                        )  
by Teleconference                    )  
  )

HEADQUARTERS OFFICE

CALIFORNIA HORSE RACING BOARD

1010 HURLEY WAY, SUITE 300

SACRAMENTO, CALIFORNIA

TUESDAY, JANUARY 8, 2008

11:00 A.M.

Reported by:  
Peter Petty

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMISSIONERS

Richard B. Shapiro, Chairperson

John C. Harris, Vice-Chairperson

John W. Amerman

John Andreini

Jesse H. Choper

Marie G. Moretti

STAFF

Richard Bon Smith, Assistant Executive Director

Derry L. Knight, Deputy Attorney General

ALSO PRESENT

Ron Charles, Los Angeles Turf Club

Jerry Moss

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## Action Items:

1. Discussion and action on the application of Los Angeles Turf Club (LATC) for an amendment to its current winter meeting license to race at Santa Anita Race Track (meeting runs from 12/26/07 - 4/20/08). LATC has requested, due to the recent heavy rains that have made Santa Anita unsuitable for horse racing, to be allowed the flexibility to race some or all of its currently allocated winter meet race dates at Hollywood Park Race Track on such terms and conditions as are acceptable to Hollywood Park, LATC, the Thoroughbred Owners of California, the California Thoroughbred Trainers, and the CHRB. 5
- Adjournment 17
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1 PROCEEDINGS

2 COMMISSION CHAIRPERSON SHAPIRO: This is a special  
3 meeting of the California Horse Racing Board on Tuesday,  
4 January 8, 2008.

5 This is a special meeting and as a result of it  
6 being a special meeting, there are certain special  
7 procedures that we must go through in order to have this  
8 meeting.

9 First, Bon, if you would please do a roll call?

10 ASSISTANT EXECUTIVE DIRECTOR SMITH: Sure. When I  
11 call your name, Commissioners, please respond with an aye or  
12 a present.

13 Chairman Shapiro?

14 COMMISSION CHAIRPERSON SHAPIRO: Aye.

15 ASSISTANT EXECUTIVE DIRECTOR SMITH: Vice Chairman  
16 Harris?

17 COMMISSION VICE CHAIRPERSON HARRIS: Present.

18 ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner  
19 Andreini?

20 COMMISSIONER ANDREINI: Here.

21 ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner  
22 Amerman?

23 COMMISSIONER AMERMAN: Present.

24 ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner  
25 Choper?

1 COMMISSIONER CHOPER: Here.

2 ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner  
3 Moretti?

4 COMMISSIONER MORETTI: Present.

5 COMMISSION CHAIRPERSON SHAPIRO: And is DAG Derry  
6 Knight also present?

7 DEPUTY ATTORNEY GENERAL KNIGHT: Present.

8 COMMISSION CHAIRPERSON SHAPIRO: Okay.

9 DEPUTY ATTORNEY GENERAL KNIGHT: And Jerry Moss.

10 COMMISSION CHAIRPERSON SHAPIRO: Thank you, Bon.  
11 First of all, I'd like to just try to explain to everybody  
12 how this meeting will be conducted, as it is a special  
13 meeting. And for those that -- I guess everybody that's on  
14 the call is listening. It is being currently webcast on our  
15 website so that if anybody knows anybody who wants to  
16 quickly let them know they can listen in that way, they are  
17 able to get it through our website.

18 We're all here today because apparently the  
19 cushion is not draining, as we all know. To date, three  
20 days of racing have unfortunately been lost due to  
21 unsuitable track conditions.

22 These meeting today is to try and provide all of  
23 the necessary tools and put them in place to get racing  
24 back, up and going in Southern California at the earliest  
25 possible date.

1           This meeting has one agenda item and that agenda  
2 item is simply to allow the possibility of Santa Anita  
3 racing some or all of its race dates, if necessary, at  
4 Hollywood Park.

5           In order to do that, it is necessary for our Board  
6 to amend the existing Los Angeles Turf Club racing license  
7 to permit that possibility. And, therefore, for the benefit  
8 of the industry, the horsemen, for the employees, for  
9 everybody concerned, it's necessary that we go through this  
10 process.

11           It is our desire, the Board's, to remove any  
12 regulatory restrictions to provide this flexibility for the  
13 benefit of all parties.

14           To do that, we have to have a preliminary finding.  
15 So the first order of business that we have to go through is  
16 to have a finding that justifies this special meeting.  
17 Therefore, it is this -- I'm going to make a motion that  
18 this Board would have a finding or a vote that this meeting  
19 is necessary and, as a result of this finding, that we do  
20 not have the time to do the normal ten-day notice prior to  
21 any of our meetings because it would cause a hardship on the  
22 industry, it would cause significant financial losses and it  
23 would not be in the public interest.

24           Therefore, in order for us to be able to get horse  
25 racing possibly back and going, it is the Board's desire

1 that we move forward and have this special meeting to  
2 preserve the number of -- all of the jobs and to try to  
3 lessen the financial impact to all of the people that are  
4 involved.

5 Therefore, I make that motion. Is there a second?

6 COMMISSIONER CHOPER: Second.

7 COMMISSION CHAIRPERSON SHAPIRO: Okay, is there  
8 any discussion about that? If there is none, then I will  
9 call for a vote.

10 And, Bon, would you please a vote by name?

11 ASSISTANT EXECUTIVE DIRECTOR SMITH: I will, Mr.  
12 Shapiro. First of all, can we ask who seconded the motion?

13 COMMISSION CHAIRPERSON SHAPIRO: That was John  
14 Amerman.

15 ASSISTANT EXECUTIVE DIRECTOR SMITH: No, it  
16 wasn't. Jesse Choper.

17 COMMISSION CHAIRPERSON SHAPIRO: Oh, sorry, you  
18 sounded like John.

19 COMMISSIONER CHOPER: That's all right.

20 ASSISTANT EXECUTIVE DIRECTOR SMITH: Thank you,  
21 Commissioner Choper.

22 Let me remind all speakers please to speak in turn  
23 and, first, identify yourselves each time you come on so  
24 that it will facilitate our reporter's job a great deal.

25 So with that, I'll call the roll on this first

1 motion.

2 Chairman Shapiro?

3 COMMISSION CHAIRPERSON SHAPIRO: Aye.

4 ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner  
5 Harris?

6 COMMISSION VICE CHAIRPERSON HARRIS: Aye.

7 ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner

8 Andreini?

9 COMMISSIONER ANDREINI: Aye.

10 ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner

11 Amerman?

12 COMMISSIONER AMERMAN: Aye.

13 ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner

14 Choper?

15 COMMISSIONER CHOPER: Aye.

16 ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner

17 Moretti?

18 COMMISSIONER MORETTI: Aye.

19 COMMISSION CHAIRPERSON SHAPIRO: Thank you, then

20 that motion is passed.

21 Now, we will move to the agenda item and the  
22 agenda item is one issue, which discussion and action on the  
23 application of Los Angeles Turf Club for an amendment to its  
24 current winter racing license to race at Santa Anita Race  
25 Track, which runs through April 20th, 2008. Los Angeles

1 Turf Club has requested, due to the recent heavy rains that  
2 have made Santa Anita unsuitable for horse racing, to be  
3 allowed the flexibility to run some or all of its currently  
4 allocated winter race dates at Hollywood Park Race Track on  
5 such terms and conditions that are acceptable to Hollywood  
6 Park, Los Angeles Turf Club, the Thoroughbred Owners of  
7 California, the California Thoroughbred Trainers, and the  
8 California Horse Racing Board.

9 I would like to remind everybody that what we are  
10 doing here today is, again, simply trying to remove a  
11 regulatory impediment that would not make the possibility of  
12 racing dates at Hollywood Park possible. That is all that  
13 we are doing.

14 This meeting is not designed to dictate that  
15 racing should go to Hollywood Park, that is for the  
16 stakeholders to decide. The California Horse Racing Board  
17 simply issues licenses and it's our job to try and remove  
18 whatever impediments there are to get passed this very  
19 unfortunate circumstance.

20 I'd like to also, at this time, describe what  
21 process the Board is taking in addition. Today's meeting,  
22 as I said, is simply to amend the racing license of Los  
23 Angeles Turf Club so that if all of the stakeholders  
24 determine that it is in the best interest to race some or  
25 all of the dates at Hollywood Park, they have the ability to

1 do that. That is all today is.

2 Then on January 16th, at our regularly scheduled  
3 meeting in Arcadia, we will have a discussion about what has  
4 occurred, what the situation is, and at that time we can  
5 have an open discussion on all of the issues.

6 On January 17th, the following day, I have called  
7 another teleconference meeting of this Board to consider  
8 giving a waiver to Los Angeles Turf Club from the mandate to  
9 race on synthetic surfaces in 2008.

10 The reason that I had to call this additional,  
11 special meeting is that our agenda had already gone out for  
12 the meeting on January 16th, and the item we have on the  
13 agenda is a discussion only item.

14 Again, the reason for the meeting on January 17th  
15 is solely to try and provide all of the tools possible to  
16 the horse racing industry, so that we can find a very quick  
17 solution, which could include any possible alternative for  
18 the benefit of this industry. So that's the framework in  
19 which we're all working.

20 I should also mention that yesterday, as recently  
21 as yesterday, I did communicate with Terry Fancher and Jack  
22 Liebau, of Hollywood Park, who have offered to make their  
23 facility available. I think it's very gracious of them and  
24 we are all very appreciative of them, and they stand ready  
25 to help in any way that is possible.

1           With that being said, and again reminding us that  
2 what we're doing here today is simply voting on whether or  
3 not we want to amend this license, what I would ask is that  
4 if Ron Charles is present perhaps he can explain why he's  
5 making this request, and give him first shot at introducing  
6 this item from his perspective.

7           Ron, are you there?

8           MR. CHARLES: I am.

9           COMMISSION CHAIRPERSON SHAPIRO: Okay.

10          MR. CHARLES: Thank you, Chairman Shapiro. First  
11 of all, I'd like to say I agree with the fact that we should  
12 be prepared and we should have a waiver in place in case we  
13 run into an emergency and we don't have to go back to the  
14 CHRB and we can immediately transfer some, or a significant  
15 amount, or all of the days over to Hollywood Park.

16          That being said, right now we don't anticipate  
17 having to use this waiver.

18          COMMISSION CHAIRPERSON SHAPIRO: Let me just  
19 correct you, you're using the word "waiver," and I think  
20 what we're doing is simply amending your license to provide  
21 the flexibility. You don't really mean a waiver, correct?

22          MR. CHARLES: Okay, then if we don't need a waiver  
23 then, exactly, the amendment to our application.

24          COMMISSION CHAIRPERSON SHAPIRO: Okay, fine.

25          MR. CHARLES: You know, where we are now is it's

1 up to us to address this problem that we've inherited,  
2 basically, from Cushion Track, and we believe, you know,  
3 we're going to be coming forward with a contingency strategy  
4 to get us through the rest of the meet on what we think is  
5 going to be, you know, a safe racing surface and one that  
6 will allow us to continue to race even in the rain.

7 COMMISSION CHAIRPERSON SHAPIRO: Okay.

8 MR. CHARLES: But, unfortunately, it really has  
9 taken us this long, but we want to make the best decision  
10 for horsemen and riders, A. And rather than elaborate on  
11 the details right now and add to further speculation, you  
12 know, we will be making that decision and have an  
13 announcement within the next 48 hours that we believe will  
14 be well received.

15 COMMISSION CHAIRPERSON SHAPIRO: Okay. Do any of  
16 the Commissioners wish to ask Mr. Charles any questions?

17 COMMISSIONER MORETTI: No.

18 COMMISSION CHAIRPERSON SHAPIRO: Okay. All right,  
19 you know, obviously we're all on the edge of our seat, as  
20 are you, wanting to know --

21 COMMISSIONER CHOPER: I'm on the floor, Richard.

22 COMMISSION CHAIRPERSON SHAPIRO: All right, fine.  
23 We're all on the floor with you, Ron. But notwithstanding,  
24 this is not just a racing issue, it's also a training issue.  
25 And, you know, what we're looking for is we certainly

1 recognize that there are thousands of people being  
2 disadvantaged by this. We're all extremely upset by it and  
3 our job is to try and do everything we can to get racing up  
4 and going as soon as possible and to make sure the horses  
5 are trained.

6 MR. CHARLES: Richard, can I just add something to  
7 that? First of all, let me also thank Jack Liebau and  
8 Hollywood Park for offering to make their facility  
9 available. Also, we have been in contact with Craig Fravel  
10 and Joe Harper down at Del Mar. Everybody in the industry  
11 is really pitching in. You know, we have a contingency plan  
12 that we hope to be able to announce, within the next day or  
13 two, regarding potential training, if necessary, down at Del  
14 Mar. And so we should be coming forward with, as I said,  
15 an announcement within the next 48 hours, as to not only  
16 racing, but training.

17 COMMISSION CHAIRPERSON SHAPIRO: Okay. All right.  
18 Well, we'll look forward to that announcement with great  
19 anticipation.

20 Is there anybody else that wishes to make a  
21 comment? If not, then I would suggest that we call the  
22 question. Does anybody wish to make the motion on this  
23 item? Any Commissioners or --

24 COMMISSIONER MORETTI: I'll move. This is Marie,  
25 I'll move --

1           COMMISSION VICE CHAIRPERSON HARRIS: I'll move  
2 that we amend the Santa Anita license to allow them to also  
3 race at Hollywood Park.

4           COMMISSIONER MORETTI: This is Marie, I'll second  
5 it.

6           COMMISSION CHAIRPERSON SHAPIRO: Okay, thank you.  
7 There's a motion. Is there any more discussion?  
8 There not being any, I'll call the question.

9           Bon, do you want to call the roll?

10          ASSISTANT EXECUTIVE DIRECTOR SMITH: Chairman  
11 Shapiro?

12          COMMISSION CHAIRPERSON SHAPIRO: Aye.

13          ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner  
14 Harris?

15          COMMISSION VICE CHAIRPERSON HARRIS: Aye.

16          ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner  
17 Andreini?

18          COMMISSIONER ANDREINI: Aye.

19          ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner  
20 Amerman?

21          COMMISSIONER AMERMAN: Aye.

22          ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner  
23 Choper?

24          COMMISSIONER CHOPER: Aye.

25          ASSISTANT EXECUTIVE DIRECTOR SMITH: Commissioner

1 Moretti?

2 COMMISSIONER MORETTI: Aye.

3 ASSISTANT EXECUTIVE DIRECTOR SMITH: Six to zero.

4 COMMISSION CHAIRPERSON SHAPIRO: Okay. As this is  
5 the only item -- it passes, obviously.

6 As this is the only item on this special meeting  
7 agenda, we are prohibited from discussing any more and,  
8 therefore, we have to limit the meeting --

9 COMMISSIONER CHOPER: Can I ask a question first,  
10 please?

11 COMMISSION CHAIRPERSON SHAPIRO: Yes.

12 ASSISTANT EXECUTIVE DIRECTOR SMITH: Can you  
13 identify yourself, please?

14 COMMISSIONER CHOPER: Jesse Choper. I guess I  
15 don't understand one thing, and that is if on the basis of a  
16 finding that we made earlier, at the beginning of this  
17 meeting, we can have a special meeting with a waiver of the  
18 ordinary requirements of notice, why can't we have a special  
19 meeting as well, if needed, immediately following the  
20 meeting that we have on next -- on January 16th, so that we  
21 don't have to reconvene in this way, at significant  
22 inconvenience, on the 17th?

23 COMMISSION CHAIRPERSON SHAPIRO: Commissioner  
24 Choper, I share your frustration, I wish we could do that.  
25 But yesterday, when I was in contact with DAG Knight, he

1 advised me that in order to waive our rule, it was not of  
2 such consequences that it would be clearly defined under  
3 Section 11125.4 of the Government Code and, therefore, we  
4 are required to give ten days notice.

5 Derry, do you want to correct anything I said?

6 DEPUTY ATTORNEY GENERAL KNIGHT: Yes. This is  
7 Derry Knight.

8 Commissioner Choper, that's correct. The license  
9 amendment was one of the categories that is eligible for the  
10 shortened notice meeting. However, the action of amending a  
11 regulation or, in this case, waiving a regulation does not -  
12 - there's no category that would allow it, so it does  
13 require the normal ten-day notice.

14 COMMISSIONER CHOPER: There's specific categories  
15 in a statute?

16 DEPUTY ATTORNEY GENERAL KNIGHT: I'm sorry?

17 COMMISSIONER CHOPER: There's specific categories?

18 DEPUTY ATTORNEY GENERAL KNIGHT: That's correct,  
19 they're enumerated, and one of them happens to be license  
20 applications and that's how this meeting was --

21 COMMISSIONER CHOPER: I understand.

22 DEPUTY ATTORNEY GENERAL KNIGHT: Now, one of the  
23 things that occurred to me today, when I was looking at  
24 these dates, they're only one day apart, it's too bad we  
25 couldn't have somehow combined the two meetings, but I guess

1 that we'd have to move it back one more day now to do that,  
2 but we're so close. I mean, we're one day apart if we --

3 COMMISSIONER CHOPER: There's no provision for  
4 unanimous consent for -- without objection, or anything like  
5 that?

6 DEPUTY ATTORNEY GENERAL KNIGHT: No, there's no  
7 exception for that.

8 COMMISSION VICE CHAIRPERSON HARRIS: But we could  
9 have extensive discussion on the 16th, of the issues, but we  
10 just couldn't take action. Am I clear on that? I mean,  
11 we're not preempted from really investigating the situation  
12 on the 16th --

13 DEPUTY ATTORNEY GENERAL KNIGHT: That's correct.

14 COMMISSION VICE CHAIRPERSON HARRIS: -- we just  
15 can't take the final vote on a waiver, I guess.

16 COMMISSIONER CHOPER: And then we can do almost  
17 all, save a vote.

18 COMMISSION CHAIRPERSON SHAPIRO: You are exactly  
19 correct and that's what we will do. We will have a full  
20 discussion and we'll discuss it.

21 Unfortunately, at the time our agenda for the  
22 meeting on the 16th was put out, none of us knew or  
23 anticipated that we would be in this position. And,  
24 therefore, we were expecting to get an update, we were  
25 expecting a report.

1           As you recall, at our last Board meeting in  
2 December, we had both Santa Anita and Cushion Track there.  
3 It was a follow up to find out what was going on and so it  
4 was put on the agenda that way. We didn't realize we'd have  
5 this situation when that agenda went out on Friday. And  
6 with the weekend and everything, so it's just the way the  
7 chips fell here.

8           So we'll have a full discussion. Unfortunately,  
9 we'll all have to get back on the phone at nine o'clock on  
10 the 17th to say yea or nay.

11           COMMISSIONER CHOPER: Gotcha.

12           COMMISSION VICE CHAIRPERSON HARRIS: I would also  
13 suppose that the waiver -- I mean, at that point it may or  
14 may not be necessary, depending on which course Santa Anita  
15 chooses to take.

16           COMMISSION CHAIRPERSON SHAPIRO: You're exactly  
17 correct. And I would tell you that if I were Santa  
18 Anita -- you know, what I don't think the public realizes is  
19 we can't all talk amongst ourselves, the way we're talking  
20 right now, outside of a public meeting. So I'm assuming, or  
21 maybe I'm asking that Santa Anita, you know, keep us all  
22 abreast. They can talk to all of us, we simply can't talk  
23 to each other or there are limitations on that.

24           So, hopefully, we'll have an idea of what their  
25 plans are not only Thursday, but you are each able to have

1 any discussions you want with Santa Anita, or TOC, or CTT,  
2 or anybody else.

3 MR. CHARLES: And let me just say, this is Ron  
4 Charles from Santa Anita, I would encourage -- I'd be glad  
5 to talk to any of the Commissioners, if you'd like to call  
6 me, or I could call each one of you and give you an update  
7 once we've made that decision, so that if you have any  
8 questions, feel free to ask.

9 COMMISSIONER CHOPER: Well, that's very nice. I  
10 think if you notify us as to what you're going to do then,  
11 of course, it's easy enough for any of us to call you.

12 MR. CHARLES: Sure, sure, and that --

13 COMMISSIONER CHOPER: That way, you don't have to  
14 make a bunch of phone calls.

15 MR. CHARLES: That's fine. And it would be, you  
16 know, again, certainly we'll put out -- when we put out the  
17 announcement. But you have my number here and, you know, I  
18 welcome any calls so that you totally understand what we're  
19 going to attempt to do and how quickly we're going to be  
20 able to do it.

21 COMMISSION VICE CHAIRPERSON HARRIS: I think it's  
22 important to realize, too, this is kind of a four-legged  
23 stool between Santa Anita, Hollywood, CTT, and TOC, with  
24 CHRB in there somewhere, that anything that happens needs to  
25 have, you know, a pretty big consensus or unanimous opinion

1 to really get it done. It can't just be something that's  
2 announcement with no foresight.

3 MR. CHARLES: John, I can assure you there's a  
4 meeting scheduled for tomorrow with Santa Anita, with the  
5 CTT, and then I will be addressing the TOC Board on  
6 Thursday.

7 COMMISSION CHAIRPERSON SHAPIRO: And I am very  
8 gratified to see that it appears that everybody is working  
9 together to get past this very unfortunate circumstance. I  
10 think everybody in the industry has joined forces to get  
11 past it and I think that's been great.

12 All right. With that, if there's no other  
13 comment, I'm going to adjourn the meeting. I want to thank  
14 everybody and, hopefully, it's keep going and let's get  
15 through this and, hopefully, we'll see racing a Santa Anita  
16 on Thursday.

17 (Thereupon the California Horse Racing  
18 Board Special Telephonic meeting was  
19 adjourned at 11:21 a.m.)

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## CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing Special Telephonic Meeting of the California Horse Racing Board; that thereafter the recording was transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of January, 2008.

Peter Petty

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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