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MEETING
BEFORE THE CALIFORNIA HORSE RACING BOARD

924 W. Huntington Drive
Monrovia, California
Thursday, January 23, 2003
10:00 A.M.

Reporter by: JACQUELINE R. GRENACHE CSR 4631
Job No.: 03-24517

1 MONROVIA, CALIFORNIA, THURSDAY, JANUARY 23, 2002

2 10:00 A.M.

3

4 MR. WOOD: This is a regular meeting
5 of the California Horse Racing Board. It's being
6 conducted on Thursday, January the 23rd. We're at
7 the Holiday Inn in Monrovia, California.

8 Present at today's meeting are Chairman
9 Roger Licht, Vice Chairman -- excuse me, Mr. Harris
10 is not in attendance today -- Chairman William
11 Bianco -- Commissioner William Bianco, Commissioner
12 Sheryl Granzella, Commissioner Alan Landsburg, and
13 Commissioner Mary Moretti.

14 And with that I'd like to turn the meeting
15 over to our Chairman, Mr. Roger Licht, to begin
16 today's meeting.

17 I would respectfully ask, however, if you
18 do give testimony to this Board today that you state
19 your name and your organization for our Court
20 Reporter. If you have a business card to give her,
21 it would be much appreciated if you could do so.

22 With that, Mr. Chairman, I turn the
23 meeting over to you.

24 CHAIRMAN LICHT: Welcome everybody. And I'd
25 like to say that I'm proud to be able to serve this

1 year as Chairman, and I'm also very grateful to have
2 followed our prior Chairman, Alan Landsburg, and
3 hopefully I can follow in his footsteps and lead
4 this Board in the right direction.

5 I see all the blue shirts. I guess we have
6 the Cryps. Hopefully the Bloods won't be showing up
7 here.

8 First item on the agenda is to approve the
9 minutes from the November 21st meeting. I hope all
10 the Commissioners had a chance to review them. And
11 does anybody have any questions or comments?

12 COMMISSIONER MORETTI: I would move to approve
13 the minutes.

14 CHAIRMAN LICHT: Mr. Liccardo, come identify
15 yourself.

16 MR. LICCARDO: Ron Liccardo, Local 280.

17 On page 11 they quoted Mr. Coral
18 (phonetically) as saying we had a contract with TBG.
19 No, we haven't a contract with TBG.

20 CHAIRMAN LICHT: You have not?

21 MR. LICCARDO: Have not.

22 CHAIRMAN LICHT: Okay. We'll make that
23 amendment.

24 Any other comments or questions?

25 Commissioner Moretti moved that we approve

1 the minutes, I assume that's as amended.

2 COMMISSIONER MORETTI: Yes.

3 CHAIRMAN LICHT: We have a second?

4 Second by Sheryl Granzella. All in favor.

5 All opposed.

6 Good. They're approved.

7 The next item is the application for the
8 license to conduct a horse racing meeting by the
9 Capital Racing Association.

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

12 The application before you is from the
13 Capital Racing Association. They have filed their
14 application for license to conduct a harness racing
15 meeting at Cal-Expo. They're proposing to race from
16 February 28th to July 26th, they're proposing to
17 race a total of 83 nights with 1,100 races, or 13.25
18 races per night, they will be racing Friday through
19 Sunday the first week, four nights per week,
20 Wednesday through Saturday through July 5th, and
21 three nights per week on Thursday through Saturday,
22 July 10th through July the 26th.

23 They are proposing to race up to 15 live
24 races per night with 12 simulcast races on Wednesday and
25 six on Thursdays and Sundays, the first live post

1 will be 5:35 p.m. The track safety and housing
2 inspections have been completed and staff has
3 recommended that the Board approve the application
4 as presented.

5 CHAIRMAN LICHT: Thank you.

6 Do we have any comments from the public
7 with respect to this application?

8 (No response.)

9 CHAIRMAN LICHT: Any comments from any of the
10 Commissioners?

11 (No response.)

12 CHAIRMAN LICHT: Okay. I'd like to hear a
13 motion to approve this application?

14 COMMISSIONER LANDSBURG: I move.

15 CHAIRMAN LICHT: So moved by Commissioner
16 Landsburg.

17 COMMISSIONER MORETTI: Second.

18 CHAIRMAN LICHT: Seconded by Commissioner
19 Moretti. All in favor. All opposed.

20 Capital Racing is licensed.

21 Application for approval to conduct
22 advanced deposit wagering by YOUBET.COM.

23 MS. WAGNER: Jackie Wagner, CHRBG staff.

24 This application is from YOUBET.COM. They
25 have filed an application to be out-of-state multi-

1 jurisdictional wagering that will provide advance
2 deposit wagering. They're proposing days of
3 operation of seven days a week, with
4 approximately -- from approximately the time of 7:00
5 in the morning until 11:00 at night. YOUBET will
6 provide services for Churchhill Downs, Hollywood
7 Park, Del Mar -- Thoroughbred Club at Del Mar, Oak
8 Tree Racing Association at Santa Anita Park, Los
9 Alamitos Racing Association at Los Alamitos, Capital
10 Racing at Cal-Expo, Los Angeles Turf Club at Santa
11 Anita Park, Pacific Racing Association at Golden
12 Gate Field. They have Horsemen's approval for the
13 harness and the quarter horse racing meeting, they
14 have yet to receive a thoroughbred horse approval.

15 Staff recommends the Board approve the
16 application contingent upon its receiving that
17 information.

18 COMMISSIONER MORETTI: Is there any problem
19 that you foresee in receiving that approval, or is
20 it just paperwork that hasn't been done?

21 We have a representative from YOUBET.

22 MR. COUTO: Good morning. I'm Drew Couto
23 representing TOC.

24 TOC supports the application of YOUBET. At
25 this time we have not reached an agreement, but they

1 are operating subject to certain conditions. We
2 expect to reach an agreement here shortly, within
3 the next few weeks.

4 CHAIRMAN LICHT: I certainly hope so. I think
5 it would be definitely in the best interest of
6 California racing that an agreement is reached, and
7 the Board has and continues to offer its support and
8 ability to mediate any issues that seem to confront
9 or conflict between the two of you.

10 MR. COUTO: TOC appreciates the offer.

11 MR. HASSON: Joe Hasson, with YOUBET.com.

12 We have met repeatedly with the Horsemen
13 and we're actually working to schedule a meeting for
14 early next week and hopefully we'll resolve all the
15 issues related to Horsemen's agreement.

16 CHAIRMAN LICHT: Any questions or comments
17 from the public with respect to this application?

18 (No response.)

19 COMMISSIONER BIANCO: I make a motion.

20 CHAIRMAN LICHT: So moved by Commissioner
21 Bianco to approve YOUBET's application.

22 COMMISSIONER MORETTI: Second.

23 CHAIRMAN LICHT: Seconded by Commissioner
24 Moretti.

25 All in favor.

1 COMMISSIONER LANDSBURG: I abstain as I
2 reviewed some discussions from YOUBET.

3 CHAIRMAN LICHT: It's four- zero with one
4 abstention by Commissioner Landsburg.

5 Item No. 4 has been withdrawn at the
6 request of Los Alamitos.

7 No. 5 item, discussion by Oak Tree for the
8 allocation of two additional days, September 27 and
9 28, 20003, for the racing schedule. This is for
10 discussion only. And we want to see what the
11 support of the industry is in connection with this.

12 MR. REAGAN: Commissioners, John Reagan, CHRB
13 staff.

14 As you indicated, discussion only as to
15 the request by Oak Tree to overlap the LA County
16 Fair in the last weekend of that meet in this for
17 purposes of preparing for the Breeders Cup, and I
18 think representatives of Oak Tree are here to
19 discuss that request.

20 CHAIRMAN LICHT: Does the staff have any kind
21 of position with respect to this?

22 MR. REAGAN: Currently the extra days would
23 represent a fractional week, it would represent --
24 it would cause an increase to 43 weeks in the
25 central zone, 42 weeks are allowed by law. So they

1 would actually have one more than allowed by law and
2 would have to amend the law in order to take care of
3 this.

4 CHAIRMAN LICHT: Is that your understanding
5 also?

6 MR. KNIGHT: Yes.

7 CHAIRMAN LICHT: Okay. Chilly.

8 MR. CHILLINGWORTH: Sherwood Chillingworth, Oak
9 Tree Racing Association.

10 I think it would be helpful to kind of
11 review the background of this request. As you
12 know, we're hosts for the Breeders Cup this year,
13 2003, and last year. With our racing dates we had
14 to run eight graded stakes the first five days,
15 which really isn't very good. Not good for the
16 track and it's not really very good for the state or
17 for the fans, I don't think.

18 So when this year rolled around and when
19 being host for the Breeders Cup it is my opinion
20 that most horsemen would like to run their horses on
21 the same -- prep on the same surface they're going
22 to run on Breeders Cup day, which means we would
23 hopefully we would get more horses from the East
24 Coast, Kentucky and from Europe, which would benefit
25 all of racing, particularly here in California.

1 Secondly, it would preclude the possibility
2 of some trainers here in California shipping their
3 horses out to other locations so they could run
4 their fillies and mares four weeks in advance of
5 Breeders Cup.

6 And, as all of you know, most horsemen like
7 to have a four-week break, particularly the fillies
8 and mares, between the pre race and the race they're
9 going to run in.

10 We have been trying to work out a
11 relationship with all of the industry. I have
12 contacted all of the central zone and southern zone
13 racing associations, including Los Alamitos, and
14 with some conditions attached all of them have
15 agreed this would not affect their schedules.

16 I say with some conditions attached. The
17 Breeders Cup are very anxious to have us run the
18 Norfolk on Saturday, the 27th, because they have a
19 series Cal racing, the Juvenile Breeders Cup
20 sponsored by the Bessemer Trust, and this would be a
21 stepping stone here at Santa Anita and Oak Tree that
22 would fit right into their program and be a logical
23 progression.

24 Unfortunately, it comes -- that date would
25 come about 17 days after Del Mar runs its futurity

1 and they were concerned it would impact their
2 futurity and, as a result we have withdrawn that
3 request even though it was going to be shown on
4 national TV. Because we think we have to have
5 the -- in order to get the statute amended, it has
6 to be done on an emergency basis and it has to be
7 done with no opposition in order for it to be done
8 quickly, and we did not want to have anybody in the
9 racing group saying there's something wrong with
10 this proposal.

11 We're talking about only one time, we're
12 not asking for this every time Breeders Cup comes to
13 California. That's a subject for some other Board
14 or some other racing association. We're only
15 talking about this year.

16 And we think the advantage to having the
17 two extra days here in California shown on national
18 television and having a weekend of racing where we
19 have two stakes on Saturday, two on Sunday, and
20 particularly using up the -- or presenting the
21 filly/mare races, such as Yellow Ribbon and Ladies
22 (inaudible) stakes, is a great advantage not only to
23 the owners and trainers but to California racing,
24 because people from all over the country will be
25 watching these races.

1 At any rate, we're now negotiating with
2 Pomona and -- with regard to the impact it has on
3 them. We're not unmindful that it will have an
4 impact on them, and we have said we'll make you
5 whole.

6 And the original idea was to compensate
7 them for loss of commissions and ancillary income,
8 which means their admission revenues and sales of
9 popcorn and so forth.

10 They came back two days ago with a proposal
11 for two days that -- and we've had two people review
12 it, as well as the San Diego staff -- two outside
13 consultants -- and the impact on us would be
14 somewhere between 700,000 and a million dollars.
15 That's more than we make total operating revenues
16 for the year, so that's an impossible situation.

17 But we're committed to the UC Davis
18 Larchmont money, to the Racing Foundation, to the
19 Winners Foundation CTHF, and we provide these funds
20 out of that revenue stream, and we can't give it all
21 away just for a couple days of racing.

22 So we've come back and said what about if
23 we just do one day of racing. In addition, one of
24 our thoughts was we would compensate them for any
25 shortfall on Saturday and Sunday that they might

1 experience over their 20002 performance, with the
2 caveat that if the whole industry is down by --
3 let's say 10 percent, to pick a figure -- then our
4 guarantee would be reduced by 10 percent.

5 If the first 15 days of their racing were
6 down by 10 percent, then we would reduce our
7 guarantee by 10 percent.

8 They came back and said, well, it's going
9 to impact us for Monday, Tuesday, Wednesday,
10 Thursday, Friday, Saturday and Sunday. So the
11 number ballooned.

12 And, in addition thereto, they have asked
13 for us to include the purses in that guarantee.
14 And, on top of that, a 20 percent premium on top of
15 the admissions fee, the commissions and the purses,
16 which obviously create a big number.

17 We are now -- I had a discussion this
18 morning with Jim Henwood of Pomona, and he
19 recognizes that this is a big number, and he has
20 suggested we get together and see if we can't find
21 some alternative to that.

22 One of the alternatives would be to race on
23 Sunday only, have four stakes races, which would
24 lessen the impact on Pomona -- and, incidentally, as
25 we expressed here six or seven months ago, we're

1 very much in favor of Pomona racing their normal
2 days the way they normally do.

3 My understanding is that they've come about
4 180 degrees away from their position last year when
5 they wanted to race their dates at Santa Anita.

6 They now think -- I think they're bored -- and maybe
7 Jim Henwood would correct me if I'm wrong -- they've
8 come to the conclusion they'd rather stay at Pomona.

9 And one of the things they have also asked
10 us to do is to support an increase in the size of
11 their track from their present size to the mile
12 track with a turf track.

13 Now, we have no objection to that, but in
14 an era when the county and the state would be the
15 logical supporters of such a thing are in a
16 desperate deficit situation, you can't expect them
17 to do it. And as much as we'd like to be helpful,
18 it's kind of beyond our abilities.

19 Secondly, they would like to have their
20 vanning or the stabling fund increased from their
21 present million and a half to 2.3 million, and I'm
22 afraid that you'd receive a lot of opposition from
23 Hollywood Park, which hasn't been much in favor of
24 paying stabling fees anyway, and to -- from San
25 Anita who will say well, if you give it to them, you

1 gotta give it to us. So we're caught in a squeeze
2 here. We can't really be effective in that regard.

3 So the only thing that we have to fall back
4 upon is what the financial impact is -- and all I
5 can say to you is that we will get together with Jim
6 and his staff today and see if we can't reach a
7 conclusion. It may take longer than that.

8 One of the benefits of racing on Sunday is
9 that the Breeders Cup has said that they will cause
10 ESPN to televise both of our stakes races live
11 nationally on ESPN. We will go prime time to the
12 East Coast. Most people would die for that, to
13 have national racing -- California racing
14 nationally, going into New York and Kentucky and
15 Florida at prime time -- 6:00, 7:00 o'clock on a
16 Sunday evening.

17 They told me they had to know by February 6
18 because ESPN draws up their schedules by that time.
19 I called them yesterday to say we're having some
20 problems here. They called, they talked to ESPN,
21 ESPN said if you'll have a resolution to this by the
22 next horse racing meeting, then we can hold that
23 slot open.

24 So basically I'm here to tell you that
25 we're trying with every way we can to reach a

1 solution that makes Pomona reasonably happy. I
2 think none of us are going to be terribly happy in
3 what it's going to cost. And we are dedicated to
4 trying to get this done.

5 I've talked to Jim -- he called me last
6 night by voice mail -- this morning -- we talked
7 this morning, he said Pomona is dedicated, this is a
8 great thing for California racing, we have to get
9 this thing done some way.

10 So, I appreciate their spirit of
11 cooperation. And I think it now becomes a matter
12 of, you know, dollars and cents. Whether they could
13 live with what we can afford, that's the bottom
14 line.

15 CHAIRMAN LICHT: Doesn't your contract with
16 TBG make those races have to be tape-delayed? They
17 won't be live?

18 MR. CHILLINGWORTH: No, they will be live.

19 CHAIRMAN LICHT: I thought there was a
20 problem --

21 THE WITNESS: We have an exception on those
22 races.

23 MR. HENWOOD: Jim Henwood, Fairplex Park LA
24 County Fair.

25 Good morning. Chilly and I have had some

1 discussion, and this really -- I have to come back
2 and say for both Chilly and I this idea really is
3 getting generated through Breeders Cup actively and
4 through NTRA, and locally Mace Segal is the genesis
5 of the concept. It's a good concept. There's
6 nothing wrong with it at all.

7 But, you know, Fairplex Park is also a
8 member of NTRA and we view ourselves as integral to
9 the dynamics of racing not only locally but
10 nationally as well, and I now know the challenge
11 that everyone is facing around the country as we
12 talk about overlap.

13 Overlap is a very serious and financially
14 impacting discussion, and we don't have fluff
15 numbers, we aren't dealing with fuzzy math, we're
16 dealing with very specific math that deals with the
17 realities of overlap. And Fairplex has always been
18 dedicated to racing at Fairplex Park. That wasn't
19 our choice last year to move. That was a reflection
20 of where the industry was thinking that we should
21 go. We now know different, and we're very happy
22 that the industry is totally supporting us in our
23 racing program at Fairplex Park. We want to be a
24 team player, but we want to be an entire team
25 player, and we want to be recognized like that.

1 Chilly and I are visiting on the subject.
2 We have probably put more time in how to make this
3 thing work than any other organization in this room,
4 outside Chilly's efforts. It's going to take more
5 than Chilly and I to ultimately make this happen.

6 There are a lot of challenging issues. We
7 have personnel issues, we have inventory issues --
8 all of these things have got to be brought forward
9 and talked about, and we have the realistic issue
10 that it has a tremendous financial impact on what
11 we're trying to do in the operation of our Los
12 Angeles County Fair simultaneous with the operation
13 of our Fairplex Parks.

14 I do need to correct a couple of items in
15 the presentation. No. 1 is we're not trying to ask
16 for more money in training. We're trying to get our
17 training money restored that was taken from us last
18 year. We are opposed to that taking, it's unfair,
19 and we want to -- we are working with the industry
20 right now, we are doing it in a proper format, and I
21 just hope you understand that I do need to make that
22 correction. We want our training restored to the
23 way it has been normally done here in Southern
24 California.

25 Also -- on the racetrack, yes, we are out

1 looking at a mile surface racetrack to see if that
2 can better work. Because we see the realities of
3 what's happening in Breeders Cup in September on the
4 West Coast is have very important in the staging of
5 Breeders Cup.

6 Yesterday I had a discussion with some of
7 the East Coast folks, and we all know the impact of
8 what's going on back there in September and October
9 as they prepare for Breeders Cup, and the West Coast
10 has the same issue.

11 Fairplex Park happens to run its race meet
12 in September. That's our time slot. And that's
13 what we understand we're going to have for a long
14 time. Well, if we need to be Breeders Cup oriented,
15 maybe we need to give focus to that subject.

16 And we've always heard from this industry
17 the inadequacies our racing surface. We've always
18 felt it's a pretty good racing surface, we think
19 we've done a good job, but we're out here talking to
20 the industry willing to say if it's not the right
21 surface, then we'll make it the right surface.

22 But we're always going to be in business
23 running our race meet during September, and we're
24 going to do a very fine job in supporting the
25 industry needs. Thank you.

1 CHAIRMAN LICHT: Any comments?

2 (Applause.)

3 CHAIRMAN LICHT: Jim, could you come up?

4 COMMISSIONER MORETTI: Sorry, I have a
5 question. You mentioned personnel. The workers,
6 the employees. How do you anticipate that this, if
7 we approve this -- or, excuse me, if this gets done.

8 MR. HENWOOD: Well, the same personnel that
9 are the starters and -- and make up the economy of
10 the racing program at Fairplex go to Oak Tree. They
11 come from Del Mar. We don't know the answer to
12 that in full. I don't think Chilly or I had had
13 detailed meetings with these people enough to
14 properly respond to you.

15 Although I can tell you that there are
16 people that are in the lead of those businesses and
17 are people who are senior in those businesses, and
18 we're going to have to split it up. And how that
19 impact -- or import new people to Southern
20 California to fill those slots on that one-or two-
21 day program. And right now we are talking about a
22 one-day program at this point. So it's -- those
23 issues have not been fully resolved.

24 COMMISSIONER MORETTI: In essence, you'd be
25 borrowing people from the Northern tracks?

1 MR. HENWOOD: We could. Could. It may be
2 able to be done all locally. I don't know.

3 COMMISSIONER MORETTI: Chilly, what do
4 you think?

5 MR. CHILLINGWORTH: Well, obviously we have a
6 different starter and starter crew than Hollywood
7 Park does, and I would assume they would be
8 available.

9 I've talked to Ron Liccardo of 280 about
10 the pari-mutuel clerks. My concern was having
11 enough clerks. And we have to train clerks for
12 Breeders Cup anyway, so we just commence that
13 training a little earlier than we normally would for
14 just Breeders Cup.

15 I talked to the auto tote, and they say
16 they have plenty of machines and equipment to handle
17 those race day simultaneously. So, for us, there
18 shouldn't be a problem there.

19 We also failed to mention I have to satisfy
20 Santa Anita, because they have a financial interest
21 in Oak Tree, its operations, and they don't want to
22 be penalized as a result of this overlap.

23 I just think that for the good of racing
24 and for the -- we only have Breeders Cup once every
25 10 years now. It seems that we've got to make some

1 accommodations to make this the best venue we
2 possibly can and show California off as an
3 outstanding location to do this so they will come
4 back here again.

5 CHAIRMAN LICHT: Yes.

6 MS HOUSER: Good morning. Liz Houser,
7 Director of Fairs and Expos for the State of
8 California.

9 I do want to thank Chilly and Jim for their
10 work on trying to come to a solution to help promote
11 Breeders Cup in the state. We are dedicated to
12 help do whatever is necessary to promote the
13 Breeder's Cup.

14 I do think we need to recognize the efforts
15 the LA County Fair has made in the last eight
16 months. They came before this Board asking to move
17 their race meets, the Board indicated they want the
18 meet to remain at LA County Fair, and they have done
19 a complete turn-around and are doing whatever it
20 takes to honor the Board and have their meet be a
21 top flight meet at LA County Fair.

22 We have 10 racetracks on our fairs and 23
23 satellite wagering facilities. Our satellites are
24 meeting on March 31st to develop a plan to
25 cross-promote Breeders Cup throughout the

1 satellites. So we are ready to help, but we have
2 to have an equitable solution.

3 When you pull two days right out of the end
4 of one of my fair meets, it is going to have a
5 financial impact. They're willing to work
6 together. If the Board is going to be asked to look
7 at money, I will offer my assistant director, Bruce
8 Lim, to help with the numbers. I think Roy and
9 Paige Noble will tell you he's one of the best
10 numbers guys we have.

11 So if the Board asks asked to look at the
12 numbers, I'll be happy to have one of my staff help
13 with that. But I think these two folks can help
14 work on the number, be able to look at the dates and
15 what works for racing and what works for fairs.
16 Thank you.

17 MR. CHILLINGWORTH: If I may comment one more
18 time.

19 We're sympathetic to the goals of Pomona.
20 And I talked to Jim and he feels, perhaps rightfully
21 so, that Pomona has been kind of made a stepchild of
22 the national racing scene, and he feels that they
23 deserve more recognition, which they undoubtedly do.

24 One of the things that I've asked Breeders
25 Cup to do, and they have agreed to do, is that if we

1 get this national television thing done they will do
2 a 10- to 15-minute documentary on Pomona -- how it
3 got started, it's usefulness to the racing calendar
4 here in California -- and bring some spotlight on
5 the fact that Pomona exists nationally.

6 And Breeders Cup, you know, kind of likes
7 to highlight the main things that go into racing.
8 And to have them agree to take Pomona and highlight
9 it on its national program I think is a great
10 compliment to Pomona.

11 CHAIRMAN LICHT: Do you have any statistics
12 about how many horses generally ship in to race at
13 the host track for Breeders Cup?

14 MR. CHILLINGWORTH: Well, it varies. We tried
15 to look that up. It varies from year to year.
16 You usually get -- I know in 1993 we had a slug of
17 horses come in, a lot of European horses came in
18 early. I'd say seven or eight for the first few
19 races.

20 And the -- what the contrary problem is
21 that people ship out if they can't get a filly or
22 filly/mare race four weeks in advance of a Breeders
23 Cup. They will go somewhere else.

24 For example, the Flower Bowl is \$750,000
25 race, which will be exactly the complement of the

1 Yellow Ribbon, will be run on October 27th. Now,
2 if we don't run the Yellow Ribbon on October 27th, I
3 assume quite a few horses will leave California or
4 come from other parts of the world and go to the
5 Flower Bowl rather than here.

6 CHAIRMAN LICHT: That's going to be the same
7 next year when the race is in Lone Star. We're
8 going to lose the California horses to New York or
9 somewhere else to prep for the race in Texas.
10 Right?

11 MR. CHILLINGWORTH: If we can prevent it one
12 year, and I can't project what will happen next year
13 at Lone Star --

14 CHAIRMAN LICHT: I'm saying I'm anticipating
15 that next year somebody is going to come in and say
16 well, look, California horsemen like prepping in
17 California, not having to ship out of state. Well,
18 it doesn't help them if they have to ship out of
19 state to race four weeks before a next Breeders Cup,
20 or any Breeders Cup; right?

21 MR. CHILLINGWORTH: Right. And you make a
22 good point. But we're at least solving it for one
23 year.

24 And there was an article in the -- about
25 three weeks ago in the racing form quoting Wayne

1 Lucas and Ben Sussell as saying well, gee, I'm glad
2 to hear this, now we won't have to ship out to
3 prepare. So you get two trainers that are thinking
4 positively because that's happening this year.

5 If you wanted to give us an extra week
6 every year -- if that's what you'd suggest, I'm
7 available.

8 MR. KIRCHNER: Mr. Chairman, my name is Ken
9 Kirchner, K-i-r-c-h-n-e-r, senior vice president
10 with the NTRA. I'm here representing Breeders Cup.

11 I would like to endorse the recommendation
12 that Mr. Chillingworth has made. The two extra
13 days provide an extra weekend of racing. And I
14 understand that there are overlapping issues with
15 respect to Pomona, and we are in discussions with
16 Chilly in ways in which we can assist in trying to
17 solve and bring about a compromise that would assist
18 in allowing these two extra days to be put forward.

19 From the National Racing perspective,
20 Breeders Cup has not been at Santa Anita for 10
21 years. It is the 20th anniversary of the Breeders
22 Cup, there are substantial amounts of national
23 marketing and publicity efforts that are planned,
24 the national television, as Chilly mentioned, we can
25 put multiple racing that weekend on live national

1 television. That would significantly enhance both
2 the reputation of -- leading up to the Breeders Cup,
3 and also California horse racing.

4 And we believe that those two extra days
5 provide, as Chilly mentioned the extra days that the
6 trainers want in order to be able to run four weeks
7 out from the Breeders Cup. So we think that
8 there's -- it's unique situation and we understand
9 that there may be some issues that need to be
10 resolved as far as the funds go, but we feel that
11 this is a once in a 10-year, once in a decade
12 opportunity for California to make a change that
13 will benefit the entire horse racing industry,
14 nationally and internationally, and put the
15 spotlight on Oak Tree and allow the world to look
16 favorably upon the racing that goes on here in
17 California.

18 CHAIRMAN LICHT: Thank you, Ken.

19 COMMISSIONER MORETTI: I have a question. Do
20 you have an estimate of a dollar figure on how much
21 free advertising, if you will, Pomona will be
22 getting out of this notion that the NTRA would be
23 promoting the Pomona -- highlighting Pomona?

24 MR. KIRCHNER: We would have to work with ESPN
25 in order to put together the piece of television

1 time that they would get. You know, if it's a five-
2 minute piece, that's five minutes of Internet or --
3 or national advertising for that fair.

4 In addition, we are working with the fairs
5 on publicity efforts during their entire summer and
6 leading up to the Breeders Cup on ways in which we
7 can enhance what goes on at the fairs and with the
8 Breeders Cup in order to make everything even better
9 on October 25th. So we are committed to trying to
10 work with fairs, with Fairplex and the others.

11 And we understand that they're also NTRA
12 members, so it's not that we want to take sides in
13 this issue, but we feel that at this point in time
14 there's one opportunity to promote to Breeders Cup,
15 and this extra weekend would be a significant boost
16 to that effort.

17 COMMISSIONER MORETTI: I'd be very curious to
18 find out how much just that would equate to.
19 Because, I mean, obviously that's quite a benefit to
20 our California fairs.

21 MR. KIRCHNER: I can check and find out. I
22 mean, publicity-wise what five minutes of national
23 television on ESPN is worth, I know what we pay for
24 the programming, so it's obviously some portion of
25 that. But the publicity itself, you know -- if you

1 want to buy air time during that telecast it's going
2 to cost you anywhere from 20 to \$40,000 per 30
3 second commercial.

4 CHAIRMAN LICHT: We're not going to be able to
5 resolve anything here today. It's just a matter for
6 discussion. Again I would -- I know that the Board
7 is willing to help mediate any issues that arise
8 here to try to bring this to a head.

9 Jim, did you have another comments?

10 MR. HENWOOD: Yes. Thank you, Mr.
11 Commissioner.

12 Jim Henwood again with Los Angeles County
13 Fair Fairplex Park. The subject of overlap at
14 Fairplex Park is a very, very sensitive one. It's a
15 slippery slope discussion. It's one that's been
16 discussed and has manifested itself in a number of
17 different ways over the last seven years.

18 Concerning me is where the industry runs
19 with this after we have one race meet in an overlap
20 environment where we are coming to the table with
21 the same focus that NTRA is bringing the subject
22 forward and in the same way which Chilly has brought
23 it forward, and I think we would all caution anyone
24 in the industry let's not be too vocal about this.
25 We have no interest in overlap.

1 We are completely opposed to overlap of
2 racing as it relates to Fairplex Park. And having
3 looked at the numbers this week as strongly as I've
4 looked at them, it is a suicidal transaction for the
5 track that's being overlapped financially. And it
6 just does not work.

7 Now, I also said here in my presentation
8 that the Breeders Cup is extremely important, and
9 the month of September it's going to be growing as
10 an important one in the entire Breeders Cup
11 presentation. We at Fairplex, as members of the
12 NTRA, are intimately aware of the subject. We have
13 our discussions as well internally, at the national
14 scene, and we know how important this is for Oak
15 Tree. We're going to do our very best to try to
16 make this happen.

17 But I would urge everyone let's not do the
18 pile-on scheme. If in fact we do this on a one-time
19 basis that it can be something that can be revisited
20 year after year after year.

21 CHAIRMAN LICHT: Again the Board would be
22 happy to mediate this. And also Dave Elliott has
23 phoned, he's happy to deal with the overlap issues
24 too.

25 MR. CHILLINGWORTH: If I could have a

1 concluding remark, then I'll --

2 COMMISSIONER MORETTI: Actually, I have a
3 question for you.

4 COMMISSIONER LANDSBURG: We have another voice
5 to be heard.

6 MR. CHILLINGWORTH: I'm sorry.

7 MR. KORBY: Chris Korby, representing
8 California Authority of racing Affairs.

9 I just want to confirm the commitment that
10 our organization, which represents all affairs that
11 are done on satellite wagering in Southern
12 California have to promoting the Breeders Cup in
13 California this year.

14 We just negotiated a unique new membership
15 between our organization and the NTRA, and we'll be
16 meeting with them and working with them to promote
17 the Breeders Cup through the course of the whole
18 next year in an effort to bring that to our
19 California satellite patrons.

20 CHAIRMAN LICHT: Thank you.

21 Chilly, you want to wrap this up?

22 MR. CHILLINGWORTH: One last thing I'd like to
23 say, and that is I think Jim referred to benefitting
24 Breeders Cup -- excuse me, Oak Tree.

25 The point I'd like to make is even if we

1 weren't the host, we think that what is being done
2 is being done on behalf of national racing and
3 California racing. One of our -- I think our
4 generic complaints out here in California is that
5 we're ignored in on graded stakes.

6 For example, we have a big problem right
7 now -- I do -- with our graded stakes program where
8 we are being downsized, so to speak, and the Eastern
9 races are being upsized on a specious formula, I
10 believe.

11 There is a time when the NTRA has come to
12 us and said okay, we're going to get you guys in the
13 spotlight. If you have an extra weekend of racing,
14 we'll give you all kinds of television coverage.

15 And, in fact, you have Ken Kirchner here
16 today. That exemplifies their interest in doing
17 this.

18 Matter of fact, from this meeting I've got
19 another meeting tomorrow with the CFO of Breeders
20 Cup, working on our last figures there, then they
21 have about 12 to 15 people come in and we have a
22 all-hands meeting on Sunday morning with the Santa
23 Anita staff, Oak Tree staff and Breeders staff to
24 kind of get this thing going.

25 My point is I think what we're trying to

1 do here is not just good for Oak Tree, but it's good
2 for California racing, good for national racing. It
3 gets international recognition because some of this
4 things are being sent overseas. And if we can fold
5 Pomona into a PR package where they get recognition
6 for who they are, what they are, I think that's an
7 added plus for them, as well as all of racing.

8 Thank you.

9 By the way, would it be possible to have a
10 special committee of the Commissioners set up so
11 that we can -- if we're making progress here, we can
12 consult with some of you and, you know, speed this
13 process up a little bit?

14 CHAIRMAN LICHT: I would suggest that the
15 legislative committee, which is chaired by Marie
16 Moretti and Alan Landsburg, be the right people. If
17 that's okay with you guys.

18 COMMISSIONER MORETTI: I just have one
19 question of you, Chilly. I think we're all
20 excited, obviously, about the Breeders Cup coming.
21 Very excited. But you're right. This obviously is
22 a legislative action that is going to need urgency.

23 I can appreciate you want to make sure that
24 everyone is on the same page before you go to
25 Sacramento with this, but let's say you get

1 Sacramento and you have some problems down the line.
2 Are you -- have given any thought at all to giving
3 up any of your days, your fractional weeks, so that
4 you can have -- forget the discussion of overlap at
5 the moment -- but so that you could have this --

6 MR. CHILLINGWORTH: The problem with that
7 scenario is that we need those days to generate the
8 additional funds that we'll have to pay to Pomona.
9 I mean, we're not only going to have our normal
10 expenses, we're going to have the overlap costs.
11 And to cut out any of the days we now have reduces
12 our abilities to fund that payment to Pomona.

13 CHAIRMAN LICHT: Thank you, Chilly.

14 I think the fact that Pomona is coming to
15 the table and showing their commitment to the
16 industry is very meaningful and a further indication
17 of their desire to be a part and continue to be a
18 part of our racing.

19 MR. CHILLINGWORTH: Absolutely. We really
20 appreciate the fact they're making an effort to get
21 this thing done. I know they're sincere in their
22 efforts, I know they have problems of their own, and
23 we'll try and overcome these the best we possibly
24 can.

25 COMMISSIONER LANDSBURG: I have a brief --

1 Marie, do you have anything further?

2 COMMISSIONER MORETTI: No. That's okay.

3 CHAIRMAN LICHT: Okay. The next item is the
4 proposed regulatory amendment rule 1467, paymaster
5 of purses.

6 MS. WAGNER: Jackie Wagner, CHRB staff.

7 The proposed amendment to Rule 1467 was at
8 the request of the PCQHRA and it would require that
9 10 percent of the net purse earned on any horse
10 finishing first, second or third in a quarter horse
11 race meeting be deducted and deposited into the
12 trainer's account.

13 During the 45-day commentary period, staff
14 did receive two comments on this proposal: One of
15 the comments suggested that the amendment apply to
16 breed rather than to meeting so that the rule would
17 apply to mixed meetings.

18 At the request of the PCQHRA they have
19 specified that they wanted this program to only
20 apply to the quarter horse race meeting, so that
21 provision was not incorporated into the proposal.

22 The other comments stated that they thought
23 the deduction should be made from the gross purse
24 rather than from the net purse, as was done with the
25 thoroughbreds. Again at the request of the PCQHRA,

1 this was a specific request of theirs, that the
2 trainers be paid from the net purse after
3 commissions are deducted and distributions were paid
4 according to statute. So there again that proposal
5 not incorporated into the proposal.

6 The staff would recommend that the Board
7 adopt the amendment to rule 1467 as presented.

8 CHAIRMAN LICHT: Any comments from the public
9 on this rule, other than the ones that Jackie
10 presented?

11 (No response.)

12 CHAIRMAN LICHT: Any from the Commissioners?

13 COMMISSIONER LANDSBURG: I'm just having
14 trouble adjusting net purse to jockey. Is it after
15 jockey or before jockey payments?

16 CHAIRMAN LICHT: It's net, I would think, of
17 the nomination fees and so forth for stakes and so
18 forth.

19 COMMISSIONER LANDSBURG: Well, when they say
20 net, I mean net and gross are --

21 CHAIRMAN LICHT: No. That's what it is. The
22 nomination is like it would cost you a thousand to
23 get in the race, that's deducted from the gross.

24 MR. BREED: Mr. Chairman, Commissioners, Kirk
25 Breed representing the Pacific Coast Quarter Horse

1 Racing Association.

2 The gross purse is the amount that is
3 divided between commissions and by statute. The net
4 purse refers to what is taken out between the gross
5 purse and the net purse in Breeders award, which is
6 also by statute.

7 The problem with -- that we have is a
8 difference between thoroughbreds and quarter horses
9 is that we have a multitude of futurities, as I know
10 you're aware of, and those payments can exceed like
11 \$2,000, which were -- if we apply the thoroughbred
12 standards would be even more of the depleted amount.

13 As far as the jockey or the mount fee, I
14 don't know exactly where that comes out.

15 COMMISSIONER LANDSBURG: I don't either.
16 Because once you get down to a net fee you are now
17 talking about other people who now begin to share.
18 And if the jockey's 10 percent is taken off the top,
19 and off that same top the trainer is taken, then you
20 have an inequity for one of them, I would guess.
21 Or you're winding up short of the purse.

22 MR. BREED: My understanding, Commissioner, is
23 that the amount that actually arrived at the
24 paymaster after the deductions have been made for
25 breeders -- in other words, arrives to the

1 account -- would be the net purse. Now, from that
2 would come the deductions from that amount.

3 COMMISSIONER LANDSBURG: I'm not quarreling
4 with you at all. I'm having trouble adjusting to
5 two 10 percent fees entering. Who has precedence?

6 In other words, the trainers get the first
7 10 and the jockeys the next 10? Because once
8 you've taken 10 percent off the net, you know, you
9 now have 10 percent less to deal with. You take
10 another 10 percent off of the jockey, where -- who
11 comes in first? Because you have a lesser amount
12 coming out. Is that clear?

13 MR. BREED: I understand -- I understand it,
14 just don't know how to answer.

15 COMMISSIONER LANDSBURG: Neither do I. It's
16 just an accounting trick, in a way, because it --
17 once you take 10 percent out, now you have the
18 remainder to take out. Who gets that first 10
19 percent?

20 MR. REAGAN: John Reagan, CHRB staff.

21 Mr. Landsburg, the calculations are made on
22 the net purse. So in the case of two 10 percenters,
23 they get an equal amount, and then both of those 10
24 percent are simply deducted from the purse amount.
25 So we start with the same amount.

1 In other words, if you were going to take a
2 income tax deduction off my wages, you would simply
3 say I'm going to take 10 percent for the feds, I'm
4 going to take five percent for the state. They both
5 get five percent of my net, you know. Or five
6 percent of my gross. They work with the same base
7 number.

8 COMMISSIONER LANDSBURG: All right. What
9 you're saying is that the owner forks up 20 percent
10 before he sees -- 20 more percent before he sees any
11 money.

12 MR. REAGAN: Exactly.

13 COMMISSIONER LANDSBURG: And good luck to the
14 owners.

15 MR. WOOD: It's unique in quarter
16 horse racing because of the deductions because of
17 the futurities and awards to be taken out of gross
18 purse to come to the net, which by definition of
19 statute defines --

20 COMMISSIONER LANDSBURG: I understand. The
21 owner is the one who's on the whip end of this
22 thing.

23 MR. BREED: Mr. Chairman, Commissioners, in
24 respect to this particular issue, Pacific Coast
25 Quarter Horse Racing Association represents both

1 owners and trainers, and so they have come to a
2 meeting of the minds on this thing.

3 COMMISSIONER LANDSBURG: That's fine for me.
4 If they have all agreed to take it -- I have no
5 objection. I was just curious as to who gets what.
6 The owner just gets less now.

7 CHAIRMAN LICHT: Do we have a motion to
8 approve this proposed amendment?

9 COMMISSIONER MORETTI: I'll make a motion to
10 approve it.

11 CHAIRMAN LICHT: Moved by Commissioner
12 Moretti. Second?

13 COMMISSIONER GRANZELLA: Second.

14 CHAIRMAN LICHT: Seconded by Commissioner
15 Granzella.

16 All in favor? Opposed? Unanimously
17 adopted.

18 No. 7, the request by Hollywood Park
19 Charities to distribute \$244,000.

20 MR. REAGAN: John Reagan, CHRB staff.

21 Commissioners, this is their annual
22 distribution. A list of the beneficiaries are
23 included for your review. We find this request to
24 be in order and ask for your approval.

25 CHAIRMAN LICHT: I just want to make a

1 comment. I was at the track -- at Hollywood Park
2 near the end of the meet. Allen Gutterman took me
3 to a place in the track that I don't think even I
4 had ever been, and they were having an event for
5 children in the community at Christmas. And it was
6 really one of the finest, one of the most
7 heartwarming events that I've experienced. I think
8 they must have been taken care of a couple of
9 hundred kids from the community with gifts and
10 things for the parents and so forth. And Hollywood
11 Park should be commended for that.

12 COMMISSIONER LANDSBURG: We're always pleased
13 to see a great portion of the money, at least close
14 to 50 percent, going to racing terms.

15 CHAIRMAN LICHT: Do I have a motion to approve
16 this?

17 COMMISSIONER LANDSBURG: I move.

18 CHAIRMAN LICHT: Moved by Commissioner
19 Landsburg.

20 COMMISSIONER GRANZELLA: Second.

21 CHAIRMAN LICHT: Second -- Commissioner
22 Granzella I think was first.

23 All in favor? Opposed? Unanimously
24 adopted.

25 No. 8, discussion on the request of TOC to

1 approve the amendment to their bylaws.

2 MR. REAGAN: Commissioners, John Reagan, CHRB
3 staff.

4 The horse racing law simply requires that
5 the original bylaws and any amendments to those
6 bylaws be approved by this Board. The TOC did make
7 some amendments last year, it was based on some
8 legislation, but nevertheless they were amended and
9 they're here for you today to approve.

10 CHAIRMAN LICHT: Any discussion with respect
11 to these bylaws? Mr. Johnson.

12 MR. JOHNSON: Mr. Chairman, Commissioners, Don
13 Johnson, Thoroughbred Owners of California.

14 I believe the staff is recommending
15 approved, but I just want to report that this
16 process has been working very well. We currently
17 now have three owner-trainers on the board along
18 with 12 owner members. It's going very well, they
19 were appointed, and now we'll have an election
20 effective -- results announced July 1. Those
21 ballots will be mailed out I believe May 15.

22 I just want to say it's going very well,
23 everyone is pleased, so we highly recommend
24 approval.

25 CHAIRMAN LICHT: Any discussion from the

1 public with respect to these proposed changes?

2 Commissioner.

3 Motion to approve.

4 COMMISSIONER GRANZELLA: Move.

5 CHAIRMAN LICHT: Moved by Commissioner
6 Granzella, seconded by Commissioner Landsburg.

7 All in favor? Opposed?

8 Unanimously adopted.

9 No. 9, the update on the veterinary
10 hospital at Golden Gate Fields.

11 Jack, were you going to --

12 COMMISSIONER LANDSBURG: My first day on the
13 Board, this was one of the first items. That goes
14 back almost three years.

15 MR. TUNNEY: Mr. Chairman, members of the
16 Board, Peter Tunney representing Magna Entertainment
17 Corporation.

18 And to this point we now have made
19 significant progress, as you have, Commissioner, in
20 those three years, and the site was found after
21 some -- as you recall, some difficulty, and more
22 recently in the last few months that has been
23 excavated, the foundation was poured, the footings
24 are there, and as of yesterday at 5:30 I was
25 watching them finishing off -- as the crew would

1 say, topping off -- the building. The metal
2 structure is on, sides are up, the roof, its
3 structures are up as well. So they just have to
4 finish it off from there. And we're optimistic that
5 it's going to be another month or so, maybe a month
6 plus.

7 COMMISSIONER LANDSBURG: Has any arrangement
8 been made for the equipment? As I recall, in the
9 original discussion the four walls were one thing
10 and making sure that there was proper medical
11 equipment in it was going to be somewhat of a future
12 problem.

13 MR. TUNNEY: Well, I'm not aware that
14 there's -- that the problem exists, but in fact
15 we've had several meetings with the representatives
16 of the -- mesh -- the organization that represents
17 the -- with the veterinarians, and they're confident
18 that in their discussions with those individuals in
19 the corporate construction area with Magna that
20 they're going to get a product that they want. I
21 mean a finished product inside with cabinetry and
22 that sort of thing. I know they have had those
23 discussions.

24 In addition to that they have some
25 equipment themselves that they've been storing since

1 the demise of the Bay Meadows Hospital, so they're
2 expecting to -- I think they were expecting to do
3 some fund raising to try to get some additional
4 equipment there.

5 I know they have also been in touch with
6 Dr. Ferraro at UC Davis for some assistance or
7 consulting to help with that solution.

8 COMMISSIONER LANDSBURG: I'm pleased to hear
9 that it's under way and coming closer and closer.
10 Maybe by the next year's Board meeting we'll have a
11 celebration of that.

12 MR. TUNNEY: I would hope that it would be
13 before next year's Board meeting. But as these
14 tenures go, Commissioner, that's good, then we've
15 been able to stretch this out through this period.

16 COMMISSIONER LANDSBURG: Just a sidebar
17 comment, if you will. I was privileged to see the
18 film that Santa Anita helped to write on behalf of
19 the Maddy Lab, which is now complete, and it's a
20 story of just how much work goes into the testing of
21 horses and the health of horses that is done at
22 Maddy and Davis.

23 If any you of -- I guess Scott Stanley --
24 Dr. Stanley -- will be distributing at some point a
25 copy of the film, which really does tell about the

1 integrity of the medical program that goes on at
2 Magna. Just a sidebar.

3 Mr.WOOD: Mr. Chairman, I'd just
4 like to kind of do a preview for everyone. At next
5 month's Board meeting in February Dr. Stanley and
6 others from UC Davis are going to present the entire
7 video for the Board members and for the public that
8 would like to show up at that meeting. So the video
9 is complete and will be unveiled and a presentation
10 in February.

11 And also note that the March Board meeting
12 is scheduled to be conducted at Golden Gate Field
13 and possibly an on-the-site inspection could be
14 looked at at the hospital at that time.

15 COMMISSIONER LANDSBURG: Great.

16 CHAIRMAN LICHT: Any other questions of Mr.
17 Tunney.

18 (No response.)

19 CHAIRMAN LICHT: Thank you.

20 Staff report on advance deposit wagering.

21 MR. REAGAN: Commissioners, John Reagan, CHRB
22 staff.

23 We're within a few days of the first full
24 year of ADW wagering -- and that's advance deposit
25 wagering -- but the numbers we have put together for

1 this report today were through January 5th, and just
2 over 180,000,000, the ADW handle continues to slowly
3 grow as a percentage of the total handle and
4 hopefully within a few months we will be able to
5 analyze the full 12 months where you can get
6 additional figures.

7 But right now the chart shows that we've
8 pretty much hit a pattern in our stride right now
9 and have to see how ADW does in the next year.

10 Any questions I can answer?

11 CHAIRMAN LICHT: I have one question. The TVG
12 figures and the future of the XpressBet bet that
13 include -- rather, YOUBET, is sort of a
14 subcontractor for both TVG and XpressBet bet now. The
15 figures that we get for TVG don't also include the
16 figures for YOUBET, do they?

17 MR. REAGAN: No, they do not.

18 CHAIRMAN LICHT: Okay. I'd like to take a
19 five-minute break. Let's say about seven minutes.

20 We'll take a break, until five minutes
21 after 11:00.

22 (Recess taken.)

23 CHAIRMAN LICHT: We'll call this meeting back
24 to order. We're back on the record.

25 Mr. Reagan you were wanting to go on with

1 No. 11.

2 MR. REAGAN: Commissioners, John Reagan, CHRB
3 staff.

4 This is a standard collection -- I
5 shouldn't say standard collection of end of meet reports.
6 We do have a little something different here.

7 I have here Pacific Racing and Bay Meadows,
8 and over the last several years there's been some
9 rearrangements in the northern dates.
10 Thoroughbreds, we moved them around.

11 So what we've done in the last few years is
12 we tried to just look at a whole year for both
13 Pacific and Bay Meadows so we aren't trying to
14 compare different pieces of the year to different
15 pieces. So this is what we've done in the last few
16 years.

17 Pacific Racing and Bay Meadows, the first
18 two items are the entire racing year, 160 days --
19 105 days for Bay Meadows, 106 for Pacific Racing --
20 and those are those comparisons there. Some
21 negative numbers, but I'd say it's been an
22 interesting year all the way around.

23 I wouldn't say this is account wagering or
24 advance deposit wagering here. The economic
25 situation, the stock market, all that, we really

1 don't know all about those things.

2 The next one is Oak Tree Racing, and
3 finally the Fresno Fair. We put those on this
4 month, and we'll have some more next month. So if
5 you have any questions, we'll try to answer it.

6 CHAIRMAN LICHT: Any questions from the
7 public?

8 Ron?

9 MR. LICCARDO: Ron Liccardo.

10 When account wagering room was started it
11 was certain agreements made with the unions and
12 about getting this account wagering started. It had
13 to do with the commissions.

14 From what I understand it, that the account
15 wagering monies and commissions are not entered into
16 the end of meet report. So I haven't been affected
17 by it in 2002, at the beginning of account wagering,
18 but in 2003 I'm being affected -- or my members are
19 being affected by the commissions or the
20 inaccuracies of the commissions because account
21 wagering money is not in there.

22 Now, as each meet ends in 2003 we'll find
23 out whether management can come to the crews
24 depending on the commissions dropping with the
25 account wagering money entered into their monies.

1 But on these reports of 2002 account wagering money
2 isn't entered into.

3 MR. REAGAN: Absolutely right. I spoke with
4 Mr. Liccardo yesterday, we are still trying to work
5 out some of the kinks with the CHRIMS (phonetically)
6 system and we're certain about the handle. Just,
7 for instance, last week, or 10 days ago, when we
8 were putting this package together some
9 inconsistencies occurred in our looking at the
10 numbers and we contacted CHRIMS (phonetically) and
11 they let us know that for several weeks now they've
12 had some difficulties with one of the downloads and
13 had only realized recently there was a difficulty
14 with the download.

15 So we are still not comfortable,
16 unfortunately, with that entire process. But I know
17 it's certainly on the top of my list. I've had
18 conversation Mr. Liebau and other industry leaders
19 and we're certainly going to be addressing that as
20 soon as possible. And I think we're fairly close to
21 a solution, but we'll certainly make it a high
22 priority.

23 CHAIRMAN LICHT: Did get any response from
24 the CHRIMS (phonetically) about the timetable to get
25 these numbers completed?

1 MR. REAGAN: Well, they're working as hard as
2 they can right now, and I think they're probably
3 going to going in too many different directions. I
4 think we have to set some short-term goals and
5 intermediate goals and have them meet those goals to
6 get these things finally finalized.

7 MR. WOOD: I'd suggest, Mr. Chairman,
8 it might be appropriate that you ask the staff to
9 try to meet with CHRIMS (phonetically), and before
10 February try to resolve this issue to get it
11 completed.

12 CHAIRMAN LICHT: Yes, I think that goes
13 without saying. I think John was planning on doing
14 that. So --

15 MR. REAGAN: We'll have a better report for
16 you, Ron.

17 MR. LICCARDO: One more thing: I have two
18 associations -- they have every right to -- every
19 right to take a shot and be right at the end of the
20 meet -- if they're right, to cut the crew now. If
21 they're wrong at the end of the meet by the
22 commissions being better than what they were, or
23 whatever, to say that okay, we cut the crews at the
24 beginning of the meet and we were correct. And in
25 turn they may be wrong at the end of the meet if

1 they cut their crews if the commissions are up, and
2 I want to benefit by that, which you would have to
3 pay the employees they laid off.

4 So I need accurate figures by the end of
5 the Santa Anita meet. And obviously the Los
6 Alamitos meet is a long meet, so we don't have to
7 wait for that until practically the end of the year
8 on that one. But I need better figures by the end
9 of the Santa Anita meet.

10 CHAIRMAN LICHT: I think you can count on the
11 CHRIB staff is going to work with CHRIMS
12 (phonetically) to try to get you what you need and
13 what the industry needs.

14 Any other can comments from the public?

15 (No response.)

16 CHAIRMAN LICHT: Next item is a report from
17 the Pari-mutuel Operations Committee.

18 COMMISSIONER LANDSBURG: The pari-mutuel
19 committee met yesterday. Here are some of the notes
20 from that meeting.

21 Xpress reported -- XpressBet reported a
22 few isolated additions to their TV lineup -- some
23 possible additions. But the TV is either trial
24 runs for carriers or small audience places on the TV
25 spectrum. They were encouraged, Xpress, that it

1 was encouraged along with TVG to return to the table
2 and find a way to structure a sensible billing
3 arrangement in ADW for California fans.

4 In a subtext on marketing of the signal,
5 the committee agreed to notify the FCC of radio
6 stations that encourage illegal sports betting as a
7 challenge to the offending broadcaster's license,
8 and we'll put that into effect.

9 We feel that illegal sports betting when
10 it's advertised by a radio station should in fact be
11 a question of whether the licensee has the right to
12 encourage breaking the law and affecting -- or at
13 least making the target broadcaster's license may
14 produce some desired results.

15 We had a long discussion of the
16 cancellation time for bets after horses are off.
17 In California -- and I must say I've been around
18 racing a long time and never knew this. In
19 California there is four seconds allotted after the
20 off for the cancellation of tickets. Mainly it's
21 for the protection of pari-mutuel clerks; it's also
22 for the protection of the better who might have
23 called a wrong number and the horses go off and then
24 cancel the ticket. But it's in that four-second gap
25 that it can be done.

1 We were told about a new auto code system
2 which is being made available to tracks that will
3 allow a cutoff of bets from hubs that service
4 offshore or double hop betting sources. And I'm
5 pleased to hear that the tracks at the beginning of
6 the meet -- they can put the system in and actually
7 select places where double hop bets are met in order
8 to cut them off earlier than the off of the track.

9 And that's the report from our meeting
10 yesterday with the pari-mutuel committee.

11 CHAIRMAN LICHT: Any comments from the public
12 or from the Commission?

13 (No response.)

14 CHAIRMAN LICHT: Thank you, Alan.

15 Next is general business. The first item
16 of general business that I would like to discuss is
17 a report that I've asked the staff to make about
18 weights, that generally how weights are determined
19 with respect to jockeys and their saddles and what
20 is reported to the public. In other words, in the
21 program if it says the jockey's weight is 118,
22 there's some confusion as to what the actual weight
23 that the horse is carrying.

24 MR. WOOD: Mr. Chairman, I'll ask one
25 of the clerks here from Santa Anita to describe to

1 you in detail and to the public exactly what happens
2 when the jocks weigh in and weigh out, because there
3 is a lot of interest in -- nationally about the
4 scale of weights and the adjustments therefore for
5 jockeys, and we think that it's important that
6 California, in cooperation with the other racing
7 associations and the other organizations across this
8 country, take a leadership role in developing and
9 discussing the needs and the requirements for a
10 review of the scale of weights for our race riders.

11 This is going to be a program that I think
12 is going to start from today and be hopefully sent
13 over to one of our committees for further
14 discussion, but it's important that the public and
15 the Commissioners and everyone know that when we
16 talk about weights we need to talk about the reality
17 of what weighing in weighing out means and exactly
18 what riders' weights are included in those numbers.
19 So I've asked Kevin to show up today and kind of
20 give you an overview of that.

21 Hopefully, with discussion today, we can
22 get a better idea of when riders leave the room at
23 118 and come back across the table at 120, what's
24 the reason for that and what's the procedure to be
25 causing that.

1 And also when we start looking at changing
2 or reviewing the scale of weights we'll have a very
3 good basis to start from our discussions.

4 Kevin, if you would kind of give the
5 Commissioners and the public a little overview of
6 how we weigh in, how we weigh out, and why and what
7 is included in those weights and what's not
8 included.

9 And this report was basically to be given
10 by the staff a couple months ago, which we really
11 gave a report for the review that -- (inaudible) --
12 after investigating and taking and reviewing the
13 weights and the scales and requested that the racing
14 associations look at adjusting their scales to have
15 digital scales for everyone. And I think many of
16 the associations are making plans to change to
17 digital scales.

18 But, with that, I will give you the floor
19 and ask if anyone has any questions or
20 clarifications, we will go from there, and hopefully
21 come up with some solutions. Thank you.

22 MR. COLOSI: Kevin Colosi, clerk of scales
23 Santa Anita.

24 Basically when weighing out the jockey is
25 just required to have his boots, his silks, his

1 saddle, girth, and that's all that's really required
2 as far as your 118, 120 pounds, whatever that is.
3 Now they also wear a protective vest, which can
4 weigh up to two pounds, a helmet can weigh up to two
5 pounds, they can go out with a shammy that's dry,
6 the horse sweats, it comes back wet. A lot of
7 different variables. So if a jock goes out with
8 118, for him to come back at 122 is not out of the
9 question. It's just normal procedure.

10 CHAIRMAN LICHT: 125, 126 that would be out of
11 question?

12 MR. COLOSI: For 118, yes.

13 MR. WOOD: Because he can not be any
14 more than seven pounds overweight. That's part of
15 the regulation.

16 MR. COLOSI: Right.

17 CHAIRMAN LICHT: What are you -- what does the
18 clerk of scales who works when the jockeys come in
19 after the race, what are they instructed to look at
20 as far as what the weight should be? Not the
21 program weight is what you're saying.

22 MR. COLOSI: : Well, no, you don't want it to
23 be under. That's the worst thing that could happen.
24 Over is just commonplace. I mean almost every jock
25 that comes back after a race weighs -- the top four

1 finishers generally, I'd say, are four pounds over
2 what it should be, and that is because of the things
3 I've mentioned before.

4 You don't weigh with a vest, you don't
5 weigh with the helmet, you don't weigh -- you should
6 with the shammy, but it can come back wet. There
7 are other factors.

8 MR. WOOD: Sometime the rider may
9 have mud on their clothing or their equipment.

10 MR. COLOSI: Sure. On a wet track they could
11 come back weighing 125, 126.

12 CHAIRMAN LICHT: I'm glad we have this report
13 for advisement, because I certainly was under a
14 misunderstanding of what the weights were, and I
15 think much of the racing public was.

16 Thank you, Kevin.

17 COMMISSIONER LANDSBURG: All the weights are
18 even, though. All the jocks have a helmet, all the
19 jocks do wear protective clothing, so there's no one
20 that gets an advantage from it, it's just in terms
21 of matching our weights against let's say the
22 weights in England, our weights are really four
23 pounds heavier than advertised.

24 MR. COLOSI: I'm sure it's the same over
25 there.

1 COMMISSIONER LANDSBURG: I'm not sure at all.

2 THE WITNESS: I don't know. But I'm sure it
3 is.

4 COMMISSIONER LANDSBURG: I don't know whether
5 they count the protective clothing in England or
6 helmets in England either.

7 CHAIRMAN LICHT: Questions from the public or
8 Commissioners?

9 (No response.)

10 CHAIRMAN LICHT: Thanks, Kevin.

11 MR. WOOD: Thank you, Kevin.

12 COMMISSIONER LANDSBURG: I have one -- just
13 one small question to ask, and maybe it can be
14 answered here under the general business.

15 CHAIRMAN LICHT: Sure.

16 COMMISSIONER LANDSBURG: An owner wrote a
17 letter saying that some of his equipment had been
18 advertised on the Internet that had come off a horse
19 that had died on the track, and he wondered if there
20 was any rule. It turned out that the person who
21 sold it claimed that it is custom to give the grooms
22 of the horse the equipment of the horse. I open
23 this question, because I'd never heard of that
24 custom, so to speak.

25 Is there anybody here who's heard of it in

1 any way, or practiced it in any way?

2 (No response.)

3 COMMISSIONER LANDSBURG: -- it was a strange
4 request. To learn that some of your horse's
5 equipment, blankets that had been won in races, were
6 now up for sale on the Internet and you had no
7 control over it.

8 CHAIRMAN LICHT: Maybe CTT could inquire and
9 bring back an answer to us on that. Okay.
10 Thanks.

11 George.

12 MR. RADIKIN: George Radikin, Fairplex Park.

13 Good morning, Commissioners. I'm here to
14 let you know that Fairplex is in discussions with
15 the TOC to restore full funding for off-site
16 training at Fairplex Park. We expect to find an
17 equitable solution with the TOC. However, if for
18 some reason we cannot we will ask the Board, as they
19 have in the past, to be kind enough to mediate fair
20 and equitable funding for off-site training at
21 Fairplex.

22 Thank you go for your time to hear some
23 comments from our trainers, and two of our union
24 employees.

25 MR. ANTWAR: Good morning, Commissioners.

1 Gordon Antwar, I'm representing the horsemen at
2 Fairplex Park.

3 I've been a licensed trainer for 23 years
4 and I have spent the last 10 years training year
5 round at Fairplex Park. As we've also heard this
6 morning, everyone is in agreement that Fairplex Park
7 makes a significant contribution to California
8 racing and the State of California.

9 In 2002 Fairplex Park produced 862 starters
10 in Southern California, satellite wagering generated
11 \$8 dollars to the stabling and vanning fund, live
12 racing generated more than one million dollars in
13 handle, and \$4 million in purses to horsemen.

14 In addition, Barrett sales graduates from
15 1997 to 2001 accounted for fully 15 percent of all
16 starters at California racing associations.

17 Fairplex Park is critical to the vibrancy
18 and success California horse racing, it provides
19 training for more than 50 trainers and 400 horses.
20 To keep these trainers and horses in training at
21 Fairplex Park, full funding must be restored.

22 Last year a portion of Fairplex Park funds
23 were re-allocated to creating a three-month gap in
24 funding causing closure and displacing 58 trainers
25 and 430 horses. If full funding is not restored

1 this year again, more than 50 trainers and 400
2 horses will be evicted on April 1st. Only 67 days
3 from today.

4 If we are not fully funded it will be
5 forced to close for four consecutive months.
6 April, May, June and July. If this happens
7 California racing will be severely and negatively
8 impacted.

9 Based on interviews conducted just last
10 week approximately one-half of the horses and
11 trainers training at Fairplex Park will either move
12 out of state or have to quit altogether.

13 In addition, approximately 250 late
14 developing two-year olds that are normally added to
15 Fairplex Park and eventually Southern California
16 horse environment will have no suitable place to
17 train in Southern California.

18 For these reasons, and many more, I request
19 that you consider fair and equitable funding for
20 Fairplex Park off site training program. I
21 appreciate your attention, and thank you.

22 (Applause.)

23 MR. DUNCAN: Good morning, Ladies and
24 Gentlemen of the Board. My name is Leonard Duncan.
25 I'm a trainer based in Southern California, and I

1 don't use the facilities at Fairplex to train the
2 major string of my horses, which are based at Santa
3 Anita, Hollywood, Del Mar. I do use the facility at
4 Pomona to prepare my young horses. And for the past
5 years six years I kept a barn of developing two-
6 year olds at Pomona pretty much year round.

7 It's a vital part of my operation for that
8 facility to be open. It's a great safe surface to
9 develop young horses on. And as far as working on
10 farms and ranches, I spent 15 years breaking horses
11 and I've never seen one of those horses leave a farm
12 ready to run. They need their works, they need to
13 have -- (inaudible) -- they need to work in company,
14 and you can't always find that environment on a
15 farm.

16 So for somebody who runs a large barn on
17 Southern California surface, I feel Pomona is a very
18 viable part of my operation, and it would be very
19 detrimental to see it no longer in existence. Thank
20 you.

21 (Applause.)

22 MR. SERTA: Good morning, Ladies and
23 Gentlemen, Commissioners. Jimmie Serta, Fairplex
24 Park, union local 45 -- Teamster's Local 495.

25 MR. ALOS: Good morning, Commissioners. My

1 name is Luis Alos, and I'm a laborer and in union
2 1082. We work full time at Fairplex, we work all
3 year round -- (inaudible) -- Jimmie and I are only
4 two of about 35 union workers. We're backed up by
5 carpenters, electricians, laborers, and janitors,
6 and this is besides the 35.

7 If full funding is not restored, then we
8 could lose our jobs. And if full funding is not
9 restored for four months, which would be through
10 April through July, we would be closing. So we're
11 here to urge you to please restore full funding for
12 training at Fairplex Park.

13 Thank you for your attention.

14 (Applause.)

15 CHAIRMAN LICHT: Any other comments?

16 MR. BARR: George Barr, and I'm a trainer,
17 I've been a trainer a long time, but I've been
18 breeding some horses. And I had a real nice horse
19 last year that I sold in Del Mar sale, got good
20 money for it, but I really wanted to train that
21 horse. And with this going on and on, back and
22 forth, I couldn't take the chance of keeping it.
23 He was an expensive horse.

24 And the mare that I bred the horse brought
25 62,000 at the Del Mar select sale, and I have run

1 her out of Pomona. She was the mare and -- and my
2 intent was to continue. But somehow you shut that
3 down. You have to go to Santa Anita, you're not --
4 you have to go to the farm, somehow -- I don't
5 understand why Pomona is the one that always gets
6 slammed on.

7 I mean, you know, there's a lot of people,
8 and I don't -- it's hard for me to understand why
9 you start and stop and start and stop all the time.

10 (Applause.)

11 CHAIRMAN LICHT: Again I think the Board
12 would be inclined to try to mediate this. I think
13 that year-round training sounds like it is an
14 important issue and should be part of our game.

15 MR. JOHNSON: Don Johnson, TOC.

16 I agree with a lot of the things that were
17 said. First of all, Fairplex is a great training
18 facility, makes a great contribution to racing.
19 And last year we entered into a contract for vanning
20 and stabling which comes out of the purses and
21 commissions to the tune of \$1.5 million for a
22 12-month period. That was -- we worked out all the
23 dates with the horsemen and they agreed what those
24 dates were going to be. As far as I heard, and have
25 heard, it went along very well.

1 Also one of the gentlemen said that he's
2 been in contact with TOC. Well, Mr. Dillwood
3 (phonetically) made a nice presentation at the last
4 TOC board meeting, but their requirements is they
5 need additional money in excess of the \$1.5 million.
6 Something like 2.3 million.

7 And, as you know, the vanning and stabling
8 fund has been taking quite a hit lately. I mean,
9 you know, you pay Santa Anita, Downs, Fairplex,
10 marketing, some other things and, you know, that all
11 comes out of the person's commissions.

12 Be that as it may, we recognize how
13 valuable this location is and we are having vanning
14 and stabling committee meeting with TOC -- that'll
15 be on either Tuesday or Wednesday of next week,
16 followed by a further discussion at the TOC board
17 meeting on February 5th.

18 So we're on top of this, we're going to see
19 what we can do and see whether there are sufficient
20 available, and I hope there are. Thank you.

21 COMMISSIONER LANDSBURG: I hope you'll make
22 the results of your meeting, or your deliberations,
23 available to the Board when you settle on what you
24 think might be done.

25 MR. JOHNSON: We will absolutely do that.

1 CHAIRMAN LICHT: What I'm going to do is
2 appoint a committee consisting of myself and
3 Commissioner John Sperry to work on this issue, and
4 hopefully we will definitely -- or not hopefully, we
5 will meet before the next Board meeting and
6 hopefully be able to report some favorable results
7 back to the Board at that time.

8 (Applause.)

9 COMMISSIONER LANDSBURG: It's also
10 heartwarming to us to find so many people wearing
11 the blue shirt and supporting Fairplex, which this
12 Board has always supported as well.

13 VOICE: Mr. Landsburg, it's rare to get
14 horsemen together on one issue in any setting.

15 CHAIRMAN LICHT: Did you get his name?

16 MR. ANTWAR: Gordon Antwar from Fairplex Park.

17 BY CHAIRMAN LICHT: Any other new business?
18 General business? Any old business?

19 (No response.)

20 CHAIRMAN LICHT: Okay. Thank you, everybody,
21 for coming, and we'll have executive session now.

22 * * *

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24

25