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CALIFORNIA HORSE RACING BOARD

REGULAR MEETING

Friday, February 21, 2003  
10:00 A.M.

EMBASSY SUITES HOTEL  
211 East Huntington Drive  
Arcadia, California

BOARD MEMBERS PRESENT:

- ROGER H. LICHT, Chairman
- JOHN C. HARRIS, Vice-Chairman
- WILLIAM A. BIANCO, Commissioner
- SHERYL GRANZELLA, Commissioner
- ALAN W. LANDSBURG, Commissioner
- JOHN C. SPERRY, Commissioner

Reported by: NEALY KENDRICK, CSR 11265  
Job No.: 03-24650

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7	Horse Racing Meeting of the Bay Meadows	
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12	Application for License to Conduct a Horse	
13	Racing Meeting of the Churchill Downs	
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22	A. Personnel	
23	B. Board may convene an Executive Session to consider any of the attached pending	
24	litigation.	
25	C. The Board may also convene an Executive Session to consider any of the attached	
	pending administrative licensing and disciplinary hearings.	
	(The executive session was held off the record.)	

1           ARCADIA, CALIFORNIA; FRIDAY, FEBRUARY 21, 2003

2   10:00 A.M.

3   --o0o--

4           EXECUTIVE DIRECTOR WOOD: Good morning, ladies  
5 and gentlemen, and welcome to a regularly scheduled  
6 meeting of the California Horse Racing Board. This  
7 meeting is being conducted on Friday, February the  
8 21st, 2003. And we're at the Embassy Suites, and  
9 we're in Arcadia, California.

10                                       Present at today's meeting are  
11 Chairman Roger Licht, Vice-Chairman John Harris,  
12 Commissioner Sheryl Granzella, Commissioner Alan  
13 Landsburg, and Commissioner John Sperry.

14                                       Before we go forward with the board  
15 agenda this morning, I'd like to respectfully request  
16 that, if anyone gives testimony in front of this  
17 Board, that you please provide the court reporter  
18 with your name and your organization. She's not  
19 familiar with all of the people in the racing  
20 industry. So it would be very appropriate to do  
21 that. If you have a business card to provide her,  
22 please do that.

23                                       With that, I'd like to turn the  
24 meeting over to our Chairman, Mr. Roger Licht.

25           CHAIRMAN LICHT: Welcome, everybody. And

1 today is a special meeting because we have the  
2 privilege of honoring somebody that has been  
3 extremely valuable to the industry -- Don Murray.

4 COMMISSIONER SPERRY: Here, here.

5 CHAIRMAN LICHT: For those of you who don't  
6 know, Don Murray has been the head of Winner's  
7 Foundation, which is the racetracks' edition of a  
8 substance-abuse program based upon 12 steps.

9 And Don has been influential in  
10 virtually every aspect of the industry, helping  
11 people from officers and staff of the racetracks to  
12 grooms, exercise riders, jockeys, trainers, owners.  
13 There's not one aspect of the industry that's been  
14 untouched.

15 And I think it's a true privilege that  
16 the Board has the opportunity to present him with a  
17 resolution today. And I can say that, personally,  
18 I've had the opportunity to work with Don for a  
19 number of clients.

20 And there's nobody who's a better  
21 advocate for -- not only for the person but for the  
22 opportunity to give somebody a second chance; the  
23 statement that "You should never give up on an  
24 individual, that you should keep trying, and that all  
25 of us deserve additional chances, and not to judge

1 other people but to try to help them."

2                   And those three elements are what Don  
3 Murray stands for, to me. And I'm proud today to ask  
4 Don to come up here so that this Board can present  
5 him with a resolution from the California Horse  
6 Racing Board.

7                   Don.

8                   (Applause.)

9                   MR. MURRAY: Thank you.

10                  CHAIRMAN LICHT: Thank you, Don.

11                  COMMISSIONER LANDSBURG: Thanks for all the  
12 years.

13                  MR. MURRAY: Thanks a million. And thanks to  
14 all you, folks. May I say a word or two?

15                  COMMISSIONER LANDSBURG: Sure. Take the  
16 microphone, if you will, Don.

17                  MR. MURRAY: We had a party last night. And I  
18 tried very hard to explain to people -- don't get me  
19 wrong; I'm going to accept this and take it home for  
20 sure. But I want to say something that's important  
21 to me.

22                               I believe so strongly in the Winner's  
23 Foundation and what we're able to do to help the  
24 people in our industry who are not bad people trying  
25 to get well. They're good people that are trying to

1 get well. And so what we're trying to do here is  
2 help them.

3                   And I can't say enough for the  
4 California Horse Racing Board and what they've done  
5 for us through the years. Going back, when I  
6 started, it was Roger -- Ralph Scurfield and now up  
7 to Roger. Every Board has been helpful and terrific.

8                   And Roy Wood now has been such a help  
9 to us. He's gone out on a limb a number of times for  
10 clients of ours. And I can't thank you enough.

11                   And although I get this award, I want  
12 to tell you, too, that I strongly believe that  
13 everybody in this room is a part of Winner's  
14 Foundation because you've all sent clients to us,  
15 you've all suggested 'em, you've all helped us.

16                   And we appreciate it. And I'm up here  
17 because of you. And so I appreciate it. And I want  
18 you to know we all do thank you very, very much.

19                   (Applause.)

20                   CHAIRMAN LICHT: And I'd like to introduce,  
21 formally to the industry and for those of you who  
22 don't know him, the guy who's coming in to play  
23 centerfield for the Giants after Willie Mays or coach  
24 the Bruins after Johnny Wooden -- Bob Fletcher, who's  
25 the new head of the Winner's Foundation.

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(Applause.)

CHAIRMAN LICHT: Not that those are big shoes.

MR. FLETCHER: Yeah. Not at all.

CHAIRMAN LICHT: Now, the first business item on the agenda is the application for the license by Bay Meadows. And I just want to preface this and the next item -- the Hollywood Park application -- by saying two things.

Number one, we're going to ask that Coeur d'Alene be eliminated as an authorized site for accepting the signal, based upon some strong evidence we have that there may be serious violations of California law and/or the contracts with various racetracks in conjunction with Coeur d'Alene.

I have -- the staff is cooperating and doing an excellent job of investigating things. Frank Moore in Sacramento is spearheading a major effort to make sure that there's compliance with California law by all the people who are taking our signal but particularly Coeur d'Alene.

And the second item, in conjunction with the licenses, is Vice-Chair John Harris is going to look into or head our investigation into determining whether we, as a Board, should ask, in future licenses, for more -- more elaborate

1 information in conjunction with certain standards  
2 that tracks need to meet in order to provide  
3 commensurate value to the State with their license --  
4 such as additional security, customer service, tote  
5 board, different things that are going to be looked  
6 into to see what the authority of the Board is to  
7 make sure that the public receives the benefit of  
8 their licensees.

9 Okay. Jackie.

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

12 The application before you is the  
13 application for the Bay Meadows Operating Company.  
14 They have filed their application for a license to  
15 conduct a thoroughbred race meeting with the proposed  
16 dates of April 2 through June 15, 2003, or 55 days,  
17 which is the same number of days they ran in 2002.

18 They are proposing to race a total of  
19 473 races or 8.6 races per day. They will be racing  
20 five days per week, Wednesday through Sunday, with 8  
21 races per day on Wednesdays, Thursdays, and Fridays;  
22 9 or 10 races on Saturdays, Sundays, holidays, and  
23 special days of interest.

24 Their first post time will be  
25 12:45 P.M. daily through April the 20th. From April

1 the 23rd through June 15, their post will be 1:05  
2 P.M. And they will have a 7:20 P.M. post on Friday  
3 nights beginning April the 25th.

4 The analysis notes that there are  
5 three items missing from this application. We have  
6 received those items. We have received the  
7 horsemen's agreement, the stable agreement, and the  
8 name of the association's veterinarian.

9 Staff would recommend that the Board  
10 adopt the application as presented.

11 CHAIRMAN LICHT: Any discussion from the  
12 public?

13 (No audible response.)

14 CHAIRMAN LICHT: Commissioners?

15 COMMISSIONER HARRIS: One issue that comes  
16 up -- and not just to pick on this application -- but  
17 via the -- on these simulcast sites that we're going  
18 to, what kind of checks do we have to assure that  
19 these sites aren't actually, via hubs, going to other  
20 sites that are not licensed?

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

23 In the past, we have required the  
24 associations to send contracts to us. And we look  
25 through those contracts and look for addendums. What

1 we found out, in the last several months, though, is  
2 that many times addendums are added throughout the  
3 meet -- just before the meet, during the meet, right  
4 after the meet, whatnot.

5                   And I've got one of my assistants  
6 trying to go through those contracts now and try to  
7 sort it out. But we are finding that there have been  
8 some holes in the process. And we're going to have  
9 to tighten that up.

10                  CHAIRMAN LICHT: We've also determined in the  
11 last -- since the last meeting, that there was a  
12 company called "Darwin" that was -- may have been  
13 dealing in some improprieties in conjunction with  
14 their contract. But Magna was very cooperative,  
15 shored 'em up, and has satisfied us that everything's  
16 now in compliance.

17                   And as a result of that, Magna was  
18 able, I believe, to negotiate -- Magna and TOC -- a  
19 much better rate for these -- for those signals being  
20 sent to Darwin.

21                  COMMISSIONER LANDSBURG: John, how widespread  
22 is that use of later addendums so that we don't know  
23 where the signal is going at that moment?

24                  MR. REAGAN: I think it is -- it's fairly  
25 widespread. Things are very fluid when it comes to

1 the out-of-state situations. Sometimes one location  
2 will start the meet hubbing through one location out  
3 of the state; and a few weeks later, they'll switch  
4 to another hub. And it's a pretty heavy task to try  
5 to keep track of all of those as they move around, as  
6 they're added and subtracted.

7 COMMISSIONER LANDSBURG: Thank you.

8 CHAIRMAN LICHT: Mike or Jack, are you guys  
9 okay with it, if we're going to consider this license  
10 application with Coeur d'Alene excluded?

11 MR. LIEBAU: Jack Liebau, President of Bay  
12 Meadows. You should consider our application so  
13 amended.

14 CHAIRMAN LICHT: Okay.

15 COMMISSIONER HARRIS: Would there be any other  
16 sites in Idaho affected or just Coeur d'Alene?

17 EXECUTIVE DIRECTOR WOOD: Just Coeur d'Alene.

18 CHAIRMAN LICHT: Do we have a motion to  
19 approve --

20 EXECUTIVE DIRECTOR WOOD: With just Coeur  
21 d'Alene right now.

22 COMMISSIONER HARRIS: Another issue I just  
23 wanted to mention was on security. On Page 13, it  
24 talks about that you have surveillance systems, with  
25 time-lapse recorders, located throughout the plant.

1 By "the plant," do you just mean the front side? Or  
2 do you have any security cameras at all on the back  
3 side at this point at Bay Meadows?

4 MR. LIEBAU: Mr. Harris, like other tracks,  
5 we're looking at the security surveillance and intend  
6 to increase it. At the present time, we do not have  
7 any security cameras on our back side.

8 COMMISSIONER HARRIS: Because, regarding this  
9 issue, I think the Racing Board has to weigh if we're  
10 just going to have to put in some kind of rules or if  
11 the tracks are going to do it on their own or  
12 whatever it's going to be.

13 MR. LIEBAU: I think that, you know, with  
14 respect to Bay Meadows, I guess there's both pros and  
15 cons because it's a much more consolidated barn area  
16 than probably any other track in California. Perhaps  
17 it could be argued that surveillance cameras are  
18 easier to put in because it's consolidated. On the  
19 other hand, it's easier for us to handle that by  
20 human personnel too.

21 COMMISSIONER LANDSBURG: How many security  
22 personnel are there that operate in conjunction with  
23 CHRB security personnel?

24 MR. LIEBAU: I would say that our entire  
25 security staff -- I can't give you a number

1 offhand -- works, hand in hand, on a daily basis with  
2 the CHRB staff, not just on the back side but also on  
3 the front side as well.

4 MR. VAN DE KAMP: John Van de Kamp, TOC.

5 While we're on this subject, we would  
6 strongly urge the Board to put into place a  
7 requirement that organizations -- like RGS, Holiday  
8 Beach, "Tonqua" Racing Services -- provide written  
9 certification to the Board that they are not  
10 accepting bets from California wagerers.

11 They have said, I think informally, I  
12 know, to the Board that they are not. I'm not saying  
13 that they are. But it seems to me that we need to  
14 bring them within our jurisdiction so that, if it  
15 turns out through audits, which should also be  
16 undertaken with respect to those sites, that they are  
17 not doing that.

18 CHAIRMAN LICHT: I think that's an excellent  
19 suggestion. I think we're moving in that direction.  
20 We have -- I don't believe we have a formal rule  
21 requiring --

22 EXECUTIVE DIRECTOR WOOD: We are requiring  
23 them to do that.

24 CHAIRMAN LICHT: We are asking them to do  
25 that. Even further than that, to provide drivers'

1 licenses or to state that they have drivers' licenses  
2 for all their players and so forth because it seems  
3 like some of these sites -- I'll use the word  
4 "confuse" -- whether or not someone's a California  
5 resident with whether or not they can just pick an  
6 address of a friend who lives in another state and  
7 say that's where they want to take their mail.

8 Liz? Oh, oh.

9 Any other comments from the public?

10 Motion to approve Bay Meadows's  
11 license, excluding Coeur d'Alene?

12 COMMISSIONER GRANZELLA: So moved.

13 CHAIRMAN LICHT: Moved by Commissioner  
14 Granzella.

15 COMMISSIONER LANDSBURG: Second.

16 CHAIRMAN LICHT: Second by Commissioner  
17 Landsburg.

18 All in favor?

19 COMMISSIONER LANDSBURG: Aye.

20 COMMISSIONER BIANCO: Aye.

21 COMMISSIONER HARRIS: Aye.

22 COMMISSIONER SPERRY: Aye.

23 COMMISSIONER GRANZELLA: Aye.

24 CHAIRMAN LICHT: Aye.

25 Opposed?

1 (No audible response.)

2 CHAIRMAN LICHT: Unanimously passed.

3 All right. Number 3 -- Hollywood  
4 Park.

5 MS. WAGNER: Jackie Wagner, CHRB staff.

6 The application is from Churchill  
7 Downs California Company. They're filing an  
8 application to conduct a thoroughbred race meeting at  
9 Hollywood Park. The proposed dates are April the  
10 23rd through July the 20th, or 65 days, which is the  
11 same number of days they ran in 2002.

12 They are proposing to race a total of  
13 559 races, or 8.6 races per day. They will be racing  
14 five days per week, Wednesday through Sunday, with 8  
15 races on Wednesdays, Thursdays, and Fridays; 9 or 10  
16 races on a selected basis on Saturdays and Sundays;  
17 and 10 races on holidays.

18 First post time is 1:20 P.M. daily and  
19 7:05 on Fridays. They will also have a 1:20 P.M.  
20 Friday post on May 2nd and Friday, July the 4th. In  
21 addition, they will have a 12:30 P.M. post on  
22 Saturday, July the 5th.

23 We have three items that are missing  
24 from this application -- the horsemen's agreement,  
25 the fire clearance, and the worker's compensation

1 insurance. We've also been notified that there are  
2 three contracts that will be -- they will be  
3 negotiating on. And that will be Local 1877, Public  
4 Events and Janitorial Division; Local 1877, Racing;  
5 and IBW Local 45.

6 Staff would recommend that the Board  
7 adopt the application, contingent upon receiving the  
8 missing information.

9 CHAIRMAN LICHT: Any comments from the public?

10 MR. VAN DE KAMP: With respect to the  
11 horsemen's agreement, we are, I think, within days of  
12 reaching an agreement on that. We just got their  
13 overnight schedule a few days ago. We have sent over  
14 a fax with some suggested changes in that. And we  
15 have ongoing discussions on that.

16 I would urge that the Board approve  
17 their license, you know, subject to receipt of the  
18 horsemen's agreement, which I'm sure will be finished  
19 fairly soon.

20 CHAIRMAN LICHT: I think -- we've been talking  
21 about security -- that Hollywood Park should be  
22 commended, that they've been exemplary in providing  
23 help to the CHRB on their big races with additional  
24 security, especially the Grade 1's, to make sure that  
25 the interests of the public are protected.

1           COMMISSIONER LANDSBURG:  The Coeur d'Alene --  
2  is that going to be taken, stricken from the  
3  Hollywood as well?

4           MR. BAEDEKER:  Yes, we would agree to that --

5           MR. REAGAN:  Identify.

6           MR. BAEDEKER:  I'm Rick Baedeker of Hollywood  
7  Park.  We would agree to the same amended  
8  application.

9           CHAIRMAN LICHT:  Now, one of the things that  
10 concerned me, Rick -- Rick, would you mind coming  
11 up? -- is that there's been a lot of rumors that  
12 several of the large stables are going to be leaving  
13 prior to Hollywood Park.  And I was just wondering if  
14 Hollywood Park's doing anything to try to recruit any  
15 other stables to come in or in any way replace these  
16 people.

17          MR. BAEDEKER:  We have -- I mean our racing  
18 secretary and his assistant are on the road all this  
19 week, have been recruiting, as is the practice every  
20 year.  And I think it's the practice probably with  
21 each association.

22                         We've heard anecdotal information  
23 about major stables leaving.  We have seen in the  
24 news and personally know that Christopher "Posh" is  
25 relocating.  You know, some of the rumors have not

1    been verified.

2                            But in any event, even if everybody  
3    was staying, we need more horses.  So we've been  
4    aggressively pursuing that.  And it's difficult, as  
5    you know, to convince stables to relocate to this  
6    area.

7                   CHAIRMAN LICHT:  Anything to report on the  
8    main track or turf course?  I know you did major  
9    renovation and so forth -- I have a letter -- prior  
10   to the fall meet.  Anything new that's been changed?

11                   MR. BAEDEKER:  Well, the turf course continues  
12   to be in terrific shape with the major renovation  
13   that took place last summer.  I think, by all  
14   accounts, it was in great shape during the fall.

15                            We met with the representative of the  
16   CTT this week about the main track and some changes  
17   contemplated prior to the meet, which I would term  
18   minor because you -- we don't think it's advisable to  
19   make any major changes to the main track prior to the  
20   spring meet.

21                            But based on the performance of the  
22   surface during the spring season, we are  
23   contemplating making a change in the surface while  
24   the horses are gone, after our season.  But we'll  
25   wait and see if we what we do for the spring helps;

1 and if not, we'll make a change.

2 CHAIRMAN LICHT: Good.

3 COMMISSIONER LANDSBURG: On the question of  
4 security cameras, have you moved in any direction  
5 toward them? With all the equipment getting so  
6 inexpensive and so small and so portable and  
7 wireless, it seems to me that we should be now  
8 beginning to press toward having a video record of  
9 who is where and when.

10 MR. BAEDEKER: Most of us, I think, were in  
11 attendance in Fresno, and we toured a facility that  
12 specialized in this type of equipment. That's pretty  
13 incredible stuff -- digital equipment, state of the  
14 art.

15 I don't know that anything has been  
16 done to follow up to that meeting on an industry-wide  
17 basis. And I think we're in a situation where each  
18 of us is waiting for the other to probably take the  
19 lead here and to work with the Board to come up with  
20 a common solution to the problem.

21 But I don't know of a single entity or  
22 individual that is working towards this. So I think  
23 we just need to coordinate the effort.

24 COMMISSIONER LANDSBURG: Perhaps we can  
25 provide a spur by making it part of a license

1 agreement. I don't know that that's possible, but I  
2 would look into it, certainly.

3 MR. BAEDEKER: It's my understanding that  
4 there's no opposition to such a system. It's just a  
5 question of affording it.

6 EXECUTIVE DIRECTOR WOOD: Mr. Chairman, I  
7 guess Mr. Baedeker hasn't been in touch with Mr.  
8 Fravel or the other people who have been working on  
9 this project for some time now because we've had  
10 several meetings with Craig Fravel and the  
11 representatives from "Pelco" -- Craig Fravel,  
12 representing the Association of Racetracks in  
13 California; along with Bernie Thurman, who represents  
14 Northern California; and some of the security staff  
15 with California Horse Racing Board.

16 And recently we devised a  
17 standardization program to give to "Pelco," who's now  
18 in the process of making a project bid for all the  
19 racing associations in California that would give a  
20 standard security to both front side and back side,  
21 receiving barn and other areas to put employees on  
22 cameras.

23 So Craig Fravel's been in the loop  
24 very much. He wrote the mission statement of this  
25 group of people who provided that to "Pelco" company.

1 And through their cooperation -- they're going to  
2 give us the expertise and the counseling to develop a  
3 program. And I would think, in the next 60 days at  
4 the maximum, we would have some project to present to  
5 all the associations at a very minimal cost that  
6 would give us some security coverage that we're  
7 lacking now.

8 So I guess Rick has kind of missed the  
9 information from Craig 'cause Craig's been on  
10 vacation for a while. But, anyway, that's in the  
11 works right now.

12 MR. BAEDEKER: I do recall that, following  
13 that meeting, that that was planned. But I -- I  
14 recall it now. I didn't a minute ago.

15 CHAIRMAN LICHT: Any more comments?

16 (No audible response.)

17 CHAIRMAN LICHT: Is there a motion to approve  
18 Hollywood Park?

19 COMMISSIONER LANDSBURG: As amended?

20 COMMISSIONER BIANCO: So moved.

21 CHAIRMAN LICHT: As amended, yeah, without  
22 Coeur d'Alene.

23 Moved by Commissioner Bianco.

24 COMMISSIONER LANDSBURG: Second.

25 CHAIRMAN LICHT: Second from Commissioner

1 Landsburg.

2 All in favor?

3 COMMISSIONER LANDSBURG: Aye.

4 COMMISSIONER HARRIS: Aye.

5 COMMISSIONER SPERRY: Aye.

6 COMMISSIONER GRANZELLA: Aye.

7 COMMISSIONER BIANCO: Aye.

8 CHAIRMAN LICHT: Aye.

9 Opposed?

10 (No audible response.)

11 CHAIRMAN LICHT: Unanimous.

12 And, Alan, would you be willing to  
13 work with John on looking at some of the requirements  
14 that may be changing -- some of the requirements for  
15 license?

16 COMMISSIONER LANDSBURG: Yes.

17 CHAIRMAN LICHT: Okay. So we'll put you guys  
18 together on an ad hoc committee to take a look at  
19 that.

20 Item Number 4 is the proposed rule  
21 regarding scratched horses in claiming races.

22 MS. WAGNER: Jackie Wagner, CHRB staff.

23 The proposed rule -- 1668 -- would  
24 prohibit a horse that has been scratched from a  
25 claiming race after the designated scratch time from

1 being entered into a subsequent claiming race for a  
2 period of 60 days from the day of the scratch unless  
3 it is entered at the same or lower price.

4                   We had first discussed this rule back  
5 in September, the September 25th Board meeting. At  
6 that time, industry consensus indicated that they  
7 thought the rule was overly broad and would have  
8 negative consequences.

9                   Staff was instructed to contact the  
10 industry for additional comments. We did that. And  
11 we received comments from Del Mar Thoroughbred Club,  
12 CTT, and Churchill Downs at Hollywood Park. Each  
13 organization voiced their opposition to the proposal,  
14 still stating that they thought the proposal was  
15 overly broad and would have a negative effect on  
16 thoroughbred racing.

17                   Hollywood Park, however, offered a  
18 suggestion; and they suggested that the Board  
19 consider extending the time a horse must spend on the  
20 veterinarian's list if it is scratched from a  
21 claiming race after the designated scratch time.  
22 Currently horses are placed on the vet's list for a  
23 minimum of 5 days.

24                   An experimental program was conducted,  
25 at the Hollywood Park 2000 Fall Meet, wherein a horse

1 that was scratched after scratch time was placed on  
2 the vet's list for not less than 10 days. And this  
3 program resulted in a decline in the number of such  
4 scratches. The Board may wish to hear from the  
5 industry regarding this proposal.

6 CHAIRMAN LICHT: Yes, I would.

7 MR. TRUE: Hi, I'm Jeff True, the new general  
8 manager at Los Alamitos. And while I've not been  
9 involved in this discussion previously, I have spoken  
10 to our staff at Los Alamitos. And we've got a pretty  
11 big problem with this rule.

12 We're having problems, as you know or  
13 as you may know, filling races. And we just don't  
14 feel like this kind of restriction, as it applies to  
15 quarter horse racing, would do us anything but a lot  
16 of harm. And I would encourage us to continue  
17 discussing it before we propose or pass any further  
18 rules.

19 The suggestion about the vet's list --  
20 we have a situation where we have time trials and  
21 horses enter back two weeks after those time trials.  
22 If you put a 10-day prohibition on these horses with  
23 the vet's list, they'll not be able to enter back.

24 And I just think we need some more  
25 discussion as these rules relate to quarter horse

1 racing inasmuch as all these rules apply to all  
2 breeds.

3 CHAIRMAN LICHT: Do you not have a problem,  
4 quarter horse racing, with people thinking or being  
5 alerted that a horse might be claimed and then  
6 scratching the horse?

7 MR. TRUE: No, sir. We don't have that  
8 problem. I mean we have millions-of-dollars' worth  
9 of claims every year. And horses are scratched only  
10 if they need to be scratched. And the ability to  
11 have a horse enter back at any level is very  
12 important to us, especially during these -- you know,  
13 the first quarter, we had a tough time filling races.

14 We need that flexibility. And we  
15 don't have the scratch problem that I understand is  
16 happening at the other tracks.

17 CHAIRMAN LICHT: Thank you, Jeff.

18 John, does TOC have a position on  
19 this?

20 MR. VAN DE KAMP: We do, Mr. Chairman.

21 John Van de Kamp, TOC.

22 TOC opposes the change in the present  
23 rule. This rule that was proposed is obviously  
24 overly broad. And you're talking about a very narrow  
25 range of situations in your discussion here about

1 horses that might be taken off the track, let's say,  
2 by a jockey at the instructions of an owner at the  
3 last minute because there's a belief that a claim may  
4 be in the box.

5 I don't think anybody wants that kind  
6 of practice to occur. On the other hand, we all know  
7 of horses that develop, let's say, colic after the  
8 scratch time or have problems that occur after that  
9 time that are not long in nature but where a horse  
10 might be scratched and conceivably can run again in  
11 three or four days.

12 We're concerned about filling fields.  
13 And we think that the proposals that have been made  
14 really go off the deep end. This proposal, at least  
15 as presented in the agenda package, is clearly overly  
16 broad and punitive. And in a time when we're trying  
17 to increase the number of horses in races, it's  
18 counterproductive.

19 CHAIRMAN LICHT: Thank you.

20 Ed? Oh, sorry.

21 MR. WYATT: Oh. Eual Wyatt, Hollywood Park.

22 As we stated in our response, we think  
23 the rule, as it's proposed, is too broad. We  
24 certainly don't condone the practice of, if it  
25 occurs, of scratching horses because there's a

1 suspicion that the horse may be claimed.

2 I would like to share with the  
3 Board -- we did have a experiment, if you want to  
4 call it that, during our last fall meeting where the  
5 time spent on the vet's list was extended from 5 days  
6 to 10. And during the 35 days of our race meeting,  
7 we had 37 fewer veterinarian-related scratches than  
8 we did the first 35 days of our spring-summer  
9 meeting.

10 I don't draw any conclusions from that  
11 other than to tell you those are the facts. But by  
12 the 30 percent less scratches in the same period of  
13 time from the spring-summer to the fall, we were  
14 hopeful that the experiment would have been able to  
15 continue so that, at some point in time, maybe we  
16 could draw some conclusions as to whether it was  
17 beneficial in limiting scratches that weren't  
18 necessary.

19 COMMISSIONER HARRIS: On that -- one of the  
20 goals, I guess, is to increase field size. Did you  
21 increase your field size during this meeting or the  
22 previous meeting?

23 MR. WYATT: I would answer that question,  
24 "Probably not." But it would have been far less --  
25 the fields would have been shorter with 37 fewer

1 scratches, same period of time.

2 COMMISSIONER HARRIS: Well, not necessarily.  
3 If there's some that could have been ridden but they  
4 were in jail for 10 days versus 5 days --

5 MR. WYATT: Like -- yeah. You may be correct,  
6 John. But what I say is that, if the experiment had  
7 been allowed to continue at least through the Santa  
8 Anita meeting, we may have then been able to draw  
9 some concrete conclusions rather than speculate what  
10 it means.

11 CHAIRMAN LICHT: The outcry from the public --  
12 at least, the racing public -- was pretty adamantly  
13 against that, I think, wasn't it -- from CTT and TOC  
14 and individuals?

15 MR. WYATT: They're here. I'm sure they'll  
16 say something about it.

17 CHAIRMAN LICHT: Yes. Okay. Thanks.

18 Next. Ed.

19 MR. HALPERN: Ed Halpern, California  
20 Thoroughbred Trainers. I would voice all the same  
21 objections that have been raised by the other people  
22 that have spoken. The industry seems to be firmly  
23 against and unanimously or almost unanimously against  
24 such a rule as the 60-day rule that's been proposed.

25 If the purpose of this rule is to stop

1 people from scratching a horse when they hear it's  
2 been claimed, it probably would be worthwhile knowing  
3 how often that has happened -- how often a scratched  
4 horse has been -- a claimed horse has been  
5 scratched -- before we went to any extreme measures  
6 about making rules to control it.

7                   The obvious way to control it is not  
8 to tell anybody you're claiming a horse.

9                   CHAIRMAN LICHT: It goes further than that,  
10 Ed. And I think this is one thing we have shored up  
11 is that the investigators, our CHRB investigators,  
12 have now instructed track personnel, like the  
13 claiming clerk -- I don't know what we could -- you  
14 call that person -- is now try to not make it public  
15 when he or she calls to the stewards and informs the  
16 stewards of the claim.

17                   And we're trying to be a little more  
18 clandestine with disseminating the information.

19                   MR. HALPERN: I would applaud efforts to  
20 prevent people from doing it. And I think it's a  
21 good idea to take every precaution we can to stop  
22 people from -- every reasonable precaution, again, to  
23 stop people from scratching under those circumstances  
24 or falsely scratching for other reasons.

25                   But the rule, as proposed, is awfully

1 broad. And I think that, at least as to that one  
2 situation, it's unlikely that, if somebody really  
3 wants to scratch because they're going to be claimed,  
4 that this would stop them from doing so. I think  
5 they would find other ways to deal with the problem  
6 such as shipping to other states to run the horse if  
7 we had this rule.

8           CHAIRMAN LICHT: Well, like I say, we've  
9 been -- the investigators are doing a good job in  
10 that they've instructed all the personnel, track  
11 personnel, who do know the status of claims how  
12 confidential that information is and also instructed  
13 pony people as well as all the other people that  
14 could possibly disseminate information prior to the  
15 start of a race that using their cell phones and  
16 pagers and so forth -- it violates our rules.

17           MR. HALPERN: You know, again, I appreciate  
18 that. And I think the Board has therefore done --  
19 taken a reasonable approach to solving this problem  
20 already in that, before considering any kind of rule  
21 change, we ought to give that time to see if it  
22 actually is effective.

23                           The other objection I would have to  
24 this rule and also to the 10-day rule is that what  
25 both of those rules would do -- and I don't know that

1 we're here to discuss the 10-day rule -- but at some  
2 point I'd like to give you a complete discussion --

3 CHAIRMAN LICHT: Yeah. We're not talking  
4 about that today.

5 MR. HALPERN: But, at least, on this rule I  
6 think that the ultimate effect would be to further  
7 frustrate both owners and trainers, who we have a  
8 very hard time coming by in the first place. And I  
9 don't think we ought to be passing regulations to  
10 solve problems that are not major problems that might  
11 end up coming back to bite us with a loss of horses,  
12 loss of owners, loss of trainers.

13 CHAIRMAN LICHT: Okay. Thanks, Ed.  
14 Jack.

15 MR. LIEBAU: Jack Liebau, Santa Anita. We do  
16 believe that the proposed rule was overly broad and,  
17 for that reason, oppose its promulgation. However,  
18 with respect to the 10-day rule, we at Santa Anita  
19 had hoped to have been able to continue the Hollywood  
20 Park experiment. The numbers there were quite  
21 significant. I think that that --

22 CHAIRMAN LICHT: Jack, let me interrupt you.  
23 The 10-day rule isn't really before us. I don't  
24 think we should really have discussion on that. I  
25 think, if you want to contact staff, we could

1 propose --

2 MR. LIEBAU: We have contacted staff. And it  
3 was our understanding that staff permitted that to go  
4 ahead at Hollywood Park but because of this -- of  
5 objections later on, Santa Anita was not allowed to  
6 do that.

7 So perhaps we could at least request,  
8 now, that it be put on the formal docket, so to  
9 speak, for consideration.

10 CHAIRMAN LICHT: All right.

11 MR. LIEBAU: I would also like to just say  
12 that scratches are not just caused by potential claim  
13 of horses. They're -- scratches are sometimes caused  
14 because the race that comes up is considered to be  
15 too tough or perhaps a horse was entered just to fill  
16 the race and never really intended to run.

17 CHAIRMAN LICHT: Or drew the rail in a sprint  
18 race or something like that. Yeah.

19 MR. LIEBAU: Yes. Exactly.

20 CHAIRMAN LICHT: All right. Well, we will  
21 make sure that this 10-day rule is proposed and put  
22 on the agenda for the next meeting and that there  
23 will be sufficient time for industry comment.

24 COMMISSIONER LANDSBURG: Just one thing,  
25 though. Ed brought up an interesting point. Can

1 we -- are there enough records for us to be able to  
2 do a retrospective study of claims that were made  
3 against horses that were scratched and just see if  
4 there is a pattern of that activity? Because these  
5 are scratches after claims have gone in -- in other  
6 words, the last 15-minute scratchers.

7 I'm just asking the question: Is  
8 there enough information to do a retrospective study  
9 of it? Let's just go back over three or four or five  
10 meets and see if it's been done.

11 COMMISSIONER HARRIS: I wonder if that would  
12 actually be good -- I agree we should do the study.  
13 I'm not sure if that data is even available.

14 COMMISSIONER LANDSBURG: I don't know what  
15 happens to claims for scratched horses. I don't know  
16 all the bookkeeping rules.

17 EXECUTIVE DIRECTOR WOOD: It may be difficult  
18 to try to reconstruct it after a period of time.

19 But I really need to clarify something  
20 for everyone in the audience. The 10-day rule that's  
21 been referred to is not a rule. We do have not a  
22 regulation in the California horse racing regulations  
23 that requires horses to stay on a vet's list for 10  
24 days. We have a regulation that allows the  
25 veterinarians to recommend and place horses on a list

1 that prohibits 'em from participating.

2                   The regular -- the control of that is  
3 by procedures established by the Board. It's not by  
4 a regulatory process.

5                   When we allowed Hollywood Park, after  
6 several years of open discussion and quite a few  
7 meetings and input by everyone in the industry, to a  
8 test to the 10-day placing of horses on the vet's  
9 list at Hollywood Park, it was a test for Hollywood  
10 Park to determine if there were, then, factors that  
11 would make that become a normal procedure.

12                   We're still evaluating those results.  
13 We're still trying to determine if the 10 days is the  
14 correct way to go. But we're not advocating nor do  
15 we propose that it become a regulatory process --  
16 instructing veterinarians how to deal with horses  
17 that go on the vet's list.

18                   So we can discuss whether or not we  
19 should change the procedures, but I don't think that  
20 the Board is, at this point, in a mode to establish a  
21 regulation as it relates to the vet's list and the  
22 procedure thereof. So I wanted to clarify that so  
23 everybody would understand.

24                   CHAIRMAN LICHT: All right. We're going to  
25 put, on the next agenda, "Discussion of the 10-day --

1 proposed 10-day vet's list." And we'll figure out  
2 from there where we're going to go.

3 Jack -- Joe -- whoever you are?

4 MR. HARPER: I'm Joe Harper, Del Mar  
5 Thoroughbred Club. Del Mar is with the rest of the  
6 group that's been up here speaking as opposed to this  
7 rule. We've -- I've sent some correspondence to all  
8 of you regarding it. I won't go over that. But I  
9 think that we've -- we certainly -- this is pretty  
10 much overkill, I think, for a situation that we agree  
11 should be looked at seriously.

12 I know there is some concern, and  
13 you're right to be concerned about it. But I think  
14 I'd applaud the investigators. And what I've seen --  
15 I know down at our track we had some suspicious  
16 circumstances on some of those claims, and  
17 investigators have been on it already. I think  
18 that's the best way to proceed, not the 60-day rule.

19 CHAIRMAN LICHT: Thanks Joe. So are we --  
20 everybody okay with taking this off the table for  
21 consideration?

22 COMMISSIONER LANDSBURG: And bringing it back  
23 at our next meeting? Is that what you're saying?

24 CHAIRMAN LICHT: Yeah. Bringing it back for  
25 general discussion of what needs to be done to

1 prohibit unjustly scratched horses.

2 COMMISSIONER HARRIS: Yes. That's really a  
3 different issue than the 10-day rule.

4 CHAIRMAN LICHT: But maybe our agenda item can  
5 be something about dealing with unjustly scratched,  
6 improperly scratched horses. We can talk about that  
7 later.

8 EXECUTIVE DIRECTOR WOOD: Yeah. We'll do the  
9 proper wording of that between now and next month's  
10 meeting.

11 CHAIRMAN LICHT: Okay.

12 COMMISSIONER HARRIS: The problem is I think  
13 it's hard to define an "unjust scratched horse"  
14 versus a "just scratched horse."

15 EXECUTIVE DIRECTOR WOOD: Have to be very  
16 careful with those words. But we will proceed with  
17 the discussion, as we have in the past, of the  
18 procedure of putting horses on the vet's list -- how  
19 they go on, how they come off, how long they stay  
20 on -- at the next meeting.

21 CHAIRMAN LICHT: And making sure our people  
22 are known -- are told how confidential the  
23 information is and it shouldn't be disseminated to  
24 anybody that claims and so forth. We'll keep working  
25 on that.

1 EXECUTIVE DIRECTOR WOOD: We're continuing to  
2 work on that.

3 CHAIRMAN LICHT: Okay. Item 5 --

4 COMMISSIONER LANDSBURG: Can we, additionally  
5 during the month, at least, maintain a record of  
6 scratched horses and the numbers of claims in for  
7 them?

8 CHAIRMAN LICHT: Yes.

9 EXECUTIVE DIRECTOR WOOD: I'll do some  
10 research on what we've done at Hollywood Park and try  
11 to incorporate horses that were scratched that also  
12 had claims on them --

13 COMMISSIONER LANDSBURG: Thanks.

14 EXECUTIVE DIRECTOR WOOD: -- the same issue.

15 COMMISSIONER LANDSBURG: Thank you.

16 CHAIRMAN LICHT: Number 5. Northern  
17 California Off-Track Wagering, Inc.

18 MR. REAGAN: Commissioners -- John Reagan,  
19 CHRB staff.

20 This item was requested to be put on  
21 the agenda by the Northern California Off-Track  
22 Wagering, Inc., regarding a -- perhaps an adjustment  
23 to the stabling and vanning takeout for Northern  
24 California. At this point I have received no  
25 additional information; so perhaps someone in the

1 audience today has additional information as to what  
2 they were asking for.

3 CHAIRMAN LICHT: Jack?

4 MR. LIEBAU: The NOTWINC Board has met on this  
5 issue and has requested that the percentage be  
6 raised from .87 to .94. Everybody is unanimously in  
7 favor of this. Mr. Korby's here from the fairs. And  
8 he could also acknowledge that the fairs are in favor  
9 of it.

10 It results from timing issues and  
11 worker's comp and also the shrinking of the fund  
12 itself.

13 CHAIRMAN LICHT: And what that means, John, so  
14 that we have an accurate record, so everybody knows,  
15 is that the percentage of the takeout from the  
16 satellite-wagering facilities in Northern California  
17 that goes to the tracks and to the horsemen will be  
18 reduced so that this --

19 MR. LIEBAU: Right.

20 CHAIRMAN LICHT: -- this NOTWINC organization  
21 can increase their revenues; is that correct?

22 MR. LIEBAU: It decreases commissions and  
23 purses equally. And it has been considered by the  
24 full report that includes the racing association and  
25 the horsemen. And the unanimous request is being

1 made by all of the entities that are part of NOTWINC.

2 CHAIRMAN LICHT: And just for the record, can  
3 you compare what the percentages are at NOTWINC to  
4 SCOTWINC right now? The percentage.

5 MR. REAGAN: Currently the percentage for  
6 Southern California is .94. So the North is moving  
7 up to the same percentage.

8 COMMISSIONER HARRIS: So that Southern  
9 California is betting a multiple of maybe 2 of what  
10 Northern California is betting --

11 MR. LIEBAU: Perhaps 3.

12 COMMISSIONER HARRIS: A lot more generated.

13 On the worker's comp issue, I'm not  
14 really clear. I mean I agree this should be done  
15 because it needs the extra funds.

16 But as far as offsetting the cost of  
17 worker's compensation, I was under the impression  
18 really that NOTWINC and SCOTWINC really issued  
19 letters of credit that would eventually get repaid,  
20 that really there wouldn't be a net cost on that. It  
21 was just a funding that was needed immediately.

22 MR. LIEBAU: The letters of credit were issued  
23 to Wells Fargo bank, who then issued a master letter  
24 of credit to AIG. The letters of credit were not  
25 issued by either NOTWINC or SCOTWINC but issued by

1 the track.

2                   The funds that come out of the  
3 stabling and vanning funds and the California  
4 Marketing Committee funds go to an escrow account  
5 that would then replace the track's letters of credit  
6 as security for the master letter of credit that has  
7 been issued by Wells Fargo to AIG.

8                   Whether or not those funds will be  
9 returned to NOTWINC and SCOTWINC and the California  
10 Marketing Committee at some future date is dependent  
11 upon the losses that are incurred by the trainers  
12 that are covered through AIG. In other words, it  
13 depends on the loss ratio.

14                   We're hopeful that the loss ratio will  
15 be such that those funds eventually would be  
16 returned.

17                   COMMISSIONER HARRIS: That's what I wanted to  
18 clarify. The rates that the trainers are paying are  
19 still pretty substantial percentages compared to  
20 where they were a few years ago.

21                   MR. LIEBAU: There's no question about that.  
22 But the rates have also been subsidized for the first  
23 seven months to the extent of a million dollars,  
24 which happened to be the amount of surplus that the  
25 two stabling funds and the marketing fund had.

1                   The problem that we're going to  
2                   encounter on July 1st, if the program continues, is  
3                   that, if we have continue to make a direct cash  
4                   supplement for premiums, we don't have any more  
5                   surpluses.

6                   COMMISSIONER HARRIS: That's the part I wasn't  
7                   really clear. There is actually -- setting the  
8                   letter-of-credit issue aside, there is actually a  
9                   subsidy coming out of it.

10                  MR. LIEBAU: There was an actual cash  
11                  supplement for the first seven months that was, not  
12                  in the neighborhood, but was exactly one million  
13                  dollars that would have had to be -- if that money  
14                  hadn't have been paid over by these three funds,  
15                  presumably it would have had to be recouped in the  
16                  form of premiums paid by the trainers.

17                  CHAIRMAN LICHT: Okay. Thank you.

18                  MR. LIEBAU: Thank you.

19                  CHAIRMAN LICHT: Okay. Chris.

20                  MR. KORBY: Chris Korby representing  
21                  California Authority Racing Fairs. This was a  
22                  unanimous action by the NOTWINC board. Fairs are  
23                  represented there and voted in favor of this, as did  
24                  all the other representatives.

25                  CHAIRMAN LICHT: Thanks.

1 Any other comments?

2 MR. REAGAN: Commissioners, just so it is  
3 clear, this change that they're requesting, if you  
4 approve it, I will see that it's effective next  
5 Wednesday, February 26, with the commencement of that  
6 race meet so we have time to put it in place and get  
7 all the numbers adjusted in the system.

8 CHAIRMAN LICHT: Thank you.

9 Motion to approve this proposal?

10 COMMISSIONER SPERRY: So moved.

11 CHAIRMAN LICHT: Moved by Commissioner Sperry.

12 COMMISSIONER GRANZELLA: Second.

13 CHAIRMAN LICHT: Second by Commissioner  
14 Granzella.

15 All in favor.

16 COMMISSIONER LANDSBURG: Aye.

17 COMMISSIONER HARRIS: Aye.

18 COMMISSIONER SPERRY: Aye.

19 COMMISSIONER GRANZELLA: Aye.

20 COMMISSIONER BIANCO: Aye.

21 CHAIRMAN LICHT: Aye.

22 Opposed?

23 (No audible response.)

24 CHAIRMAN LICHT: Unanimously adopted.

25 Item Number 6 is the proposal to race

1 an additional day at Oak Tree that will overlap the  
2 last day of Fairplex.

3 MR. REAGAN: Commissioners --- John Reagan,  
4 CHRB staff.

5 As you recall last month, there was a  
6 request on the table regarding two days of overlap.  
7 It was indicated, perhaps, it was not legal. And  
8 that is, in fact, the case. Mr. Chilly Chillingworth  
9 of Oak Tree was going to get some legislation  
10 amendments, he hopes. He's also working to put the  
11 Breeders' Cup together.

12 And I'm sure he's here today to ask  
13 your support of this concept.

14 CHAIRMAN LICHT: Before we start, I think this  
15 is an example of the industry working together, that  
16 Fairplex and Oak Tree have really gone the extra mile  
17 to make sure the interests of both are protected and  
18 that California racing can prepare the best way  
19 possible to make an exemplary showing at the 2003  
20 Breeders' Cup by having prep races at Oak Tree and at  
21 the same time not impacting, in any negative way,  
22 Fairplex's meet. They should be commended for that.

23 Comments from anybody?

24 MR. CHILLINGWORTH: Sherwood Chillingworth,  
25 Oak Tree Racing. I wonder if William Henwood would

1 join me up here. As Joseph Chamberlain once said,  
2 "It's peace in our time."

3 COMMISSIONER LANDSBURG: Uh-oh.

4 MR. CHILLINGWORTH: Anyway, I'm pleased to  
5 announce that Pomona Fair Board has approved an  
6 agreement that -- and our board, Oak Tree Board has  
7 approved -- to run an overlapping race on Sunday,  
8 September 28th.

9 And we're also very appreciative of  
10 the fact that Los Angeles Turf Club, who had to be a  
11 party to this agreement, has accommodated us in this  
12 regard.

13 So it's been a long difficult  
14 negotiation, but I think we've all ended up where we  
15 ought to be. And I want to thank everybody involved  
16 in getting this accomplished.

17 Now we understand that we have to get  
18 additional approval from the California State  
19 Legislature. I've contacted every racing entity in  
20 Southern California. No one has any objection to it.  
21 I've talked to the TOC and the CTT. They're all in  
22 favor of it. And if there's no one against it, I  
23 can't see how we'll lose.

24 But when I talked to Marie Moretti,  
25 who is chairman of your Legislative Committee, and

1 Mr. Landsburg regarding our agreement, Marie was  
2 concerned that the governor might construe this to be  
3 a proliferation of gambling.

4                   And I tried to indicate to her that my  
5 opinion is that it certainly isn't. We're not adding  
6 a day. We're just overlapping a day. So we're  
7 sharing the wagering on that day. And it would  
8 benefit the State of California monetarily, which  
9 needs the money right now.

10                   I personally don't see any possibility  
11 of this thing not working. And we have to get your  
12 approval first. I talked to John Reagan.

13                   He tells me that normally we have to  
14 get the legislation first and then come to the Board  
15 second. But we have a problem with the ESPN, who  
16 wanted to know, by the end of this month, whether  
17 these dates were available. And, therefore, I'm  
18 suggesting that you approve this, conditioned upon  
19 our getting statutory approval and signing by the  
20 governor.

21                   One of the good things that's come out  
22 of this is that we will have -- if we do indeed get  
23 this extra day, we'll have two races -- two races  
24 shown nationally, prime time into the East Coast on  
25 ESPN. Then, on the following weekend -- October 4th

1 and 5th -- there will be three hours -- four hours of  
2 racing from Santa Anita nationally on NBC, ESPN, and  
3 CNBC.

4                   So I think it's a good move. It  
5 exposes California racing to -- nationally. And I  
6 know Commissioner Landsburg has been concerned about  
7 the NTRA not taking care of the West Coast. And  
8 they've come forth in spades here to give us five  
9 hours of racing time nationally.

10                   Jim, do you want to say something?

11                   MR. HENWOOD: Thank you, Chilly. It's Jim  
12 Henwood with Fairplex park.

13                   First of all, I'd like to thank Chilly  
14 for his great effort in trying to make this program  
15 work. He is serving our industry well by taking on  
16 what I identified as a very serious challenge in the  
17 concept of overlap and, rather than looking at the  
18 negative concept of how overlap can work, how can we  
19 derive a positive out of this?

20                   You, as a Board, I think, need to be  
21 really commended for your stalwart leadership and  
22 the steady hand that you've put into the subject  
23 because this is -- as you all know, it's a very  
24 serious issue anytime you discuss a concept of  
25 overlap and working with Fairplex park in making this

1 happen.

2 Mace Segal, I think, is the genesis of  
3 this. And I'd like to thank Mace publicly for his  
4 encouragement and forcing me to look personally at  
5 the positive side on how something like this has  
6 happened.

7 You're going to see some very unique  
8 racing the last day of Los Angeles County Fair and  
9 the opening day of Oak Tree this year. And we've  
10 come up with some very innovative concepts, thanks to  
11 Breeders' Cup and thanks to NTRA for their forward  
12 thinking and their innovative approaches to all of  
13 this to make this possible.

14 You're going to see a lot about the  
15 Los Angeles County Fair. We're very unique in  
16 California. We probably present horse racing,  
17 thoroughbred horse racing, as a venue, better than  
18 any other place in the United States through the  
19 composition of fair tracks that support so well  
20 thoroughbred racing in California.

21 And NTRA is going to be focussing on  
22 that in presenting the Los Angeles County Fair  
23 through statements of interest as we go through the  
24 summer and we build into our fair event and then have  
25 the opportunity of joining forces with Oak Tree and

1 LATC in presenting this exciting day of racing for  
2 us.

3                   So thank you very much for your  
4 ongoing support and commitment towards all that we do  
5 at the Los Angeles County Fair. Thank you.

6                   COMMISSIONER LANDSBURG: I think it's --  
7                   Chilly, I don't think you mentioned  
8 the fact that the overlap actually in numbers of  
9 hours will be very short.

10                   MR. CHILLINGWORTH: Originally we had the  
11 concept of we would start our races at 1:00 o'clock  
12 and they would start their races at 3:00 o'clock to  
13 kind of dispel the overlap. We've come to the  
14 conclusion we're best overlapped. And we will  
15 offset, by 15 minutes, our races with their races.

16                   The NTRA -- I know Pomona would like  
17 to be considered a larger member of the family of  
18 horse racing in the country. And they've agreed to  
19 do a -- what they call a "piece," whatever that is --  
20 maybe you know that better than I do -- featuring  
21 Pomona -- its history, how it began, what it stands  
22 for, what kind of races it has.

23                   And one of the things I came up with  
24 was an idea that we can pick out horses that have run  
25 at Pomona who eventually ran and ran well at

1 Breeders' Cup. And Jack Liebau happens to own one of  
2 those. So it was an easy sell.

3 CHAIRMAN LICHT: Okay. Thank you.

4 MR. CHILLINGWORTH: Anyway, we thank you very  
5 much.

6 COMMISSIONER LANDSBURG: Do we have to  
7 approve --

8 CHAIRMAN LICHT: No. What we're going to do  
9 is take a vote, just as an endorsement. We can't  
10 create law here, but we can show our support so that  
11 the legislature knows that the Horse Racing Board is  
12 in favor of this.

13 Do I have a motion to endorse --

14 COMMISSIONER HARRIS: Yeah. I'll move the  
15 Board commends all the parties to this innovative  
16 idea and encourages them to go forward with the  
17 legislative effort.

18 CHAIRMAN LICHT: Moved by Commissioner Harris.

19 Do we have a second?

20 COMMISSIONER BIANCO: Second.

21 CHAIRMAN LICHT: Second from Mr. Bianco.

22 All in favor?

23 COMMISSIONER LANDSBURG: Aye.

24 COMMISSIONER HARRIS: Aye.

25 COMMISSIONER SPERRY: Aye.

1 COMMISSIONER GRANZELLA: Aye.

2 COMMISSIONER BIANCO: Aye.

3 CHAIRMAN LICHT: Aye.

4 Opposed?

5 (No audible response.)

6 CHAIRMAN LICHT: Unanimously endorsed.

7 Okay. Item Number 7 has to do with  
8 restoration of full funding for year-round training  
9 at Fairplex. We met yesterday -- when I say, "we" --  
10 Commissioner Sperry and myself with various  
11 representatives of the industry -- and in an attempt  
12 to mediate some disputes.

13 We made some progress, enough to the  
14 extent that all sides have agreed to defer discussion  
15 of this until the next meeting. Hopefully they'll be  
16 able to make some kind of a resolution on their own  
17 and just look to us for confirmation.

18 But our next meeting, for those of you  
19 who don't know, is at Golden Gate Fields. And many  
20 of the people who came here to speak will be unable  
21 to appear at Golden Gate. So I would be willing to  
22 hear from a representative small group of people with  
23 respect to their testimony on this issue so that it  
24 is on the record. And I'd like to limit it, if  
25 possible, to people who will be unable to attend the

1 Golden Gate meeting and who have something that they  
2 feel is very relevant to say here today.

3 MS. CALVA: Good morning, ladies and gentlemen  
4 of the Board. My name is Gale Calva, C-a-l-v-a. I  
5 am the Stable Superintendent at Fairplex Park. We  
6 acknowledge that discussion of Item Number 7 has been  
7 pulled from today's agenda. We're hopeful that, with  
8 further discussion, full funding for training at  
9 Fairplex Park will be restored.

10 For the public record, thank you for  
11 your time to hear some short comments from people who  
12 support Fairplex Park.

13 Once again, my name is Gale Calva. I  
14 am the Stable Superintendent at Fairplex Park. I  
15 keep track of all trainers; their employees; and the  
16 movement of horses arriving, departing, and racing.  
17 I currently have 51 trainers with an uncountable  
18 number of owners; 57 grooms, hot walkers, and stable  
19 employees; 30 exercise riders and pony people. There  
20 are 10 night watchmen.

21 That translates into 148 stable  
22 workers, many of which have families to care for.  
23 Most of us take for granted having food on our tables  
24 while our stable workers, many times, barely make  
25 ends meet while paying for housing, food, clothing,

1 school for their children, and transportation.

2                   These workers are the true backbone of  
3 the industry. They do the dirty work in caring for  
4 the horses. And, of course, all trainers need  
5 exercise riders and pony people to train their horses  
6 on a daily basis. These workers do not need their  
7 lives disrupted again due to lack of funding for  
8 Fairplex.

9                   We are on the verge of war. Gasoline  
10 prices are sky high and getting higher. There's a  
11 constant threat from terrorists. Amidst all this,  
12 the workers at Fairplex are still uncertain about  
13 their day-to-day lives, jobs, and businesses.

14                   We feel the need to be near our  
15 families. We need the stability in our lives. And  
16 that stability will only come from full ten-month-a-  
17 year funding for Fairplex this year and every year.

18                   Thank you, Commissioners.

19                   (Applause.)

20                   CHAIRMAN LICHT: Thank you.

21                   MR. TAGGERT: My name's Ron Taggert. I  
22 represent the Stable Security from Fairplex, Union  
23 495.

24                   There's two areas that I would like to  
25 address that may not have been taken into

1 consideration if Fairplex is closed. The first is  
2 what I refer to as the "rippling effect." The  
3 closing of Fairplex will not only cause hardships on  
4 the union employees of Fairplex but also those  
5 working at Santa Anita, Hollywood Park, and Los  
6 Alamitos.

7                   For example, under the right-to-work  
8 clause in our contract, if I have the seniority, I  
9 can go to another racetrack and work. That means  
10 that the person with lesser seniority will be out of  
11 work. That person now becomes a burden on the State  
12 of California because he or she will have to draw  
13 unemployment.

14                   The second issue -- it may affect the  
15 union employee and their families for up to one year,  
16 that being the lack of health and welfare benefits.  
17 As I stated in my letter dated 1-23-03, which was  
18 sent to the Board, we are required to work a set  
19 number of days in order to receive our health and  
20 welfare benefits for the following year.

21                   For example, I'm required to work 185  
22 days before I am eligible to receive my benefits. If  
23 Fairplex was closed, I may not meet that  
24 requirement. That means that my family will not have  
25 the medical or dental coverage for at least one year.

1                   I can only hope that you take what I  
2   have said here today into consideration when you make  
3   your final decision on the Fairplex-funding issue.  
4   Thank you for giving me the opportunity to express my  
5   concerns here today.

6           CHAIRMAN LICHT: Thank you.

7                   (Applause.)

8           MS. SCOTT: Hello, Members of the Board. My  
9   name is Joy Scott. And I'm a jockey.

10          CHAIRMAN LICHT: Bring the mike down.

11                   Thank you.

12          MS. SCOTT: And I'm glad to be here today.

13   And the issue is Fairplex and training there and  
14   losing a month. And I just want to mention the  
15   quality of the surface there is superior to, in my  
16   opinion, any racetrack in California.

17                   I've ridden all of the racetracks in  
18   California except the bush tracks at Ferndale and  
19   Salinas. And there are -- it is a very kind surface.  
20   They trained through the storm this year. And  
21   although it's not a real winter track, they worked so  
22   hard on keeping that surface good, you know, so that  
23   people could go out on it with their horses during  
24   the storm.

25                   Just the effort is just tremendous

1 from the management there. And that, in itself, is  
2 a great thing to me. They really care. Now, I mean  
3 I love Oak Tree. I love --

4 Thank you, Oak Tree. Thank you, Santa  
5 Anita for taking care of me, supporting me when I was  
6 hurt at Los Alamitos. I just love racing here in  
7 Southern California. I wish I was doing more of it.  
8 Most of my clients are at Fairplex and are so good to  
9 me.

10 And the surface there is superior.  
11 And for young horses, especially, you know, with  
12 their problems with their ankles and just not  
13 developed yet, it's crucial. And you just see horses  
14 staying sound there. They certainly can't train as  
15 hard there. And they need to go over the big track  
16 and get their -- get ready their last part of  
17 training and get experience.

18 But it's quiet. And the surface is  
19 great. And you know that the main thing, the issue  
20 here is about short fields, not having enough horses,  
21 the expense of workman's comp, horses going down in  
22 front of me. I have experienced all this, to excess.

23 You know, I mean, at Los Alamitos,  
24 horses come there that maybe can't race or aren't  
25 allowed to race anywhere else. And they, you know --

1 they break their legs off in front of me. And it's  
2 happened way too often.

3                   And so it's really, really close to  
4 me -- the issue of soundness and the health and  
5 welfare of these animals. I love 'em, you know, I  
6 mean. And I'd just -- I like to see them stay  
7 healthy. And it's a great surface for horses to  
8 train on and stay healthy. Thank you.

9                   (Applause.)

10                  MR. DUNCAN: Good morning, Board Members.  
11 Leonard Duncan, trainer, Southern California.

12                   I'd just like to agree with Joy as far  
13 as the surface at the racetrack in Pomona. It's the  
14 best surface we have in Southern California,  
15 especially for developing young horses.

16                   And I'd also like to commend Pomona  
17 for reestablishing our training races. We lost those  
18 at Santa Anita for a couple of years prior to our  
19 two-furlong races. And I'm looking forward to  
20 running a number of horses there in March. And I  
21 have all the support from all my owners to continue  
22 training horses at Pomona as an off-site facility  
23 that I use for my "split barn." Thank you.

24                  CHAIRMAN LICHT: Thank you.

25                   (Applause.)

1           CHAIRMAN LICHT: I'd just like to, on behalf  
2 of the Board, again, urge Fairplex and SCOTWINC  
3 Stabling Committee to make a deal that's maybe not  
4 totally satisfactory to either of them but probably  
5 will be better for both of them than having the six  
6 or seven of us make the decision for you.

7                       So it really would be important to the  
8 industry to make some kind of a deal that allows  
9 everybody to be reasonably happy or unhappy, I guess,  
10 depending on how you see it.

11                      Any other comments?

12                      Okay. Thank you. Why don't we take a  
13 five-minute -- oh, I'm sorry.

14           MR. LEWIS: I'm sorry.

15           CHAIRMAN LICHT: Sure. It's okay.

16           MR. LEWIS: Sometimes I hesitate a little too  
17 long.

18           CHAIRMAN LICHT: No problem.

19           MR. LEWIS: Good morning. My name is Alan  
20 Lewis. And I'm Executive Assistant with Painters and  
21 Allied Trades District Council 36 here in Pasadena --  
22 basically the painters' union. And I just wanted to  
23 get on record today with the commissioners that we  
24 rise in support of Fairplex Park's request to restore  
25 their funding. I can't say it any better than what

1 these folks right here have already told you folks.

2 It needs to be done. Thank you.

3 CHAIRMAN LICHT: Thank you, Mr. Lewis.

4 (Applause.)

5 CHAIRMAN LICHT: All right. Why don't we take  
6 a five-minute break?

7 Oh, I'm sorry.

8 MS. HOUSER: I'll be brief. I'm actually  
9 going to miss next month's meeting so -- I'm Liz  
10 Houser, Director of the Division of Fairs and  
11 Expositions -- I want to publicly thank Commissioner  
12 Sperry, Commissioner Licht, and my friend Executive  
13 Director Roy Wood for working with Fairplex and  
14 SCOTWINC to try to reach an equitable resolution. We  
15 really appreciate your entire support. Thank you.

16 EXECUTIVE DIRECTOR WOOD: Thank you.

17 (Applause.)

18 CHAIRMAN LICHT: All right. Why don't we come  
19 back at 11:15?

20 COMMISSIONER LANDSBURG: 11:10.

21 CHAIRMAN LICHT: Eleven -- well, eleven --

22 (Break: 11:05 - 11:20 A.M.)

23 CHAIRMAN LICHT: Let's get started. We have a  
24 presentation from UC Davis. Will everybody take  
25 their seats. Okay. Everybody, please come to order.

1 We want to get started.

2 Alan.

3 COMMISSIONER LANDSBURG: Yeah. You're about  
4 to see an important film for integrity in racing.  
5 And just a moment about why it came into being: This  
6 Board went to Davis to see the work at UC Davis in  
7 the veterinary -- the veterinary-medicine area and  
8 drug-testing area.

9 Because we were impressed, the film  
10 that you're about to see had its genesis at that  
11 moment because of the way we felt as a Board and I  
12 personally felt about the work done there. I'll turn  
13 it back to you.

14 CHAIRMAN LICHT: Okay. We have Dr. Scott  
15 Stanley and our own Dr. Jensen here. I guess you  
16 guys will be putting -- oh, I'm sorry. Okay. Scott.

17 DR. STANLEY: Well, thank you all very much  
18 for inviting us here today and letting us show the  
19 video that we've produced. As Commissioner Landsburg  
20 had said, the basic idea is continuing education and  
21 an integrity piece to show a little bit about the lab  
22 for those people that can't actually get up there  
23 but, on that, I'd encourage anybody that would like  
24 to, from the industry, to come up and see our  
25 facilities.

1                   With me today is my director Dr. Alex  
2   Ardans, the Director of the California Animal Health  
3   and Food Safety Laboratory System, which is -- we're  
4   one of the -- one location in Davis. There's four  
5   other branch labs throughout the State of California  
6   involved in the production animal industry and food  
7   safety throughout the State.

8                   He's going to provide some  
9   acknowledgements for the video effort, and then we'll  
10  show the short piece here in a few minutes.

11                  DR. ARDANS: Well, thank you, Scott. I'm Alex  
12  Ardans, with the Animal Health and Food Safety  
13  Laboratory. We would just -- again, we very much  
14  appreciate the opportunity to come before you today  
15  and share this video presentation.

16                  We'd like to just take a moment to  
17  thank especially the Board for your direction, your  
18  guidance in this project, and especially Commissioner  
19  Landsburg 'cause we'd talked about this project for  
20  several years and it wasn't until he became the  
21  driving force behind this project that it actually  
22  took off. We very much appreciate the creative  
23  guidance and direction that he provided throughout  
24  this project for it.

25                  You'll see the special, the personal

1 touch that Commissioner Moretti adds to this video  
2 when it's shown. We were very fortunate to have,  
3 working with us, Pony Highway Productions. And it  
4 was both Robin Rosenthal and Bill "Yarrs" who  
5 provided, again, a very innovative approach to  
6 looking at this subject, which takes on the world of  
7 our chemistry laboratory and, to a lesser extent, the  
8 postmortem program that the Board instituted some 13  
9 years ago.

10 We can't overlook, though, that the  
11 funding for the this project was provided by  
12 Mr. Frank Stronach of Magna Entertainment  
13 Corporation. And we have a copy that we'd like to  
14 present to Mr. Liebau on behalf of Mr. Stronach.

15 And then, last, we'd just like to  
16 acknowledge -- he's no stranger to anyone, I'm sure,  
17 in this room -- we had the delightful narration of  
18 Trevor Denman throughout this video. And, again, we  
19 appreciate very much the opportunity to come before  
20 you today. Thank you.

21 (Educational video was shown: 11:24-11:41 A.M.)

22 (Applause.)

23 CHAIRMAN LICHT: Thank you. Very good  
24 presentation.

25 Alan.

1           COMMISSIONER LANDSBURG: Alex, I just wanted  
2 to say that, for those representing racing  
3 associations, the dissemination of this just helps  
4 the image of the industry in many, many ways. And I  
5 would hope you would take the opportunities to use  
6 this film in your various TV operations in pieces or  
7 all together.

8                         It's an important document, I think.  
9 And it speaks well for both racing and what we do  
10 within racing.

11           CHAIRMAN LICHT: It might --

12           COMMISSIONER LANDSBURG: I'm sorry.

13           CHAIRMAN LICHT: It might be a good idea for  
14 CTT and TOC to show it, as well.

15           COMMISSIONER LANDSBURG: It's free to use.  
16 And that's what it was designed to do. So it's only  
17 a matter of getting a copy for yourselves and showing  
18 it to your organizations.

19           CHAIRMAN LICHT: John, would you be interested  
20 in showing it?

21                         (No audible response.)

22           CHAIRMAN LICHT: How about Ed? Ed?

23           MR. HALPERN: Yeah. We'll arrange to show it  
24 at some of our meetings.

25           CHAIRMAN LICHT: Thank you.

1 DR. ARDANS: Again, thank you for allowing us  
2 to come before you. And I just -- I overlooked  
3 mentioning the work that Dr. Stanley does in  
4 directing this program. I think it was pretty  
5 evident here.

6 And, lastly, just take the opportunity  
7 to introduce the principals of the production crew  
8 that developed this, as they're here today -- Robin  
9 and Bill, if you could just stand.

10 (Applause.)

11 CHAIRMAN LICHT: Thank you, again.

12 Number 9: The Quarter Horse  
13 Association Track Surface study.

14 DR. JENSEN: Thank you, Mr. Chairman. I'm  
15 Dr. Ron Jensen, Equine Medical Director for the  
16 California Horse Racing Board. And this agenda item  
17 is just an informational item to make the Board and  
18 those members of the audience aware of a research  
19 project that's being conducted concerning track  
20 surfaces.

21 And it's a study that's funded by the  
22 American Quarter Horse association and it's involving  
23 researchers at the Colorado State University and  
24 veterinarians at that institution and a mechanical  
25 engineer from the University of Maine who happens to

1 have a considerable experience in sports surfaces.

2                   And even though it's conducted by the  
3 Quarter Horse Association, it has application to all  
4 tracks. And it also involved our Steve Wood and  
5 Dennis Moore, who are track superintendents at  
6 racetracks here in California.

7                   The purpose of the study is to develop  
8 instruments and techniques that will help determine  
9 what is the optimum racing surface for a particular  
10 racetrack and then to utilize that information and  
11 those instruments and those techniques to develop  
12 that optimum condition and then monitor it and  
13 maintain the racetrack to that optimum condition.

14                   Like I said, it's sponsored by the  
15 Quarter Horse Association, although it does have  
16 application to all racetracks. I think the bottom  
17 line is it's an attempt to put some science with the  
18 art of track maintenance. And Steve Wood is here to  
19 expand on it a little bit and answer any questions  
20 that you might have.

21                   MR. WOOD: Good morning, I'm Steve Wood. I'm  
22 from Santa Anita, Fairplex, and Del Mar. And I also  
23 take care of most of the California fairs. And I  
24 work for the Quarter Horse Association in conjunction  
25 with Dennis Moore.

1                   And we were hired to kind of derive  
2 some of the information. We were actually hired to  
3 go to specific tracks and try to update them. It's  
4 similar to the project that the Fair Association  
5 started here about seven or eight years ago.

6                   We're trying to get all the tracks  
7 that are basically kind of the same to use the same  
8 equipment and basically do the same thing so that a  
9 horse can go from track to track and it's very  
10 similar.

11                   Some of the quarter horse tracks back  
12 East and in Texas are maintained a little bit  
13 different. There's a lot of futurities and money  
14 involved. So they want to get 'em pretty much  
15 similar. We're trying to invent equipment that will  
16 test moisture, the rate of compaction when a horse's  
17 foot strikes the ground, how much concussion that is  
18 to his cannon bone, and how we can reduce it.

19                   And we're working with scientists.  
20 Dennis and I are kind of -- kind of provide the art  
21 form of what we do and try to make sense out of all  
22 that we find out. That's basically it.

23                   CHAIRMAN LICHT: When will the study be ready?

24                   MR. WOOD: We started on it actually in June  
25 of last year. We've gone to a couple tracks in

1 Texas. About a month ago, they came to Santa Anita  
2 with the engineer guy. And he took pictures of  
3 horses as they travel, how they strike the ground.

4 It's going to take probably six or  
5 seven months before we have any really valuable  
6 information.

7 COMMISSIONER HARRIS: I think this is really a  
8 good study -- I saw the presentation on it at the  
9 University of Arizona symposium -- because everyone  
10 complains about the tracks but we need the art and  
11 the science so maybe we could quantify it somehow  
12 where we could get everybody on the same page as to  
13 what particular problems exist and what the solutions  
14 and improvements are.

15 MR. WOOD: You guys would be surprised.  
16 There's a huge amount of this that's done by feel --  
17 huge. When you do so much of it, you can just walk  
18 on a track and, in ten feet, tell if it's going to be  
19 good for the majority of the horses. It will never  
20 solve a hundred percent of 'em because they're  
21 different ages. They're shod different. They're  
22 trained different. Bone structure's different.  
23 Everything is different with them.

24 If you are good for about 58 or 59  
25 percent of the horses, you're doing real well. So

1 it's hard work.

2 CHAIRMAN LICHT: Thank you, guys.

3 MR. WOOD: Thanks.

4 DR. JENSEN: Mr. Chairman, if I could, while  
5 I'm here, I'd just like to announce that, on Sunday,  
6 March the 9th, at Santa Anita, UC Davis and the TOC  
7 and other members of the racing community are  
8 sponsoring a seminar on West Nile virus. It's going  
9 to be after the races on March the 9th at Santa Anita  
10 at the Forerunner restaurant.

11 It's a pretty good program. As you  
12 know, West Nile virus is approaching California.  
13 Probably be here next year. So I think it's an  
14 invitation for anybody who's interested to come to  
15 that seminar.

16 And for those folks who live up in the  
17 Bay Area and around Sacramento, it's going to be  
18 repeated at UC Davis on the following Tuesday, which  
19 is March the 11th. And at the UC Davis presentation,  
20 they're going to provide lunch. So if anybody's  
21 interested in going, you need to notify either myself  
22 or Dr. Ferraro, and you're on. Thank you.

23 CHAIRMAN LICHT: Report on ADW.

24 MR. REAGAN: John Reagan, CHRB staff.

25 Commissioners, we wanted to present

1 you our monthly update for the ADW handle. Up to  
2 probably 200 million now, 197 million when this  
3 report was written a couple of weeks ago. We  
4 continue to see interest in ADW, a flattening of the  
5 percentage as of the total California handle. And we  
6 will, of course, continue to track this.

7                   Since I mentioned it last month, that  
8 we have worked closely with CHRIMS, the database for  
9 this. And we have been suggesting and working with  
10 them on some new programming that will allow more  
11 direct access to this data in the format that we're  
12 more used to using.

13                   And I think, in the next few months,  
14 we'll have reports where we can combine the  
15 traditional handle with the ADW handle and give you  
16 more accurate information as well as more complete  
17 information.

18                   CHAIRMAN LICHT: Any theories on  
19 cannibalization yet? I mean were you working on  
20 trying to come up with --

21                   MR. REAGAN: I think we're seeing some  
22 cannibalization now. Yes.

23                   CHAIRMAN LICHT: But I mean any kind of way to  
24 try to quantify it? Have you come up with any kind  
25 of mathematical --

1 MR. REAGAN: Not yet.

2 CHAIRMAN LICHT: -- formula or any kind of --

3 MR. REAGAN: No. No.

4 CHAIRMAN LICHT: I assume you're still working  
5 on that?

6 MR. REAGAN: Yes, we are.

7 COMMISSIONER HARRIS: On your track reports --  
8 I'm going to look at them later -- is ADW on there?

9 MR. REAGAN: No, it's not, Mr. Harris. Once  
10 again, we have complete handle information. But the  
11 distributions and the assigning of that handle to  
12 various race meets has been problematic. And this  
13 new software that we're supposed to have by the end  
14 of next week -- probably early March -- we believe  
15 will address those issues.

16 When that software's available, myself  
17 and my staff will work with CHRIMS to back-test that  
18 to make sure it is accurate. And then we can start  
19 producing the numbers when we're sure of their  
20 accuracy.

21 CHAIRMAN LICHT: Any other comments?

22 Thanks, John.

23 COMMISSIONER LANDSBURG: Just -- I'm sorry --  
24 I didn't -- we had been discussing -- and I thought  
25 it was for January or February -- a breakout of a

1 source of bets in California by post -- by ZIP code.

2 Has that been undertaken or --

3 MR. REAGAN: It is being undertaken, Mr.

4 Landsburg. When we undertook that program --

5 undertook that process, we found numerous errors in

6 the ZIP code system. And it caused a great deal of

7 concern. And, in fact, we have been working recently

8 with the hubs to make sure that their data is good

9 and that it's interpreted correctly at CHRIMS.

10 But I think we're much closer to that.

11 But it's surprising the number of changes that are

12 made by some of the customers and we've had to

13 address the changes in the customers and their ZIP

14 codes and the fact that, in some cases, that was

15 causing too much data to be adjusted backwards. And

16 we're now locking that as we move forward.

17 COMMISSIONER HARRIS: I think this is

18 important because it depends on where that money, the

19 purse money, all goes between the North and the South

20 since there's a lot of fallout of that.

21 MR. REAGAN: Absolutely.

22 CHAIRMAN LICHT: Thank you, John.

23 Next item is the report on some of the

24 race meets that we've recently completed at "Los Al."

25 MR. REAGAN: Yes, Commissioners. We have Los

1 Alamitos, Capitol Racing, and the Churchill Downs  
2 Fall operating. All of these meets have minus signs  
3 in front of them.

4                   And I think in the case, for instance,  
5 of Los Alamitos -- they simply had a lot more days  
6 for the year. They increased their total number of  
7 days from 180-ish to over 200. And I think that  
8 simply caused the averages to be lower. And we see a  
9 lot of negative signs there.

10                   Capitol Racing is still doing well in  
11 Sacramento, although they've also added a number of  
12 days, so that we're simply seeing the handle  
13 stretched over more days.

14                   And in the case of Hollywood Park,  
15 some weather as well as, I think once again,  
16 starting-season cannibalization. And when we combine  
17 the ADW in with the traditional handles, hopefully  
18 we'll be able to get a better feel as to where we  
19 really stand.

20                   COMMISSIONER LANDSBURG: What has the impact  
21 been on the night television of racing from -- or the  
22 TVG television of racing from "Los Al," if any?

23                   MR. REAGAN: I don't have anything on that,  
24 Mr. Landsburg.

25                   COMMISSIONER LANDSBURG: I'd like you to

1 question this for our next meeting, if you would.

2 MR. REAGAN: I sure will.

3 CHAIRMAN LICHT: Any other comments,  
4 questions? Okay.

5 The next item is TOC's legislative  
6 agenda. One thing I would like to just preface this  
7 report is to say that we are certainly open to  
8 hearing the legislative agenda of all racing-related  
9 groups and that it shouldn't be taken as any kind of  
10 a way of prejudice toward TOC.

11 But I think that our legislative  
12 people -- our committee of Alan and Marie -- feel  
13 that it's important that the whole industry be  
14 unified in our presentation of requests from the  
15 government. And we want to hear what TOC is all  
16 about.

17 MR. VAN DE KAMP: Thank you very much, Mr.  
18 Chairman.

19 Our board met a couple of months ago  
20 to talk about its priorities legislatively for the  
21 year. And I think I can just say preliminarily that  
22 we are very concerned -- and I think the entire  
23 industry is concerned -- about what is happening  
24 elsewhere. What I mean by that is that we see the  
25 potential for slots in New York, Maryland, Kentucky,

1 Florida perhaps. Louisiana has them.

2                   And with the arrival of slots in those  
3 states, in their various stages in terms of their  
4 legislation, are potential shifts in terms of purse  
5 revenues that would be as much as double what we pay  
6 out here in California and Southern California  
7 particularly. It's not beyond sight to have 850,000  
8 to a million dollars a day in payouts at the major  
9 tracks once slots gets in place in some of those  
10 major racing states.

11                   With that in mind, we are in an  
12 evolving process, developing strategies to try to  
13 bring slots or video lottery terminals here to  
14 California. No legislation has been introduced yet.  
15 All of us inside the industry are working together at  
16 meetings and studies.

17                   And the direction that we go could be  
18 in a number of different ways -- doing nothing in  
19 terms of legislation or the initial process; using  
20 one or two of those methodologies to get there to  
21 make sure that California's competitive.

22                   We'll keep you apprised as we get  
23 along. There's a lot of underbrush that has to be  
24 worked through at the beginning of this. And as you  
25 might understand, there are political sensitivities

1 in many different directions.

2 Unquestionably, however, the  
3 competition from elsewhere that is looming, as well  
4 as the need in California for revenues, may provide  
5 an alignment of the stars that was not there a couple  
6 of years ago to see that this could possibly happen  
7 to the betterment of the industry in California.

8 Part of this is defensive. But, you  
9 know, part of this is to make sure that we can do a  
10 lot better financially within the industry for  
11 owners, trainers, everyone involved in the industry,  
12 as well as the tracks, than we've been able to do in  
13 the last few years. So that's Number 1.

14 Number 2: There's been a major  
15 concern on TOC's part, over the last number of years,  
16 about what happens to retired racehorses. And I  
17 think, if you've seen the work that's been done by  
18 Pegasus, by Surf -- now Tranquility Farms -- you'll  
19 see that every one of those organizations has been  
20 struggling for funding to take care of racehorses  
21 that basically have no homes and in the past might  
22 have been headed for the slaughterhouses in Texas.

23 We passed an initiative a couple of  
24 years ago with TOC's support that would prohibit the  
25 transportation of horses for slaughter or sale for

1 purposes of slaughter. And indeed, just in the last  
2 few days, there's national legislation that has been  
3 introduced in Congress along the same lines.

4                   Now, with that happening, there's an  
5 increased need for providing support for these kinds  
6 of farms and resources, not only in Southern  
7 California but in Northern California as well. And  
8 so we will be introducing legislation. I believe it  
9 is in -- I don't have the bill number yet; Ron  
10 Blonien is not here today to provide that -- but a  
11 measure that would dedicate an additional 20 percent  
12 of the charity funds to those charities which care  
13 for retired racehorses.

14                   Again, there are a number of excellent  
15 organizations in the State that provide that kind of  
16 care. They need help, and this is a way of providing  
17 upwards to about \$200,000 a year to help those  
18 facilities.

19                   The third thing I'd mention to you  
20 today is the need to expand access to our product.  
21 We have some 35 facilities now, mostly at fairs, in  
22 the North particularly, which provide satellite  
23 facilities where people can participate in the action  
24 on our races.

25                   Unfortunately, because of the way the

1 bill was structured originally, some of these  
2 facilities are in outlying places, not in the most  
3 desirable places. We believe that there's a lot more  
4 that can be done in certain areas with respect to the  
5 location of satellite facilities.

6                   And so the bill that we'll introduce  
7 will authorize any fair or racing association to site  
8 a satellite-wagering facility off the fairgrounds,  
9 provided that they find that this is in the best  
10 interest of horse racing.

11                   This would be subject, I think, to  
12 Board approval -- this Board -- which means that --  
13 let's say, you're in Redding, for example. You know  
14 the fairgrounds is located around the outskirts.  
15 They could, if they wanted, locate a facility closer  
16 to town.

17                   I think in the San Fernando Valley,  
18 quite a distance from here -- there is a fair area  
19 out there that could really serve a very large part  
20 of the basin's population.

21                   San Francisco. I mean can you imagine  
22 having a satellite facility in Chinatown? We think  
23 that there's a market out there that is, as yet,  
24 untapped where, with evaluation, could really serve  
25 the industry very well. So the purpose of this

1 legislation will be to expand the opportunities to go  
2 beyond the facilities that we have today.

3                   Not included yet, but possibly down  
4 the line would be to -- and I'm sure other  
5 associations would be similarly interested -- is  
6 certainly the notion that the races that we bring in,  
7 let's say, to the track and to basically the SCOTWINC  
8 and NOTWINC facilities be at least on a par with what  
9 ADW can bring in.

10                   There's this great disparity between  
11 the 23 races that you have today that you can bring  
12 in and what ADW could bring in, which is unlimited.  
13 That is not our highest priority, but I think it's  
14 something that we'll be looking towards.

15                   I think that covers the main areas.  
16 If you have any questions, I'd be glad to answer  
17 them.

18                   COMMISSIONER LANDSBURG: John, on the  
19 legislative, I just have a comment. The idea that  
20 we're going to survive on slot machines, as the next  
21 White Knight to save racing, is bad news at best and  
22 worse news because, I guess, crap tables follow along  
23 with "21" tables. And then we'll be a gambling hall.

24                   I just bring it up because I don't  
25 know any other White Knights, but we've used up about

1 every other area of leverage we can use up except to  
2 embark on programs that bring people into the tracks.  
3 And nobody's been able to solve that problem. I  
4 don't pretend to have the solution to it.

5 I wanted to ask you a question,  
6 John --

7 MR. VAN DE KAMP: Could I just respond to  
8 that, though?

9 COMMISSIONER LANDSBURG: Sure.

10 MR. VAN DE KAMP: I'm personally not a great  
11 fan of slots and so forth. And I understand certain  
12 of your reservations. But if you look at what  
13 happens at Hoosiers and Mountaineer Park and the  
14 places where they are, we know that they are taking  
15 horses away and have taken away horses from Northern  
16 California.

17 And we know that, when it gets to the  
18 big racing states, when it gets to the numbers I've  
19 talked about, we have a real problem. I think we'd  
20 better address that now before we lose our industry.

21 COMMISSIONER LANDSBURG: I say it's another  
22 White Knight. I understand that, John. We've had  
23 White Knights -- I mean that was what simulcast was  
24 to do for us and that's what ADW was to do for us.  
25 And now it's "Racinos." I just -- I feel a failing

1 heartbeat. And that's what I'm worried about.

2                   Who monitors, if anybody, the efforts  
3 of the retired-horse farms? It seems to me it's a  
4 black hole. Does anybody monitor the way in which --  
5 if we're going to promote 20 percent more of our  
6 charitable dollars going to them, I wonder who's  
7 going to monitor that process and those people.

8                   MR. VAN DE KAMP: I would imagine there would  
9 be grant requests and proofs of what they're doing in  
10 their policies that would probably come to this Board  
11 in terms of the amounts that would be dedicated to  
12 those kinds of facilities.

13                   COMMISSIONER LANDSBURG: I just think --

14                   MR. VAN DE KAMP: Today there's no  
15 governmental monitor. I'm sure there are different  
16 standards that they use at each one of them. But I  
17 think it's a need we have to start addressing. This  
18 is one place where we can do it.

19                   COMMISSIONER LANDSBURG: I think I'd like to  
20 just know who's going to oversee what's happening  
21 because there are cases that I've heard about,  
22 although not witnessed personally, of crude  
23 manipulation of funds and the events that go on at  
24 the farms.

25                   I just want to be sure that someone,

1 somewhere -- I don't know whether this Board has that  
2 purview -- but someone, somewhere is monitoring how  
3 these dollars are being spent. That's all.

4 COMMISSIONER HARRIS: I might comment on the  
5 "slot-DLT" proposal. I agree. We need more revenue,  
6 anywhere we can find it. I've got some reservations  
7 that that's really the way to go. I know it has  
8 worked in other states. Some of the big states  
9 haven't really tried it yet.

10 I'm concerned, in a way, it might be a  
11 White Knight; but it might be more of a "Fatal  
12 Attraction" in that we get it and racing becomes such  
13 a sideshow that it is sort of irrelevant. And the  
14 State is really short on money. And they would wake  
15 up one day and say, "Why do we even need racing?  
16 Let's put all these funds into something else."

17 And at that point, we've really lost  
18 our real racing. So what's disappointing is, in  
19 these states that have tried it, they haven't --  
20 they've increased purses because of the slot revenue  
21 but they haven't really built their fan base because  
22 the hope that people coming in to play the slots are  
23 staying to play the races hasn't really materialized.

24 I'd like to have something that we  
25 really thought was really helping racing. But just

1 as far as the mechanics of it, do you feel it would  
2 take an initiative? Or could it be done  
3 legislatively?

4 MR. VAN DE KAMP: Well, I don't want to get  
5 into that here today publicly. Those are issues that  
6 are being discussed.

7 COMMISSIONER HARRIS: I mean constitutionally,  
8 as I understand, the California constitution  
9 prohibits gambling other than, I think, racing was an  
10 initiative to get that done and the Indian deals have  
11 been sovereign nation. But I don't know. I would  
12 presume it would take an initiative, but I'm not  
13 sure.

14 MR. VAN DE KAMP: It's a very complex,  
15 complicated series of legal issues that are involved,  
16 Mr. Harris. And, you know, what you say, I think, is  
17 one possibility. And certainly an initiative process  
18 is not being thrown out as a potential.

19 But there are several different  
20 avenues that are being explored right now. And  
21 certainly the industry is coalescing to try to devise  
22 a program that would work and then using the right  
23 kind of legal apparatus to get there.

24 CHAIRMAN LICHT: Chilly has a comment there  
25 behind you.

1 MR. CHILLINGWORTH: Well, I want to respond --

2 Sherwood Chillingworth, Oak Tree.

3 I want to respond to your comment,  
4 Mr. Landsburg, about who monitors the effectiveness  
5 of these rescue operations, to put a broad brush on  
6 them. And we contribute to all of the organizations  
7 that John mentioned.

8 And we require a grant application to  
9 begin with. Then we require an annual report of  
10 what's taking place. We send people out --  
11 knowledgeable people out -- to drop by and look at  
12 some of these --

13 COMMISSIONER LANDSBURG: Great.

14 MR. CHILLINGWORTH: -- these ranches. We've  
15 discovered a couple questionable practices. And  
16 we've conditioned our funding in the future on their  
17 correcting those, and they have. So I know we need a  
18 governmental regulatory body. But we're filling the  
19 gap in the meantime. Thank you.

20 COMMISSIONER LANDSBURG: Well, I don't know  
21 whether we need the government. But thank you for  
22 the fill-in. I just didn't know who -- my question  
23 was -- and you've answered a part of it -- that you  
24 do monitor yours. I don't know about other proceeds  
25 that go to other farms and the like.

1           CHAIRMAN LICHT: Thank you.

2           MR. KORBY: Chris Korby, California Authority  
3 of Racing Fairs. We'd just like the Board to know  
4 that we had conversations, going back probably a  
5 month or longer, with representatives from the TOC  
6 about the specific legislative item that John was  
7 addressing, allowing fairs to operate satellite-  
8 wagering facilities off their fairgrounds.

9                         We think that lifting the restriction  
10 that limits them to just the fairgrounds may create  
11 opportunities that were not otherwise available that  
12 would serve the interests of the fairs and the racing  
13 industry. So we look forward to working with him on  
14 that. Thank you.

15           COMMISSIONER HARRIS: In Northern California,  
16 I thought that there was a procedure wherein San  
17 Francisco -- whatever the fair is there -- could do a  
18 facility, and they've never done it. What's the  
19 background on that?

20           MR. KORBY: That is correct. And we are  
21 making efforts in that direction to see about  
22 developing a satellite facility in San Francisco.  
23 And speaking just a little further on that point,  
24 there are a number of fairs that are presently  
25 allowed to have a facility off their fairgrounds --

1 I believe it's five; it may be four -- presently.

2                   Each of those fairs have been allowed  
3 to do so under separate legislation. And what we're  
4 proposing is that we look at that precedent and allow  
5 fairs statewide to do the same.

6                   COMMISSIONER HARRIS: Yeah. My problem is  
7 that it hasn't really happened. And I agree that  
8 it's a good idea. We need to expand the satellites.  
9 But somehow we need to also encourage the ones that  
10 can do it to do it.

11                   MR. KORBY: We agree. Thank you.

12                   MR. STEFFANELLI: Ask me.

13                   MR. LIEBAU: With respect to the San Francisco  
14 situation, there is legislation that allows for three  
15 satellites to be established in San Francisco that  
16 can be a joint venture made up of Bay Meadows, Golden  
17 Gate, and the Cow Palace. We've worked quite  
18 extensively on all that. And we're, in fact, close  
19 to putting a satellite into Chinatown in San  
20 Francisco.

21                   And it was then determined that,  
22 during an election year, that the addition of  
23 gambling might corrupt the citizens of Chinatown  
24 and --

25                   (Laughter.)

1           MR. LIEBAU: No. Seriously. It was by the  
2 very mayor who sponsored the legislation in the  
3 assembly to get the three satellites to San Francisco  
4 but did not then approve of us putting one in  
5 Chinatown.

6                       So I think the lesson to be learned is  
7 that not only do we need the legislation but we need  
8 the sanctioning by the local governmental entity to  
9 be able to put the satellites into their respective  
10 jurisdictions.

11           CHAIRMAN LICHT: Okay. Any other comments?

12           MR. STEFFANELLI: Is it appropriate for me to  
13 say something?

14           CHAIRMAN LICHT: Yes.

15           MR. STEFFANELLI: Hello. My name is Leonard  
16 Steffanelli. I'm a member and the vice president of  
17 the Cow Palace in San Francisco. And I don't mean to  
18 dispute Mr. Liebau's intentions there. We've been  
19 offering for years to put a satellite at the Cow  
20 Palace.

21                       We have adequate parking. We have  
22 facilities to accommodate anything that the State  
23 might provide. But Mr. Liebau, for whatever reason,  
24 has vetoed putting it there, preferably for a site  
25 down in Fisherman's Wharf. We went with

1 Mr. Andrini, another member of the board, and looked  
2 through satellite areas possibly at Fisherman's  
3 Wharf, at the wax museum, and places like that.

4                   And he is right. The City doesn't  
5 want -- does not necessarily want a lot of gambling  
6 facilities in the City. But the Cow Palace is able  
7 and willing to accommodate a facility. It has  
8 parking. And we believe that it would open up a  
9 whole new area of opportunity for people to come out  
10 from the south -- I guess the south side of San  
11 Francisco to come into that area.

12                   So the Cow Palace is ready to do that.  
13 And all we need is a go-ahead from Mr. Liebau. Thank  
14 you.

15                   CHAIRMAN LICHT: Thank you.

16                   Any other comments or -- okay.

17                   We'll move on to Alan Landsburg making  
18 a report on the Pari-Mutuel Operations Committee.

19                   COMMISSIONER LANDSBURG: Pari-Mutuel  
20 Operations Committee met yesterday. One of the  
21 subjects we undertook was the stop-betting signal.  
22 And after much discussion, it was determined that, at  
23 the moment and until we get further results, we will  
24 stay status quo with the stop-betting signal that  
25 we've had in the past.

1                   We examined and moved forward to  
2 45-day Notice a bet called "Bet the Odds." It was  
3 suggested by some people that we are carving new  
4 ground. It was suggested by others that we are  
5 simply confusing an already confused picture.

6                   However, it will move forward for a  
7 45-day Notice. And this Board will have an  
8 opportunity to review it.

9                   For those of you who don't know what  
10 "Beat the Odds" are, it is a wager that can be made  
11 on one or all races or some races. It is a wager in  
12 which you are betting against the favorite in  
13 selecting a horse that can beat the favorite. And if  
14 that horse does beat the favorite, you will get a  
15 number of points equivalent to the pari-mutuel payoff  
16 dollars.

17                   If it's a \$4 payoff, you get 4 points,  
18 et cetera. You accumulate points. And whoever  
19 accumulates the most points wins the pot. And if  
20 there's no winner to the pot -- which I don't  
21 understand but it will obviously be made clear in the  
22 further discussion of this -- it will be carried  
23 over.

24                   So we are moving forward at a snail's  
25 pace with "Beat the Odds."

1                   We received a rather dismal report  
2 from the ADW sources, who continue to make promises  
3 for grand marketing and grand expansion of their  
4 signal and particularly their television picture and  
5 cannot live to those promises.

6                   Finally, I suggested -- and  
7 Mr. Baedeker of Hollywood Park was kind enough to  
8 support -- an idea of creating a short film, much  
9 shorter than the one you saw today, which would help  
10 belay the perception that there is past-post betting  
11 in California racing and will set out to make that  
12 film in the next few weeks.

13                   And that's the report, sir.

14                   CHAIRMAN LICHT: Thank you.

15                   Any comments or questions? Okay.

16                   Before we get to general business, I'd  
17 like to have a sort of somber statement. A man named  
18 Charles Harmon, known as Chuck Harmon, who was the  
19 Executive Secretary of the Horse Racing Board --  
20 which was the equivalent of the Executive Director in  
21 those days -- passed away recently.

22                   It's my understanding that he served  
23 the State for a long time. He was Administrative  
24 Assistant with the State Industrial Accidents Board.  
25 He'd been Assistant Secretary of the State Utilities

1 Commission and then finally the Executive Secretary  
2 of the Horse Racing Board for 15 years, from 1960 to  
3 1975. And it's with sadness that we honor him and  
4 note his passing.

5 Any general business?

6 COMMISSIONER LANDSBURG: Roger -- I'm sorry --  
7 I forgot to add one item, just one quick one.

8 On the business of creating a  
9 perception-correcting film, we're going to prepare a  
10 questionnaire for pari-mutuel -- heads of pari-mutuel  
11 departments at all racetracks just so that we have  
12 the proper information flow for that film.

13 And John Reagan will be coordinating  
14 the dispersal and collection of those questionnaires.  
15 Thank you.

16 CHAIRMAN LICHT: Any general business?

17 COMMISSIONER HARRIS: We haven't had a  
18 Medication Committee meeting recently. So we're  
19 going to schedule one in the next month or so. So if  
20 anyone has any agenda items they'd like to have  
21 included, keep that in mind.

22 CHAIRMAN LICHT: And also in connection with  
23 that, the Stewards Committee is working diligently  
24 with the TOC. And we'll be having a meeting to  
25 address some of the issues that we all have been

1 considering regarding the stewards.

2 Any old business?

3 COMMISSIONER LANDSBURG: Yes. One piece. For  
4 three years now, I have specifically recused, because  
5 of a past association with YouBet, from participating  
6 in the YouBet discussions. I have no economic  
7 interest. I have no continuing interest of any  
8 economic viability or even nonviability.

9 I have simply no interest. And,  
10 therefore, I would publicly like to state that I will  
11 no longer recuse from discussions of YouBet unless  
12 there is a specific objection from anyone involved.  
13 Thank you.

14 CHAIRMAN LICHT: Thank you, everybody, for  
15 coming. See you at Golden Gate Fields.

16 (Proceedings concluded at 12:18 P.M.)

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REPORTER'S CERTIFICATE

I, NEALY KENDRICK, a Certified Shorthand Reporter in the State of California, do hereby certify:

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

IN WITNESS WHEREOF, I have hereunto subscribed my name this 4th day of March, 2003.

---

NEALY KENDRICK  
CSR 11265

