

MEETING

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:                    )  
  )  
Regular Meeting                        )  
  )

LONGCHAMPS ROOM

BAY MEADOWS RACETRACK

2600 S. DELAWARE STREET

SAN MATEO, CALIFORNIA

THURSDAY, MARCH 22, 2007

9:30 A.M.

Reported by:  
Richard A. Friant

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMISSIONERS

Richard B. Shapiro, Chairperson  
John C. Harris, Vice-Chairperson  
John Amerman  
John Andreini  
Marie Moretti  
Jerry Moss

STAFF

Ingrid J. Fermin, Executive Director  
Jacqueline Wagner, Staff Services Manager I  
Derry L. Knight, Deputy Attorney General  
Dr. Rick Arthur, Equine Medical Director  
Richard Bon Smith

ALSO PRESENT

Peter W. Tunney  
Charlie Dougherty  
Tom Bachman  
Richard Castro  
Eual Wyatt  
Ron Charles  
Jack Liebau  
Bernie Thurman

APPEARANCES CONTINUED

ALSO PRESENT

Jerry Hollendorfer

Tom Martin

Jim Duval

Armando Lage

Brian Pitnick

O.J. Jauregui

William E. Morey

Lee Hall

Jerry Jamgotchian

Tom Bachman

Ed Halpern

Rick Pickering

Joe Barkett

Corey Oakley

Dave Stillwell

Marsha Naify

Dr. Scott Stanley

Darrell J. Haire

Kim Walker

Kirk Breed

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1 PROCEEDINGS

2 EXECUTIVE DIRECTOR FERMIN: Ladies and gentlemen,  
3 will the meeting please come to order. This is a regular  
4 meeting of the California Horse Racing Board on Thursday,  
5 March 22nd, 2007, at Bay Meadows Race Course, 2600 South  
6 Delaware Street, San Mateo, California.

7 Present at today's meeting are Chairman Richard  
8 Shapiro, Vice-Chairman John Harris, Commissioner John  
9 Amerman, Commissioner John Andreini, Commissioner Marie  
10 Moretti, and Commissioner Jerry Moss.

11 Before we go into the business meeting, I'd like  
12 to remind everyone to please state your name clearly before  
13 you address the Board, so that the court reporter can make  
14 sure that all of the information is correct.

15 Mr. Chairman.

16 COMMISSION CHAIRPERSON SHAPIRO: Thank you and  
17 good morning to everybody.

18 We did have a Medication Meeting that preceded  
19 this meeting and for anybody that was watching, I understand  
20 that the audio was either not available or hardly audible,  
21 so I hope that this time we have audio and it doesn't look  
22 like we're just a bunch of talking heads without voices.

23 The Board invites comments from the public about  
24 items on its agenda. It also invites public comment about  
25 items not on the agenda, that are relevant or related to

1 horse racing, during an open comment period.

2 In order to assure that each individual who wishes  
3 to comment will have an adequate opportunity to do so, and  
4 also to assure that the meeting as a whole will be completed  
5 in a timely manner, so that individuals wishing to comment  
6 on multiple matters will not be required to stay for an  
7 unreasonable length of time, I will strictly enforce a five-  
8 minute time limitation for each person wishing to speak on  
9 any agenda item.

10 The goal of this rule is to assure that each  
11 person's right to make their views known is not disrupted by  
12 another person's conduct.

13 In order to expedite the comment process, there's  
14 a public comment card with -- it looks like this -- for each  
15 agenda item on which public comment will be taken, as well  
16 as a sheet or a comment card, actually, for about anything  
17 related to horse racing that is not on the agenda.

18 The sheets are located over in the back there.  
19 Jackie, by the podium is there --

20 STAFF SERVICES MANAGER WAGNER: Yes, they're right  
21 here by the chair.

22 COMMISSION CHAIRPERSON SHAPIRO: Okay, on a chair  
23 back there.

24 Please print your name legibly so that I do not  
25 mangle it.

1           Just prior to our discussion of the item, the  
2 comment card shall be brought to me. After initial  
3 statements from staff and interested parties I will ask for  
4 public comment. When I call your name, please come to the  
5 podium to speak. I will let you know when your time has  
6 commenced, when there is one minute left and when your time  
7 is up.

8           When your time is up you will be expected to  
9 return to your seat so that I may call the next person  
10 waiting to the podium.

11           When all the names have been called, I will ask if  
12 anyone else has a comment on the agenda item, who has not  
13 already spoken. At that point the Board will not take any  
14 further comment on an item unless the Board has specific  
15 questions it wishes addressed.

16           If the time is up, I will ask the speaker to  
17 please take his or her seat. If it appears that a speaker  
18 is repeating what has previously been stated, I will ask the  
19 speaker if he or she has any additional comments to make.  
20 If not, I will ask the speaker to allow the next speaker to  
21 come to the podium irrespective of the time remaining,  
22 unless a Board member indicates that he or she still wishes  
23 to hear from that individual.

24           If it appears that a speaker is not speaking to  
25 the agenda item, or is speaking to another agenda item, I

1 will ask that speaker to please return to his or her seat  
2 and address his or her comments at the appropriate time.

3           Having said that, I think we can move forward  
4 towards the agenda. I do ask that anybody that is speaking  
5 please state their name clearly for the court reporter, so  
6 that it is on the record.

7           The first item on our agenda is approval of the  
8 minutes of the regular meeting of February 22nd, 2007. Does  
9 the Board have any comments?

10           COMMISSIONER HARRIS: I had a couple comments.  
11 Actually, these minutes are very well done. I'm not sure  
12 who actually does these, but it's got to be a big task and  
13 they're very well done.

14           But I did have a couple of things that were  
15 misstated somewhat. On page 1-5 we were talking about the  
16 coupled -- or uncoupled entries, which we basically approved  
17 for the quarter horse, or for Los Alamitos to go forth in  
18 uncoupling entries, if they so wished.

19           But I made a statement there that reflected, it  
20 said, "he commented thoroughbred owners often own 100  
21 percent of both horses of an entry, but quarter horse racing  
22 there are often multiple ownerships."

23           Actually, I think what I was trying to say is in  
24 both quarter horse and in thoroughbreds, probably more in  
25 thoroughbreds there are more partnerships with different,

1 even though there are similar ownerships in an entry,  
2 they're not mirror images.

3           And my thought has always been that if it was not  
4 a mirror image, there should be some latitude to uncouple  
5 the entry. So just to clarify what I said there, I was  
6 talking about thoroughbreds and quarter horses, oftentimes  
7 there are multiple partnerships that create the entry issue.

8           Also on page --

9           COMMISSION CHAIRPERSON SHAPIRO: So we'll have  
10 staff make that change.

11           COMMISSIONER HARRIS: Yeah, they can make that  
12 change.

13           COMMISSION CHAIRPERSON SHAPIRO: Thank you.

14           COMMISSIONER HARRIS: Also, on page 113, about the  
15 middle of the page it says, "Mr. Smith said in 2004 that  
16 monies funded 21 percent of the cost." This is talking  
17 about the jockey insurance issue, health insurance. Where I  
18 think that that, as I understand it, would give them about a  
19 million dollars a year that they're -- a million dollars a  
20 year going to fund the health insurance, and that is far  
21 more than 21 percent of the cost of the California program.  
22 I think the 21 percent number might have been a national  
23 number, or something, but we need to go back and maybe look  
24 at the transcript and see what the intent really was.  
25 Because somebody looking at this years from now might not

1 understand how it worked. So with that said, I'll --

2 COMMISSION CHAIRPERSON SHAPIRO: Well, I don't  
3 know if anyone years from now is going to look that up, but  
4 in case they do perhaps, Bon, if you could just clarify that  
5 in the record, it would be appreciated.

6 Are there any other comments, changes, or  
7 corrections?

8 If not, I'll entertain a motion to accept the  
9 minutes as amended.

10 COMMISSIONER MORETTI: So moved.

11 COMMISSION CHAIRPERSON SHAPIRO: It's been moved.  
12 Seconded?

13 COMMISSIONER MOSS: Second.

14 COMMISSION CHAIRPERSON SHAPIRO: Seconded. All in  
15 favor?

16 (Ayes.)

17 COMMISSION CHAIRPERSON SHAPIRO: Okay, the minutes  
18 are approved.

19 Item Number 2 on the agenda is the discussion and  
20 action by the Board on the application to conduct a horse  
21 race meeting of the Pacific Racing Association, at Golden  
22 Gate Fields, from April 25th to June 10th, 2007.

23 Perhaps Jackie Wagner, CHRB staff, would like to  
24 comment.

25 STAFF SERVICES MANAGER WAGNER: Thank you,

1 Commissioner. Jackie Wagner, CHRB staff.

2 The application before you is from the Pacific  
3 Racing Association. They have filed their application to  
4 race from April the 25th through June the 10th, which is 37  
5 days. They are proposing to race a total of 315 races or  
6 8.5 races per day.

7 In 2006 they did not conduct racing during this  
8 particular time frame.

9 PRA was allocated 35 race dates for 2007. The  
10 application before you includes two additional race dates,  
11 and that would be May 1st and May 30th. They are requesting  
12 to run these additional races to allow for the coordination  
13 between north and south. And the two additional race days,  
14 if granted, would increase their total race dates from 35 to  
15 37.

16 They are proposing to race Wednesday through  
17 Sunday, with eight races weekdays and nine or ten races on  
18 holidays and days of special interest.

19 We have received an amendment to their post times.  
20 Their post times have been amended to a 1:05 daily post to  
21 coordinate between north and south.

22 They are proposing a 12:45 p.m. post time on April  
23 the 29th, 12:15 post time on May 5th, which is the Kentucky  
24 Derby Day, and a post time of 12:15 on June the 9th.

25 The analysis indicates that we had not received

1 the Horsemen's agreement, and I'm pleased to let you know  
2 that staff did receive a signed copy of the Horsemen's  
3 agreement, so all the documents have been submitted and we  
4 would recommend that the Board adopt the application as  
5 presented.

6 A representative is here.

7 COMMISSION CHAIRPERSON SHAPIRO: Thank you. I see  
8 that Mr. Tunney is sitting there. Mr. Tunney, if I can ask  
9 you a couple questions, please.

10 I see that you're requesting these two additional  
11 days, one being May 1st and the other is May 30th.

12 MR. TUNNEY: That's correct.

13 COMMISSION CHAIRPERSON SHAPIRO: And I think the  
14 Board, in the past, has pretty much gone on record that we  
15 would not like to see six-day weeks, and this would create  
16 two six-day weeks, if I understand the application.

17 So can you explain why we're being asked to run  
18 two six-day weeks, now?

19 MR. TUNNEY: I'm Peter Tunney, representing Golden  
20 Gate Fields.

21 You're being asked so that we can cover the days,  
22 north and south, between Golden Gate Fields and Hollywood  
23 Park, who've now picked up those two days as a result of the  
24 award of the racing days last year. They didn't have them  
25 originally.

1           So we're endeavoring to cover the signal north and  
2 south. We would, in fact -- we understand the six-day week,  
3 we ran several four-day weeks in January and February, as  
4 you'll recall, of this year. And if it helps any, we will  
5 take off the request for Tuesday, May 1st.

6           But it is a big week, it is Kentucky Derby week.  
7 It's a big week in California, as well as Churchill, and  
8 there's a lot of simulcasting and a lot of excitement around  
9 that. We would be simulcasting that day, as well, but we  
10 would prefer to run.

11           But the real emphasis is the fact that the  
12 Wednesday following Memorial Day we do not overlap with  
13 Stockton this year, so there should be no shortage of  
14 horses. We end in early June, as opposed to later, and this  
15 has historically been a day, even though it's a six-day  
16 week, it's historically been a day that's been raced north  
17 and south, the Wednesday after the Monday Memorial Day. For  
18 either association, whenever Bay Meadows had the dates and  
19 when Golden Gate had the dates. This year we happened to  
20 have the day, so we are putting in for that day once  
21 Hollywood has it -- they have it, as well.

22           So we would like to cover the days. The numbers  
23 are, you know, astounding. I mean, it costs money to the  
24 horsemen, it costs money to the horsemen's purses, and it  
25 costs money to the State of California.

1 COMMISSION CHAIRPERSON SHAPIRO: Well --

2 MR. TUNNEY: Albeit we make a little, ourselves.

3 COMMISSIONER HARRIS: Do you have any data -- I  
4 mean, I don't really characterize the numbers as astounding,  
5 from what I know about it, it depends on your definition of  
6 astounding, I guess. But it seems to me that just we make a  
7 mistake when we get to these six-day weeks, with all the  
8 racing that's going to trail this, going into the fairs and  
9 all that.

10 MR. TUNNEY: I have a sheet of information  
11 associated with the purses. In Southern California  
12 there's -- I think the dropped purses is somewhere around  
13 \$40,000 a day. The handle is three-quarters of a million, a  
14 little less.

15 So it's real money and it's a day that is  
16 historically people are used to coming to the track.

17 COMMISSION CHAIRPERSON SHAPIRO: Well, which day  
18 are you now talking about?

19 MR. TUNNEY: I'm talking about just Wednesday, the  
20 Wednesday following Memorial Day.

21 COMMISSION CHAIRPERSON SHAPIRO: So do I  
22 understand you're willing to forego the first six-day week,  
23 May the 1st?

24 MR. TUNNEY: Yes.

25 COMMISSION CHAIRPERSON SHAPIRO: Okay.

1           COMMISSIONER HARRIS: I mean, the thing is  
2 that's -- when you get into that other one, then you're  
3 coming into -- even though there's no overlap this time,  
4 we're trying to make the Stockton experiment and everything  
5 to see -- I just hate to get too much racing concentrated  
6 and --

7           COMMISSION CHAIRPERSON SHAPIRO: Well, that was my  
8 next question was going to be, we've seen here, at Bay  
9 Meadows, that they were having difficulty filling the fields  
10 and had to cancel a few Wednesdays because they were short  
11 of horses.

12           Isn't this going to again perpetuate or compound  
13 that problem if we start running six-day weeks, and then  
14 we're going to run into the fairs, and we're going to end up  
15 with a shortage of horses?

16           MR. TUNNEY: Well, this will be, in effect, a one  
17 six-day week. Not plural. So just one six-day week for  
18 that Wednesday following Memorial Day. We don't have  
19 any -- in fact, we had several four-day weeks earlier in the  
20 year, in January and February, and Bay Meadows has had some  
21 as well.

22           That's the time of year, also, that the two-year-  
23 olds come on, so we have a new set of inventory with a race  
24 or two with two-year-olds.

25           COMMISSION CHAIRPERSON SHAPIRO: Okay. I'll see

1 what the Board wants to do on that subject.

2 COMMISSIONER HARRIS: I can appreciate the fact  
3 that it's nice to race every day. I mean, if you raced 365  
4 days a year you'd probably in total have more, but it's just  
5 so much cannibalization of field size, and there's so much  
6 racing out there that I agree that Hollywood would like to  
7 have a signal from the north, but there are other tracks, I  
8 would think, they could pick up and it wouldn't be that big  
9 of a hardship on them to not have a --

10 MR. TUNNEY: Commissioner Harris, you're  
11 absolutely correct. But what we have found in California,  
12 since day one of simulcasting, that the covering of the  
13 north and south signal is -- I mean, it's just irrefutable,  
14 it's just happened this way for 20 years. And the  
15 north/south signal, I can go back to my Labrook days, when  
16 they had 20 signals coming out of Pennsylvania. No one  
17 seemed to care that, you know, where these were.

18 But I can tell you in California, north and south,  
19 they're used to one feeding off the other.

20 COMMISSIONER HARRIS: They truly love these five-  
21 horse fields up here.

22 MR. TUNNEY: I couldn't agree with you more. But  
23 I think in this particular occasion it's a -- the two-year-  
24 olds do come on, and it's a new category that's just for the  
25 one day.

1           COMMISSIONER AMERMAN: I've maybe lost the  
2 conversation a little bit, Mr. Tunney. But are you  
3 referring to which day, May 30 or --

4           MR. TUNNEY: May 30, only. May 30, Wednesday  
5 following Memorial Day.

6           COMMISSIONER AMERMAN: And not to May 1.

7           MR. TUNNEY: Correct, not May 1.

8           COMMISSION CHAIRPERSON SHAPIRO: They're giving up  
9 May 1.

10          MR. TUNNEY: Yes.

11          COMMISSION CHAIRPERSON SHAPIRO: They're  
12 voluntarily giving up May 1.

13          COMMISSIONER AMERMAN: It is true that Hollywood  
14 Park does have May 30.

15          MR. TUNNEY: Correct.

16          COMMISSIONER AMERMAN: And that's the rationale  
17 that you'd have the signal in north and south?

18          MR. TUNNEY: That's correct.

19          COMMISSION CHAIRPERSON SHAPIRO: So you're  
20 giving -- I'll clarify. You're giving up your request for  
21 May 1, because I heard somebody say they never had it. But,  
22 okay --

23          COMMISSIONER HARRIS: Well, they're requesting it,  
24 it wasn't on the dates calendar.

25          MR. TUNNEY: And their lack of appearance at this

1 table does not indicate they -- they are entirely for this.

2 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

3 MR. TUNNEY: Just a little shy.

4 COMMISSION CHAIRPERSON SHAPIRO: Let me ask you  
5 another -- if we can move to the rest of the application and  
6 then we can come back.

7 Under your purse program I was confused that in  
8 terms of your current meet estimate you show \$5 million for  
9 total purses, and I understand the prior meet is not  
10 necessarily exactly comparable because you raced different  
11 dates. But last time was \$5.2 million.

12 When you get to your non-overnight stakes, though,  
13 the current meet estimate is nearly \$400,000 higher, and  
14 then when it gets to percentage of purse distribution for  
15 all stakes races that will be distributed to Cal bred, the  
16 current meet is zero. And I don't understand why these  
17 numbers are the way they are, can you explain that?

18 MR. TUNNEY: Because the -- I don't know that they  
19 specifically talk about the numbers, but what happens in  
20 this case is that we're really talking about three separate  
21 meets. In order to have a stakes schedule that has some  
22 continuity, we generally have those better races in the  
23 spring, or late, or early summer period. So there's a  
24 significant number of stakes.

25 We've debated this and agreed to this with the

1 TOC, but the fact is that the more important stakes are in  
2 April, May, and June of this year. We ran a few stakes in  
3 the January and February, but because of the inclement  
4 weather and the sort of soft turf, we didn't run any turf  
5 racing.

6 The same is true, when we come back again in  
7 November and December, there will be fewer races, you'll see  
8 only one or two stakes during that period. It's difficult  
9 to schedule or stagger stakes on a year-round basis, but  
10 when you put the continuity of the year together it flows.

11 COMMISSION CHAIRPERSON SHAPIRO: Okay, so it's  
12 just a timing situation.

13 MR. TUNNEY: Yes.

14 COMMISSION CHAIRPERSON SHAPIRO: And when the  
15 year is done, and we look at the whole year, it will even  
16 out to where the numbers are comparable to the prior year?

17 MR. TUNNEY: Correct. And as it represents the  
18 purse totals, I don't think in Northern California, between  
19 Bay Meadows and Golden Gate, that the daily overnight purse  
20 structure, which is somewhere around \$135,000 a day, has  
21 varied much, five or ten percent lower or higher, in the  
22 last 15 years. I mean, it's just right around that 132, 135  
23 and change.

24 COMMISSION CHAIRPERSON SHAPIRO: All right. I  
25 know you have an agreement with TOC. Are your agreements

1 with all of your simulcast operators, you're ADW providers,  
2 are they all in order? Is there any agreement that's  
3 outstanding, in any way, shape, or form, that could  
4 interrupt the opening of this meet or the handling of  
5 signals to this meet, whatsoever?

6 MR. TUNNEY: Not to my knowledge. We are in order  
7 and usually those are -- usually, those are signed on  
8 December the 24th, if you may recall last meeting.

9 COMMISSIONER HARRIS: As late in the day as  
10 possible.

11 MR. TUNNEY: Right, exactly.

12 COMMISSION CHAIRPERSON SHAPIRO: Well, again,  
13 where this question comes from is that we have had too many  
14 surprises in the past that right before a meet opens some  
15 agreement, that we didn't know about, or we thought that  
16 everything was in order, and we find out something's not in  
17 order, and I want to know if there's anything on the horizon  
18 that could interrupt any of the signals, or anything that  
19 pertains to this meet, whatsoever.

20 MR. TUNNEY: Not to my knowledge and I'm sure the  
21 Board staff would concur with that.

22 COMMISSION CHAIRPERSON SHAPIRO: Okay. And have  
23 you, in fact, made some improvements for -- can you describe  
24 the improvements that have been made to the facility for the  
25 general public? You say here you have a plan to upgrade the

1 Turf Club, a plan to improve the amenities by replacing  
2 televisions, and plans are in place to replace the tables  
3 and chairs. Have those, in fact, been done?

4 MR. TUNNEY: Yes, and they are in the process of  
5 installing them, now.

6 COMMISSION CHAIRPERSON SHAPIRO: Okay. All right,  
7 does anybody else have any other questions from the Board on  
8 this? There are some public comments.

9 MR. TUNNEY: And we look forward -- again, we  
10 should be getting our permit process completed here in the  
11 next month, and we look forward to the installation of the  
12 engineered surface, in this case Tapeta footings, somewhere  
13 around the 15th of -- beginning the project somewhere around  
14 the 15th of June.

15 COMMISSION CHAIRPERSON SHAPIRO: The 15th of June?

16 MR. TUNNEY: Of June.

17 COMMISSION CHAIRPERSON SHAPIRO: And you'll start,  
18 you'll be putting in the Tapeta the 15th of June, and when  
19 do you project it will be done?

20 MR. TUNNEY: We would hope to have horses back  
21 into Golden Gate Fields as early as Labor Day, maybe the  
22 middle of September.

23 COMMISSION CHAIRPERSON SHAPIRO: Oh, that's great.

24 If there's no other comment from the Board, I'll  
25 call --

1           COMMISSIONER AMERMAN: I would like to just  
2 comment --

3           COMMISSION CHAIRPERSON SHAPIRO: Oh, sorry.

4           COMMISSIONER AMERMAN: -- that I thought your  
5 marketing plan, that had been presented, was very good and I  
6 appreciated the fact that you've more than doubled the  
7 amount of advertising spend that you've got in the budget.  
8 Well done.

9           MR. TUNNEY: I'd like to take credit for that,  
10 Commissioner Amerman, but it's --

11           COMMISSIONER AMERMAN: I didn't mean it to you, I  
12 meant to your organization.

13           COMMISSION CHAIRPERSON SHAPIRO: We all know not  
14 to give you the credit.

15           MR. TUNNEY: We rarely get praise. But, no, it's  
16 Mr. Hartman --

17           COMMISSIONER AMERMAN: Well, pass on the credit to  
18 the proper people.

19           MR. TUNNEY: Mr. Hartman, the General Manager, and  
20 his staff are -- thank you very much.

21           COMMISSION CHAIRPERSON SHAPIRO: All right, I'm  
22 going to call for public comment. Charlie Dougherty.

23           COMMISSIONER HARRIS: Dougherty.

24           COMMISSION CHAIRPERSON SHAPIRO: Dougherty, I'm  
25 sorry. Charlie, if you'll please come to the microphone,

1 state your name and your organization?

2 MR. DOUGHERTY: Charlie Dougherty, California  
3 Thoroughbred Trainers. We're happy to hear that Golden Gate  
4 is not wanting to run on that Tuesday, because we just do  
5 not see any sense in that at all, for that particular day.

6 The Wednesday following Memorial Day,  
7 historically, CTT has not liked to run six-day weeks, but we  
8 understand the request of that week, so we would be willing  
9 to accept that one six-day week for that meet, but not on  
10 May 1st.

11 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

12 Tom Bachman.

13 You didn't write a number on this, but I assumed  
14 it was this item?

15 MR. BACHMAN: No, actually, it's not, it will be  
16 the item of the fairs. We are in agreement with the  
17 schedule, TOC is, that Golden Gate has put forward. And the  
18 one extra six-day week, I hope it works.

19 COMMISSION CHAIRPERSON SHAPIRO: Okay, thank you.  
20 I still don't know which item this is.

21 STAFF SERVICES MANAGER WAGNER: Eight.

22 COMMISSION CHAIRPERSON SHAPIRO: Eight, thank you.

23 Okay, Richard Castro. Don't respond to that, just  
24 sit --

25 MR. CASTRO: Did you hear that?

1           COMMISSION CHAIRPERSON SHAPIRO: You know what,  
2 Richard Castro.

3           MR. CASTRO: My name is Richard Castro,  
4 representing Pari-Mutuel Employees Guild, Local 280.

5           (Applause.)

6           MR. CASTRO: We support the application with the  
7 two six days. Every day of racing that we lose costs us an  
8 opportunity for health coverage. And if Golden Gate Fields  
9 feels that they can do it, we support the application the  
10 way they want it. Thank you.

11          COMMISSION CHAIRPERSON SHAPIRO: Thank you.

12          Eual Wyatt.

13          MR. WYATT: Eaul Wyatt, Hollywood Park. We also  
14 support Golden Gate's request to run on Wednesday, May the  
15 30th. We wish we could talk them into asking again for  
16 Tuesday, May the 1st, but I guess that's not going to  
17 happen. But we do support the Wednesday.

18          COMMISSION CHAIRPERSON SHAPIRO: Thank you. All  
19 right, that concludes the comment period. Is there any  
20 other discussion from the Board?

21           I would recommend that we approve this  
22 application, that would entitle them to race on the calendar  
23 as presented, except that they would not race on May the  
24 1st.

25           Does anybody else wish to comment?

1           COMMISSIONER HARRIS: I just have to vote no if  
2 that's the issue. I mean, I'm very supportive of Golden  
3 Gate's having a race meet. It's just that we've worked so  
4 hard to get rid of these six-day weeks, and to drag one back  
5 into the scheme of things just seems inappropriate.

6           And the number one complaint I get from fans  
7 around is too much racing, and this is just such a -- you  
8 know, it's just one more day, like I say, it's not a real  
9 big deal. But I just don't see where we need this one more  
10 day or how it's going to do anything. I guarantee they'll  
11 get 1,200 people into Golden Gate Fields that day, probably.  
12 And I just don't know what we're doing here, if we're trying  
13 to move things on, and we spend all the time on the dates  
14 planning, and then somebody comes in and says, oh, we've got  
15 to have this date.

16           So I'll vote no, but you've probably got the votes  
17 to do it, anyway.

18           COMMISSION CHAIRPERSON SHAPIRO: Well, first of  
19 all, let's put a motion -- I don't know how everybody feels.  
20 And so first I need a motion from somebody -- I'll make the  
21 motion.

22           I'll move to approve the license application, with  
23 their running May the 30th. Is there a second?

24           COMMISSIONER MOSS: I second.

25           COMMISSION CHAIRPERSON SHAPIRO: Second.

1 All those in favor?

2 (Ayes.)

3 COMMISSION CHAIRPERSON SHAPIRO: All those  
4 opposed?

5 COMMISSIONER HARRIS: No.

6 COMMISSION CHAIRPERSON SHAPIRO: That would be a  
7 five to no. Good luck and good racing.

8 MR. TUNNEY: Thank you very much.

9 COMMISSION CHAIRPERSON SHAPIRO: All right. We  
10 have a request to move one item on the agenda, but my  
11 problem is that we need all the Commissioners here, and I  
12 think we have one Commissioner that has to be out of the  
13 room. So I'm going to wait until she comes back for that  
14 agenda item.

15 Marie has to go to make an urgent phone call.  
16 Once she returns, we will come back. And so what I'm going  
17 to suggest is that we go on to Item Number 3. When she  
18 returns, we will then go immediately to Item Number 9,  
19 because I do understand that there are a number of people  
20 that wish to speak to that item.

21 Item Number 3 on the agenda is discussion and  
22 action by the Board on the application to conduct a horse  
23 race meeting at Hollywood Park racing Association, at  
24 Hollywood Park, commencing April 25th through July 15th.

25 Jackie Wagner, CHRB staff.

1           STAFF SERVICES MANAGER WAGNER: That's it, Jackie  
2 Wagner, CHRB staff.

3           COMMISSION CHAIRPERSON SHAPIRO: You're going to  
4 repeat it, even if I say it, aren't you? Okay.

5           STAFF SERVICES MANAGER WAGNER: No, I'm not after  
6 that.

7           The application before you is from the Hollywood  
8 Park Racing Association. They have filed their application  
9 to race from April the 25th through July the 15th, or 63  
10 days. They are proposing to race a total of 542 races, or  
11 8.6 races per day.

12           In 2006 they were allocated to race 61 days.

13           The Association is requesting a modification of  
14 their race dates with this application. They are proposing  
15 to close July the 15th, instead of July the 16th, 2007, and  
16 they would instead run on May the 1st, 2007, to coordinate  
17 racing between the north and the south. And this change  
18 would not increase the total allotted race dates that they  
19 were allocated.

20           They will be racing five days per week, Wednesday  
21 through Sunday, with eight races on Wednesdays, Thursdays,  
22 and Fridays, and nine or ten races on selected Saturdays and  
23 Sundays.

24           They will be racing nine races on Friday, April  
25 the 27th, 11 races on Saturday, May the 5th, June the 9th,

1 June 30th, and July the 7th.

2 Their first post time is proposed for 1:20 p.m.  
3 daily. They will have a 7:05 post on Fridays, with the  
4 exception of May 4th, and they will have a 12:30 post on  
5 April the 29th, a 12:00 o'clock post on May 5th, June 9th,  
6 the 30th, and July the 7th.

7 The analysis in your package indicates that they  
8 have a Horsemen's agreement that was outstanding, and I am  
9 pleased to report that we did receive a signed copy of the  
10 Horsemen's agreement, so all their documents have been  
11 submitted.

12 Staff would recommend that the Board adopt the  
13 application as presented, and the representatives are here.

14 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

15 Mr. Wyatt, you sent a letter on January 23rd, with  
16 your application, and I don't know if you have a copy of  
17 this letter, but the last paragraph on the letter, I didn't  
18 understand what it was. You said, "the CTBA has taken the  
19 position of viewing Hollywood Park Racing Association's 2007  
20 spring/summer meeting and Hollywood Park fall Racing  
21 Association's 2007 meeting as one for the purpose of  
22 calculating the percentage of total stakes from purses  
23 allocated to Cal bred stakes. We are confident that the 10  
24 percent requirement for Cal bred stakes, of total stakes  
25 will be met for the year."

1           What does that mean?

2           MR. WYATT:   Because we have -- I'm sorry, Equal  
3 Wyatt, Hollywood Park.

4           We run, as you know, two race meetings under two  
5 different racing associations.  The law says that we have to  
6 have ten percent of total stakes money, from purses, go to  
7 Cal breders.  The CTBA understanding that our fall meeting  
8 comes directly behind Cal Cup Day, which really inhibits our  
9 ability to present a Cal bred stakes during the fall meeting  
10 to get to a ten percent number, they have agreed that  
11 the -- both meetings will be combined so that we can -- we  
12 pay much more than ten percent of stakes purses to Cal breders  
13 in the spring/summer --

14           COMMISSION CHAIRPERSON SHAPIRO:  And so the two  
15 combined meetings satisfy the condition, and so you're  
16 saying --

17           MR. WYATT:  Yes, yes.

18           COMMISSION CHAIRPERSON SHAPIRO:  -- look at it as  
19 both to satisfy.

20           COMMISSIONER HARRIS:  I think we're doing that  
21 with several meets, I think that's the same situation.

22           COMMISSION CHAIRPERSON SHAPIRO:  I just didn't  
23 understand it.  Okay.

24           COMMISSIONER HARRIS:  Yeah, you have to be pretty  
25 smart to figure it out.

1 (Laughter.)

2 COMMISSION CHAIRPERSON SHAPIRO: His mike's off.

3 Okay, I'm going to ask the same question of you,  
4 are there any -- your ADW providers are TVG, XpressBet, and  
5 Youbet; is that correct?

6 MR. WYATT: Yes, that's correct.

7 COMMISSION CHAIRPERSON SHAPIRO: Okay. Are all  
8 agreements in place with every party, related to every  
9 issue, so that there will be no issues prior to the opening  
10 of your race meeting?

11 MR. WYATT: I spoke to Drew yesterday, on my way  
12 up here, and he suggested that we both get a hold of Wilson  
13 Shirley, who reviews our requests for simulcasting rates, et  
14 cetera, which we had sent to Wilson some time ago.

15 And I talked to Wilson this morning. He tells me  
16 that he sees no issues. There is one site that there may be  
17 a rate issue, but it's not a problem, it's just up to the  
18 TOC to tell us what their preference is, and it's not a  
19 problem as far as we're concerned.

20 So as far as I know, there are no such issues.

21 COMMISSION CHAIRPERSON SHAPIRO: All right. I  
22 would ask that you, again, and staff follow up to make sure  
23 that before we get to the beginning of your race meeting,  
24 that we are comforted that there's not going to be some  
25 hiccup that's going to jeopardize the signals of

1 simulcasting.

2           And this is not directed to you, but to TOC's  
3 members, that again, we don't want to see anything that  
4 interrupts your race meeting, obviously.

5           MR. WYATT: I understand.

6           COMMISSION CHAIRPERSON SHAPIRO: In light of the  
7 discussion that we just had on the Golden Gate application,  
8 and the Board's action was to eliminate May 1st, are you  
9 also willing to eliminate May 1st?

10           MR. WYATT: No, I'm not. Our request is, first of  
11 all, not for any more race days than we were given, and we  
12 are trading one six-day week for another one. The original  
13 allocation had us closing on a Monday, running Wednesday  
14 through that Monday.

15           In our view, that Monday -- let me rephrase that,  
16 in our view the Tuesday that we propose to race is a much  
17 better day for us to run and, consequently, for purses and  
18 commissions.

19           COMMISSION CHAIRPERSON SHAPIRO: So --

20           MR. WYATT: For a variety of reasons, and not  
21 necessarily in this order, it does provide a two-day break  
22 before Del Mar. Not that we're that concerned about Del Mar  
23 but, selfishly, the later we get into our meeting the  
24 tougher it is to fill, getting close to Del Mar. So I'm  
25 not -- I think running May the 1st, at the beginning of our

1 meeting, will give us a better opportunity, number one, to  
2 fill races, and to present simulcasts from outside of the  
3 State, that will not be available to us on Monday, July the  
4 15th. Primarily, Churchill Downs.

5 COMMISSION CHAIRPERSON SHAPIRO: All right. So,  
6 essentially, you're really moving that one day up earlier,  
7 and that's the only change in the dates?

8 MR. WYATT: That's correct.

9 COMMISSION CHAIRPERSON SHAPIRO: Okay. You have  
10 in here that you're planning or would like to be able to  
11 race 11 races on Saturdays, May 5th, which is the Kentucky  
12 Derby, I believe, June 9th, June 30th, and July 7th.

13 I kind of have a concern about running 11 live  
14 races. Are you talking about 11 live races in addition to  
15 the Kentucky Derby, their card?

16 MR. WYATT: Yes. This request mirrors exactly  
17 what we did last year, which was the first year we did it,  
18 and it proved to be very, very successful.

19 COMMISSION CHAIRPERSON SHAPIRO: And, I mean, it  
20 just seems to me that it's an awful lot of races, to have 11  
21 races and I'm, again, concerned about shortage of horses.  
22 Although you have cushion track and it's certainly been a  
23 godsend to Southern California. Did you run 11 races on  
24 those days last year?

25 MR. WYATT: Yes. Yes, we did.

1           COMMISSION CHAIRPERSON SHAPIRO: Okay. Does  
2 anybody else on the Board have any other comments or  
3 questions for this applicant?

4           COMMISSIONER HARRIS: Just to be consistent, I  
5 really don't like a six-day week, but I think we did approve  
6 this when the total racing calendar was presented last year,  
7 so they're not really gaining an additional day, they're  
8 just readjusting it.

9           But I think going forward, when we look at this  
10 for the '08 calendar, I think we do need to continue to  
11 eliminate those six-day weeks.

12          COMMISSION CHAIRPERSON SHAPIRO: All right.

13          COMMISSIONER AMERMAN: I concur with that.  
14 Without question, we approved this calendar for, what, is it  
15 63 days? Yeah, 63 days. And I think the move from July the  
16 16th to May 1st makes a great deal of sense, you want to  
17 have a break between Hollywood and Del Mar.

18          COMMISSION CHAIRPERSON SHAPIRO: Okay, public  
19 comment. Ed Halpern.

20          MR. HALPERN: I'll wait.

21          COMMISSION CHAIRPERSON SHAPIRO: Okay, I guess  
22 that was quick. Ron Charles.

23          MR. CHARLES: Ron Charles, MEC. Just to clarify,  
24 on the ADW, the providers you mentioned, TVG, Youbet, and  
25 XpressBet, XpressBet will be taken only outside -- or in the

1 states that they're deployed. XpressBet will not be taking  
2 wagers on Hollywood Park races at Hollywood park.

3 COMMISSIONER HARRIS: In California?

4 MR. CHARLES: In California.

5 COMMISSIONER HARRIS: Why is that?

6 MR. CHARLES: That's the way it's always been.

7 COMMISSIONER AMERMAN: It's wrong, but that's the  
8 way it's been.

9 COMMISSIONER HARRIS: Well, I thought it was  
10 because TVG had an exclusive.

11 MR. CHARLES: That's what it is and  
12 apparently --

13 COMMISSIONER HARRIS: Because of an exclusive with  
14 TVG, yeah.

15 MR. CHARLES: -- apparently we aren't able  
16 to --

17 COMMISSIONER HARRIS: Yeah, it's not you don't  
18 purposely want to do that, it's just you're not --

19 MR. CHARLES: No, we're dying to. And the truth  
20 is, you know, we'd like to explore that again this year, and  
21 we hope, too. But apparently, that's the situation, so  
22 XpressBet -- just to clarify, XpressBet will not be taking  
23 wagers at Hollywood Park, in California.

24 COMMISSION CHAIRPERSON SHAPIRO: XpressBet will  
25 take wagers outside of the State of California, on Hollywood

1 Park's races.

2 MR. CHARLES: Yes, yes.

3 COMMISSIONER HARRIS: What's the logic on that,  
4 with TVG's part, why does TVG let you do that?

5 MR. CHARLES: TVG doesn't have a control on those  
6 other states.

7 MR. LIEBAU: Jack Liebau, Hollywood Park. TVG  
8 does not have an exclusive arrangement with Hollywood Park  
9 in those states in which it is not deployed, meaning TVG is  
10 not deployed. This has always been the case.

11 It's the case for Oak Tree, Del Mar, and Hollywood  
12 Park that if -- you know, that's the way it's been and  
13 that's the way it is for a while. Thanks.

14 COMMISSION CHAIRPERSON SHAPIRO: Mr. Liebau,  
15 before you go, we've read a lot about changes in the ADW  
16 marketplace, with this new Track Net, and so forth, will any  
17 of that affect your race meeting, or I don't know when your  
18 agreements are up with TVG, and things like that? Is any of  
19 that going to transpire or occur prior to your race meeting?

20 MR. LIEBAU: We do not believe that any of those  
21 circumstances would impact the continuation of our race  
22 meet.

23 COMMISSION CHAIRPERSON SHAPIRO: Okay.

24 COMMISSIONER AMERMAN: I may be jumping back into  
25 the frying pan, but I don't understand why XpressBet could

1 not be given the opportunity to air the races at Hollywood  
2 Park. Why would that not be acceptable?

3 MR. LIEBAU: We have a contractual arrangement  
4 with TVG that prohibits that.

5 COMMISSIONER AMERMAN: So TVG then controls that.  
6 I mean, you wouldn't be against it, I don't think, Mr.  
7 Liebau, would you?

8 MR. LIEBAU: I favor the most possible  
9 distribution of our signal.

10 COMMISSIONER AMERMAN: Absolutely. Absolutely.  
11 Is there not a possibility of going back and talking to TVG  
12 about giving up on the exclusivity for this meet? We are  
13 coming back to the end of agreements, it would seem to me  
14 that's what's going to be inevitable in the future, why  
15 don't we try it now.

16 MR. LIEBAU: I think that -- I guess that if I was  
17 in TVG's position, I would want to keep my exclusivity as  
18 long as possible.

19 COMMISSIONER AMERMAN: But you're not in TVG's and  
20 maybe we ought to get some input from TVG.

21 MR. LIEBAU: I know. I don't know if there's  
22 anybody here from TVG but --

23 COMMISSIONER AMERMAN: I don't see them.

24 MR. LIEBAU: But I assume that that is TVG's  
25 position.

1           COMMISSIONER HARRIS: And I think, I assume that -  
2 - I'm not favoring TVG, obviously, but I think TVG's case is  
3 that they're putting on the television show, showing  
4 Hollywood Park, and that cost them money, and if people are  
5 going to watch that show and bet, they want them to bet with  
6 TVG or Youbet, where they get a bigger share. Than if  
7 they're betting with XpressBet, they're not getting that  
8 deal or anything.

9           COMMISSIONER AMERMAN: I understand that. I would  
10 think that HRTV or XpressBet would put on the show, as well.  
11 I mean, side by side.

12           COMMISSIONER HARRIS: Yeah.

13           COMMISSIONER AMERMAN: It's in the best interest  
14 of California racing.

15           MR. LIEBAU: Well, I'm not here to defend the  
16 tracks that entered into these contracts, but I will say  
17 that at that point in time I was President of Bay Meadows  
18 and did so.

19           There would be no TVG but for these contracts, and  
20 that's why while they might not look like we were the  
21 smartest guys to enter into them at that point in time, we  
22 did because we thought we needed to get TV distribution, and  
23 that was the condition of doing it because nobody would  
24 finance TVG unless they had content on an exclusive basis.

25           COMMISSIONER AMERMAN: I accept that rationale.

1           COMMISSION CHAIRPERSON SHAPIRO: One last question  
2 for Mr. Wyatt. Mr. Wyatt, on your stakes schedule you show  
3 the Hollywood Juvenile Championship Grade 3 on Wednesday,  
4 something, it's cut off on my piece of paper. Is that  
5 correct?

6           MR. WYATT: I think it's July the 4th.

7           COMMISSION CHAIRPERSON SHAPIRO: It's July 4th?

8           MR. WYATT: I believe so.

9           COMMISSION CHAIRPERSON SHAPIRO: Okay, but that is  
10 correct?

11          MR. WYATT: Yes.

12          COMMISSION CHAIRPERSON SHAPIRO: Yeah, okay. I  
13 couldn't see it.

14           All right, I have no other questions for this  
15 applicant and would entertain a motion, make a motion that  
16 we approve this application as submitted.

17           Is there a second?

18          COMMISSIONER MOSS: Second.

19          COMMISSION CHAIRPERSON SHAPIRO: Second.

20           All in favor?

21           (Ayes.)

22          COMMISSION CHAIRPERSON SHAPIRO: No --

23 Commissioner Harris said "aye," it's unanimous.

24          COMMISSIONER HARRIS: Yeah, I didn't like it, but  
25 that's what we gave them back last fall.

1           COMMISSION CHAIRPERSON SHAPIRO: All right, thank  
2 you very much.

3           MR. CHARLES: Thank you.

4           COMMISSION CHAIRPERSON SHAPIRO: We are going to  
5 skip to Item Number 9 on the agenda, which is discussion and  
6 action by the Board on the request from the Bay Meadows  
7 Racing Association for a two-year waiver of CHRB Rule  
8 1433(b), application for a license which requires a racing  
9 association that conducts four or more weeks of continuous  
10 thoroughbred racing in a calendar year to install a polymer  
11 synthetic racing surface at its facility by January 1st,  
12 2008.

13           Jackie?

14           STAFF SERVICES MANAGER WAGNER: I have a point of  
15 introduction. The Board knows this, but in 2006 we amended  
16 Rule 1433 to provide that as of July 1, 2008 no racing  
17 association that operates four or more continuous  
18 thoroughbred racing in a calendar year shall be licensed to  
19 conduct a horse racing meeting at a facility that has not  
20 installed a polymer synthetic type racing surface.

21           To date four of the five thoroughbred tracks that  
22 are affected by Rule 1433 have either complied with this  
23 regulation or have begun the process of compliance.

24           Hollywood Park, as we know, has installed its  
25 synthetic surface, they installed that this year. Del Mar

1 has initiated the installation of their surface. Golden  
2 Gate Fields and Santa Anita have make commitments to install  
3 the surface in 2007.

4 Bay Meadows has requested a two-year waiver, until  
5 December 31, with respect to compliance with this rule.

6 Staff has received a letter from the Pari-Mutuel  
7 Employees Guild, Local 280, supporting this request, and  
8 this item is presented for discussion and action, and the  
9 representative from Bay Meadows is here.

10 COMMISSION CHAIRPERSON SHAPIRO: Okay, thank you.  
11 Just before we get into this I would ask, I know there's a  
12 lot of people that have turned in comment cards, and we  
13 certainly want to hear from everybody and hear everybody's  
14 views, but again I'm going to remind you that if you agree  
15 with the prior speaker, you can simply go on record and say  
16 you agree. If you need to say something that's different,  
17 you should. I'm not trying to take away anybody's  
18 opportunity to speak but, again, let's just be mindful of  
19 the time.

20 This is obviously an issue that concerns all of us  
21 and, personally, I would love to see Bay Meadows stay in  
22 racing and would like to see them continue. This is not an  
23 issue that any of us are looking forward to because we have  
24 to face the reality that we all know that Bay Meadows is  
25 likely to close sometime in the future.

1 I, for one, would not like to see that happen this  
2 year, next year, or five years from now.

3 But the Board did take a position, which was to  
4 mandate safer surfaces for our horses and, therefore, Bay  
5 Meadows is required to install a synthetic or engineered  
6 racing surface by the end of the year.

7 Therefore, before us is a request for a two-year  
8 waiver, so I'll let Ms. Thurman perhaps make her remarks,  
9 and then we can discuss from that point forward.

10 MS. THURMAN: Bernie Thurman, with Bay Meadows. I  
11 just want to give the Board an idea of the scope of the  
12 importance of Bay Meadows in terms of handle and attendance.

13 COMMISSION CHAIRPERSON SHAPIRO: Can you speak  
14 into the mike?

15 MS. THURMAN: Right. We handled 160  
16 million --

17 COMMISSION CHAIRPERSON SHAPIRO: The microphone.

18 MS. THURMAN: You still can't hear me?

19 COMMISSION CHAIRPERSON SHAPIRO: Move the  
20 microphone closer to you.

21 MS. THURMAN: Better? Better?

22 COMMISSIONER AMERMAN: Yes.

23 MS. THURMAN: I just want to give you an idea of  
24 the scope of the handle that's generated at Bay Meadows, as  
25 a facility, on a year-round basis. Last year we handled 160

1 million at this facility, which is 31 percent more than the  
2 next best site. Forty-five percent of the on-track handle  
3 in Northern California was generated at Bay Meadows, so  
4 we're a significant piece of the industry in Northern  
5 California.

6 COMMISSION CHAIRPERSON SHAPIRO: Well, but how  
7 much of that was live racing and how much of that was not  
8 live racing? I'm assuming that if you weren't conducting  
9 live racing, is there any reason you wouldn't still be able  
10 to take simulcast racing?

11 MS. THURMAN: I believe that the law says that it  
12 would go to San Mateo Fair, the simulcasting rights would go  
13 to San Mateo Fair.

14 COMMISSION CHAIRPERSON SHAPIRO: But is not -- is  
15 the San Mateo County Fair not here?

16 COMMISSIONER HARRIS: Not right here.

17 COMMISSION CHAIRPERSON SHAPIRO: No, no, no, isn't  
18 the San Mateo County Fair is in this area to accept --

19 COMMISSIONER HARRIS: They don't have a facility.

20 MS. THURMAN: Well, that's a problem. If racing  
21 goes away at Bay Meadows, the horsemen go away as well,  
22 they're a significant part of the handle. There's a problem  
23 with San Mateo Fair being pretty far away. They have a  
24 parking situation. CalTrans is in the south part of our  
25 parking lot.

1           And there's always a historic sort of bettors like  
2 to go to race tracks. Whenever you move a venue, you do  
3 have a decrease in handle.

4           Now, if they were to get the funding to build a  
5 brand-new simulcast facility that was built for the purpose  
6 and they were able to sort of fix their parking problem,  
7 yeah, sure they're going to handle some money, but I don't  
8 think they would handle the 86 million as a satellite, that  
9 Bay Meadows. The 86 million that we handled, just as a  
10 simulcast facility, represented 39 percent of the total  
11 wagering in Northern California.

12           And our on-track, when you're talking about live  
13 racing, we did 74 million, which is, you know, 23 percent  
14 better than the next best site.

15           COMMISSION CHAIRPERSON SHAPIRO: Okay. Oh, that's  
16 it?

17           MS. THURMAN: That's it.

18           COMMISSIONER HARRIS: I guess part of this  
19 proposal, I'm not quite clear, you're requesting a two-year  
20 extension, basically, a two-year waiver. Do we have any  
21 representation that Bay Meadows will be here for two more  
22 years, as part of this, that you'd absolutely guarantee  
23 you'd race for two more years if you get this?

24           MS. THURMAN: I couldn't make that representation.  
25 I believe that --

1           COMMISSIONER HARRIS: Because you might not even  
2 need it.

3           MS. THURMAN: We're absolutely wanting to move  
4 forward in 2008.

5           COMMISSION CHAIRPERSON SHAPIRO: All right, let's  
6 turn that question around. If this waiver was granted, will  
7 Bay Meadows guarantee that it will operate for 2008 and 2009  
8 as a live racing facility?

9           MR. LIEBAU: Mr. Shapiro, maybe we --

10          COMMISSION CHAIRPERSON SHAPIRO: Jack?

11          MR. LIEBAU: Jack Liebau, Bay Meadows. As you  
12 know, I have no official position with the Bay Meadows Land  
13 Company, that owns this property. We're really not in a  
14 position to make any guarantees with respect to how long  
15 this facility will be available.

16          I would suggest that you review the last sentence  
17 in the staff report, that is a summation of their  
18 investigation or their discussions with the San Mateo  
19 Planning Commission. And the two years happens to dovetail  
20 with what I think the staff determined on talking with  
21 matters with the -- probably Jackie. I don't know, maybe  
22 Jackie can speak to that.

23          COMMISSION CHAIRPERSON SHAPIRO: Well, again, I'm  
24 not sure it's necessary for her to speak to that. I  
25 understand. I understand the issue. I'm not sure that

1 isn't a permitting issue versus an entitlement issue. But I  
2 don't think -- what we're here to talk about is whether or  
3 not this Board should deviate from the mandate of putting in  
4 a synthetic surface.

5 I think that we have to understand that as much as  
6 all of us want to see Bay Meadows, including you, and  
7 including Mr. Liebau want to see it continue as a race  
8 track, that destiny's not in our hands, it's in nobody's  
9 hands in this room.

10 The reason that the Board passed this mandate, for  
11 which we are extremely thankful to the very same people who  
12 installed the track at Hollywood Park, which is you, we've  
13 seen miraculous results. And I just looked at some of our  
14 past CHRB reports and statistics, that for the year of  
15 November '03 to November '04 there were 48 fatalities of  
16 horses during that year. There were -- those were  
17 fatalities. Injuries, which I'm assuming were career  
18 ending, 54 horses, and that combines the fair.

19 In the year 11/04 to 11/05 there were 43 horses  
20 that were fatalities and 63 that were injured.

21 And in the most recent year, which was 11/05 to  
22 11/06, there were 29 horses.

23 The reason we passed this mandate was for the  
24 safety of the horse and the rider. We have to do  
25 something --

1 COMMISSIONER HARRIS: Was this in our packet?

2 COMMISSION CHAIRPERSON SHAPIRO: No, I did that.

3 COMMISSIONER HARRIS: It would be nice if you  
4 shared it with us.

5 COMMISSION CHAIRPERSON SHAPIRO: Well, would you  
6 like me to, next time, show you all the stuff I do in my  
7 office?

8 COMMISSIONER HARRIS: Well, yeah.

9 COMMISSION CHAIRPERSON SHAPIRO: No, I did that.

10 MR. LIEBAU: Mr. Shapiro, can I speak to that,  
11 please? And maybe Rick Arthur could be of some help.

12 COMMISSION CHAIRPERSON SHAPIRO: Yeah, I was just  
13 going to -- I was just going to call Rick Arthur.

14 MR. LIEBAU: Usually, the CHRB statistics do not  
15 relate solely to fatalities at the live track, but include  
16 all fatalities during the period in which the live track  
17 operates, which means that they could have happened  
18 someplace else.

19 I'm not -- I'm just putting that on the record so  
20 that -- you know, I don't know what -- I'm not saying that  
21 those aren't', but that is the usual case with respect to  
22 CHRB fatalities.

23 COMMISSION CHAIRPERSON SHAPIRO: I'm aware of that  
24 and I tried to extrapolate and take those out, I will tell  
25 you.

1 MR. LIEBAU: I don't know.

2 COMMISSIONER HARRIS: Well, some of the fatalities  
3 are not soundness related issues, too, they're colics and  
4 things like that.

5 COMMISSION CHAIRPERSON SHAPIRO: Perhaps we could  
6 ask Dr. Arthur to come forward and address this.

7 EQUINE MEDICAL DIRECTOR ARTHUR: It would be very  
8 easy to make this a rather negative presentation, but I will  
9 tell you I think the positive aspect of it is that during  
10 the Hollywood Park fall meet, to put everything in  
11 perspective, there were no fatalities on the cushion track,  
12 on the main track.

13 I don't have the absolute statistics, but I have  
14 been there since the beginning of that meet and I don't  
15 think that's ever happened before.

16 In addition, even though Hollywood Park is a full  
17 training facility, we have had no fatalities from  
18 musculoskeletal injuries on that facility, that cushion  
19 track, in virtually the first three months of the year. I  
20 think that, in itself, demonstrates the safety of having a  
21 synthetic surface.

22 I could go into some of the other numbers, but I  
23 don't know if it's really necessary, but I will tell you  
24 they're not good, you know, at this facility, or even  
25 facilities down south that do not have synthetic surfaces.

1           There's no question that synthetic surfaces will  
2 save horse's lives and will be related to sounder horses  
3 going into the future.

4           But Mr. Liebau is correct, the way that the Horse  
5 Racing Board heretofore has presented the fatality data is  
6 very, very difficult to sort out what's what. So, you know,  
7 the general numbers are there, the trends are there, but  
8 absolute numbers are a little bit awkward to take out and  
9 it's not easy to do, even though I think the trend that you  
10 identified is, in fact, correct.

11           COMMISSION CHAIRPERSON SHAPIRO: In terms of since  
12 you've been EMD, or for this race meeting, do you have any  
13 statistics or know anything?

14           EQUINE MEDICAL DIRECTOR ARTHUR: Well, in this  
15 particular meet the fatalities are averaging about one per  
16 every 100 starts, which is not good. That's about as poor  
17 as we do in California.

18           And to put it in perspective, when the necropsy  
19 program was first started 15 years ago it was about one  
20 fatality to about 600 starts. Nationwide, it was about one  
21 per 800 starts. So, obviously, we're going in the wrong  
22 direction.

23           There's a number of reasons for that, above and  
24 beyond track surfaces, but at the very least the synthetic  
25 surface ameliorates the overall trend, not only in

1 California, but around the country.

2 COMMISSIONER AMERMAN: Thank you very much,  
3 Dr. Arthur.

4 You know, I hark back to the October meeting that  
5 we held, of this Board, and I remember there was a  
6 discussion, and I may not be paraphrasing this exactly  
7 right, but I think my memory was pretty good. We were  
8 talking about the capital expenditures that were being put  
9 into various race tracks. And I remember that Hollywood  
10 Park, I think it was Mr. Liebau, commented that some tracks  
11 around the country, and in California, put their monies into  
12 the facilities, and the specific was restaurants.

13 And at that time Mr. Liebau said that what he was  
14 interested in doing was spending money for the good of the  
15 horse. And that resonated in my brain and I've stayed with  
16 it because I think that's what we really need to do. We  
17 need to spend for the good of the thoroughbred racehorse.

18 So as I saw this request, I went back and look at  
19 the CHRB data, just as Mr. Shapiro has shown, and we've had  
20 a lot of problems in Bay Meadows.

21 We know, as Dr. Arthur has said, that when  
22 synthetic tracks are put in across the country, the number  
23 of break downs drop significantly.

24 That, of course, was at Turfway, which I do have  
25 some statistics from, from the winter meet in '04 there were

1 ten break downs. They put in the synthetic track,  
2 polytrack, and it went to three after the surface was put  
3 in. And in the winter meet they had six in '05, and in '06,  
4 at the same meeting, they had zero.

5 And I think you can see the same thing at  
6 Keeneland, you can see it at Woodbine and, as you have just  
7 said, Dr. Arthur, we see it at Hollywood Park.

8 The other point that I think is relevant here is  
9 that there are savings involved when you put in the  
10 synthetic track. There's less maintenance, there's less  
11 watering. And I don't know, I'm not privy to some of the  
12 documents that these tracks have, but I've sat in several  
13 meetings and they say that the payback is around three  
14 years. Maybe it's two and a half, maybe it's three and a  
15 half, I don't know.

16 But it seems to me that there are savings that  
17 would pay back to the track for putting in the synthetic  
18 tracks.

19 But my question is why isn't Bay Meadows spending  
20 the money to put in the synthetic track that is needed so  
21 desperately here, at this facility?

22 MR. LIEBAU: Mr. Amerman, first, I don't mean to  
23 contradict you, but I would say that Hollywood Park is  
24 probably in the best position to determine whether there are  
25 any savings to a synthetic track.

1           COMMISSIONER AMERMAN: That's true, that's true.

2           MR. LIEBAU: And I can assure you that we have not  
3 found that to be the case. It's costing us as much to  
4 maintain our track, now, as it did before.

5           With respect to Bay Meadows, it should not be  
6 penalized because it has one of the best backsides, if not  
7 the best backside, and you're certainly invited to go and  
8 look at it. We've spent the money on there, there's \$22  
9 million on that backside right now, as far as that's  
10 concerned.

11           I think that if you listened to some of the  
12 trainers that are here that, historically, the Bay Meadows  
13 track has been viewed as one of the best tracks in Northern  
14 California. We've gone through a rainy weather and, yes,  
15 we've had some bad experience this last meet but, on a  
16 historic basis our track has been applauded and I think,  
17 without question, has been viewed as the best track in  
18 Northern California.

19           COMMISSIONER AMERMAN: I'm certainly not disputing  
20 that. All I'm saying is it could be better if we had a  
21 synthetic track in at Bay Meadows.

22           MR. LIEBAU: I can't argue with you, but there's  
23 just no way that it makes economic sense at this point in  
24 time for Bay Meadows to put in the synthetic track.

25           COMMISSIONER AMERMAN: Well, that leads me back to

1 what my first comment was, that you said that you felt the  
2 investment should be made for the horse. And this is an  
3 investment for the horse.

4 MR. LIEBAU: I understand that. But when we made  
5 the investment at Hollywood Park, we probably had a longer  
6 horizon as far as, you know, operating.

7 So really the choice comes down to, you know,  
8 whether we shut down on December 31, 2007 or whether we  
9 don't, that's really what it is.

10 I would also point out, Mr. Amerman, that I don't  
11 know when Bay Meadows could have installed a synthetic  
12 track, and I would like all the Commissioners to think about  
13 that. When would we have been able to do it?

14 COMMISSION CHAIRPERSON SHAPIRO: You know --

15 MR. LIEBAU: No, seriously, when would we --

16 COMMISSION CHAIRPERSON SHAPIRO: Mr. Liebau, I  
17 don't think -- I don't know. The answer is I don't know,  
18 but we certainly gave notice to everybody and we have to  
19 think that when we came up with our 2007 calendar that there  
20 could have been some modifications or changes to accommodate  
21 everybody. I think that that doesn't really pertain it.

22 MR. LIEBAU: Okay, I would just suggest it was  
23 impossible, and you should review it. And I'm not too sure  
24 any -- you know, any thought was given to that. Because you  
25 can only -- these tracks can only do it during the summer

1 and the first summer was Golden Gate Fields.

2           COMMISSIONER HARRIS: Yeah, I think the issue  
3 we've got here is that, I mean, obviously, synthetic tracks  
4 are preferable over conventional tracks. But here, at Bay  
5 Meadows, economically, they're just not going to put a  
6 synthetic track into use for two years. It is a question of  
7 do we want to -- is it worthwhile, for the overall benefit  
8 of racing, to stay at Bay Meadows another two years, or tell  
9 them to just forget it. But the problem is that there's  
10 nobody else out there had a synthetic track.

11           COMMISSION CHAIRPERSON SHAPIRO: Well, that's not  
12 so.

13           MR. LIEBAU: It would be nice if Pleasanton.

14           COMMISSION CHAIRPERSON SHAPIRO: I don't think  
15 that's so.

16           MR. LIEBAU: Well, Golden Gate. I mean, unless  
17 you want to run, basically, the entire program at Golden  
18 Gate, and I think that's worse.

19           COMMISSION CHAIRPERSON SHAPIRO: Well, I don't  
20 know that that's worse. I think we would have to look to  
21 Golden Gate and to the other tracks, Pleasanton, Santa Rosa,  
22 whatever tracks are available, to see if there isn't a way  
23 to come up with a calendar that could work and satisfy.

24           We certainly don't want to harm or displace the  
25 thoroughbred horsemen that are up here. On the other hand,

1 you know, if my understanding is correct, there's been -- in  
2 the first 23 days of racing here, there's been, I think, 12  
3 fatalities on dirt, and there have been three serious  
4 injuries, that's 15 horses. And if you value those 15  
5 horses at an average of \$25,000, you know, that's a million  
6 seven in horseflesh lost in the first 23 days of racing  
7 here.

8 This is about saving our horses, protecting our  
9 riders, and the Board passed this mandate.

10 And I think that, you know, it's a very difficult  
11 situation for which I appreciate Bay Meadows' position. I  
12 don't believe for one minute that Mr. Liebau, or Ms.  
13 Thurman, or anybody else wouldn't like to do this.

14 What I don't know is that there is -- in my mind  
15 is there not maybe a solution that I believe there was  
16 legislation that would allow you to recoup a portion of the  
17 cost from the installation of this track. And if you did in  
18 fact close two years from now, and let's say it cost you \$8  
19 million, of which it was my understanding that a large  
20 portion of the cost was in the subsurface drainage. The  
21 remainder was in the top surface, the cushion, which I would  
22 think might be able to be sold to another track, a fair, or  
23 somebody.

24 So maybe it's not an \$8 million problem, but if  
25 you can get money reimbursed to you from CTBL, or wherever

1 the money actually comes from, and you could sell the top  
2 surface, I don't think it's an \$8 million out of pocket,  
3 necessarily.

4 Now, theoretically, if you stayed open for two  
5 years you would be making money and you'd be able to cover  
6 the cost for that.

7 Are my numbers way off somewhere, Mr. Liebau?

8 MR. LIEBAU: I think your numbers are off in that,  
9 first of all, you're talking about a law that hasn't been  
10 enacted. You're talking about a State subsidy for a track  
11 that's only going to be available for two years, you know.  
12 When we looked at Hollywood Park, and the other people that  
13 are putting in the tracks, I don't think anybody has any  
14 assurance of ever getting any money back. I mean, I just  
15 think that that's -- pardon me, but I think that's the  
16 longest shot at all, that there's going to be some money to  
17 fund these synthetic tracks, especially after they're  
18 already in.

19 COMMISSION CHAIRPERSON SHAPIRO: Was there not  
20 legislation --

21 MR. LIEBAU: I would also say, you know, when you  
22 look at these -- you know, Hollywood Park's synthetic track  
23 has been a great success.

24 COMMISSION CHAIRPERSON SHAPIRO: Absolutely.

25 MR. LIEBAU: But I got to tell you there have been

1 tracks, synthetic tracks installed that have not been great  
2 successes. And I don't think anybody would tell you that  
3 the synthetic track at Woodbine is a success. They've had  
4 problems with it. Maybe the injuries are down. I thought  
5 that with respect to the Turfway statistics, that their  
6 statistics went awry this last --

7 COMMISSION CHAIRPERSON SHAPIRO: Yeah, but they  
8 had extenuating circumstances with weather that we don't  
9 have here, and the balling up under the foot of the horse.  
10 I mean, let's bring it back to here.

11 MR. LIEBAU: Wait a minute, everybody with  
12 synthetic tracks has the same problem, it seems, when it  
13 gets cold. I had that problem of Hollywood Park. You're  
14 aware of it. We dealt with it. It's a learning curve.  
15 It's not easy to take care of these synthetic tracks. So  
16 far we've lucked out.

17 So, you know, and another thing is what track do  
18 we put in. I mean, are you going to have a poly track,  
19 you've got a cushion track, you've got -- you know, I don't  
20 know, maybe something from Australia or whatever. I mean,  
21 we're in an investigative phase.

22 But I just don't think that you can assume that  
23 you can get some money back from some law that hasn't even  
24 been enacted, and there's no funding for it at the moment.

25 COMMISSION CHAIRPERSON SHAPIRO: Well, I thought

1 that the law was actually allowing that there was money that  
2 was in existence, that you would be able to make a request,  
3 and the money would come from CTBL, and that you basically  
4 would be able to get a reimbursement of about a million and  
5 a half dollars. Is that not so?

6 MR. LIEBAU: My understanding is that law has not  
7 been enacted.

8 COMMISSION CHAIRPERSON SHAPIRO: Okay, we have a  
9 difference of opinion.

10 MR. LIEBAU: I'm not even sure there's been a  
11 committee hearing on it, I don't know.

12 COMMISSION CHAIRPERSON SHAPIRO: Okay. All right.

13 COUNCIL MEMBER AMDREINI: Mr. Chairman, I would  
14 like to point out, when you talk about capital expenditures,  
15 that a lot of people don't talk about the capital  
16 expenditures of the owners. We go through roughly, in  
17 California, about four percent of our horses per month, if  
18 there's roughly 2,000 horses in training in Northern  
19 California, and you put a value of those on about 25,000,  
20 I'm doing my math in my head, you're looking at 80 times  
21 25,000, which is about \$2 million. Let's see, you're  
22 looking at a fair amount of money every month in terms of  
23 horses, almost \$2 million worth of horses.

24 COMMISSION CHAIRPERSON SHAPIRO: Right. Well, I  
25 agree with that.

1           Okay, we're going to -- I think we might as well  
2 open this up, at this point, to public comment. Jerry  
3 Hollendorfer.

4           MR. HOLLENDORFER: Jerry Hollendorfer, Trainer,  
5 Northern California. I'm in favor of allowing the waiver  
6 for Bay Meadows, and I think that I can conduct my business  
7 successfully if you allow them to have the two-year waiver.

8           COMMISSION CHAIRPERSON SHAPIRO: Thank you,  
9 Mr. Hollendorfer.

10          Tom Martin.

11          MR. MARTIN: Good morning, Commissioners. I'll  
12 keep this short. We represent about 50 folks here and, of  
13 course, it would be our desire to support the waiver. A lot  
14 of these folks have been here, and you may know, for the  
15 families that have been multiple generations. They have  
16 pension contributions that are an important part of them  
17 going forward once the track does leave. So we'd  
18 respectfully ask the --

19          COMMISSIONER HARRIS: Which group is it?

20          MR. MARTIN: We represent the ticket sellers, the  
21 parking workers, and the outriders, specifically. Thank  
22 you.

23          COMMISSION CHAIRPERSON SHAPIRO: Thank you.

24          Jim Duval.

25          MR. DUVAL: Jim Duval, Local 1877. We represent

1 the janitors, security guards, receiving barns, and the  
2 valets here at the track, and we are totally in support of  
3 having the waiver for Bay Meadows for the next two years.

4 COMMISSION CHAIRPERSON SHAPIRO: Thank you.  
5 Armando Lage.

6 MR. LAGE: Armando Lage, horse trainer. I'm in  
7 support of the waiver. One thing that I've been thinking  
8 for this conversation is if we don't get the waiver for this  
9 place to stay open for a couple more years, who else is  
10 going to take the running and who else is going to put the  
11 synthetic track elsewhere?

12 COMMISSION CHAIRPERSON SHAPIRO: Mr. Lage, I think  
13 that's an excellent question, and I think that question  
14 should be addressed. So why don't we -- before we get  
15 going, let me ask if there's a representative from Golden  
16 Gate or any of the fairs, if they're here, and perhaps let's  
17 see -- let's put the question to them to see if we can  
18 answer it. Because I understand all the trainers here and  
19 all the horsemen here deserve to know. I don't think this  
20 Board wants to see that there's not going to be racing  
21 opportunity.

22 COMMISSIONER HARRIS: And I think that also it's  
23 the training opportunity, as well, it's more than just  
24 racing.

25 COMMISSION CHAIRPERSON SHAPIRO: Absolutely,

1 racing and training.

2 MR. LAGE: And to be honest, I cannot foresee, in  
3 all the facilities here in Northern California, any facility  
4 of this magnitude that could conduct the type of racing that  
5 we need to stay competing with all the other forms of  
6 competition.

7 COMMISSION CHAIRPERSON SHAPIRO: Okay, so thank  
8 you. And I think that once we get to the end I am going to  
9 call upon people from Golden Gate, or Santa Rosa, or  
10 Pleasanton, or the fairs to try and address if the Board did  
11 not approve this waiver, what could we do to supplement the  
12 calendar in Northern California.

13 Brian Pitnick.

14 MR. PITNICK: I'm Brian Pitnick, I'm a trainer  
15 here, at Bay Meadows. I think I speak for all trainers here  
16 when we say that we applaud the efforts of the Horse Racing  
17 Board to try and improve the quality of the race surface  
18 here and to protect our investment in our horses. We work  
19 very hard to try and keep them as sound as possible.

20 I think Mr. Liebau is correct when he says we have  
21 the nicest barn area in Northern California and what, over  
22 the years, has been the best racetrack to train on.

23 I do speak for myself when I say that this  
24 racetrack, over the last meet, has not been as good or as  
25 safe as it has been in the past.

1           A lot of the trainers here, myself included, have  
2 had soundness problems with our horses, mainly concussion  
3 type injuries, because the track has been too hard. We do  
4 have a very, very nice barn area to train out of, but it is  
5 overrun with rodents and pigeons. And I believe that having  
6 a family here, in the immediate area, I would like to see,  
7 personally, and I think other trainers feel the same way, we  
8 would like to see the Board do whatever is necessary to keep  
9 Bay Meadows operating as long as possible.

10           At the same time, we believe the Board should use  
11 its best judgment to take whatever steps are necessary to  
12 ensure that Bay Meadows improves the quality of the  
13 racetrack, and the conditions in the barn area for the  
14 protection of our horses, both in terms of their soundness  
15 and their physical health.

16           If there is a way to do that, short of requiring  
17 the installation of a synthetic surface, and to require some  
18 investment in the improvement of the organic structure of  
19 our racetrack to reduce the incidence of injury, then we  
20 would encourage the Board to seek that kind of compromise.  
21 Thank you.

22           COMMISSION CHAIRPERSON SHAPIRO: Thank you, Mr.  
23 Pitnick. Hope I said that right.

24           COMMISSIONER AMERMAN: May I ask a question of Bay  
25 Meadows? How much was this track purchased for, do we

1 remember?

2 MR. LIEBAU: It's not that I don't remember, but  
3 I'm not too sure anybody could ever figure it out, Mr.  
4 Amerman. As Mr. Harris, who was the Chairman of the Board  
5 of the California Operating Company, we were acquired in, I  
6 don't know, John, '92, '93 --

7 COMMISSIONER HARRIS: Yeah, I think so.

8 MR. LIEBAU: -- by Patriot American Hospitality.  
9 And how much they actually paid for the racetrack and how  
10 much they actually paid for then -- the then thought to be  
11 advantageous tax structure, I don't know if we could ever  
12 make that.

13 COMMISSIONER AMERMAN: The point, I guess --

14 MR. LIEBAU: It was a --

15 COMMISSIONER AMERMAN: Somebody could figure it  
16 out, I assume. But the point I'm making is that an  
17 investment in our horses of, let's say for argument, \$8  
18 million, added to what the purchase price was, relative to  
19 what this land is going to be developed for in two years,  
20 seems like a small amount that we could then pay for  
21 ensuring that we have better safety for our horses. And  
22 these are your words, not my words, Mr. Liebau.

23 MR. LIEBAU: I am as sympathetic to horses as you  
24 are.

25 COMMISSIONER AMERMAN: I know you are.

1           MR. LIEBAU: I do not own the quality and number  
2 of horses that you do but I, too, am concerned about the  
3 horses. I can just tell you the pay back is not there.  
4 It's not a reasonable --

5           COMMISSIONER AMERMAN: No, I wasn't really saying  
6 the pay back for two years on 8 million, I was saying that  
7 put the purchase price, plus this investment, against what  
8 you're going to develop this piece of property for, and not  
9 you, but the land company, and you'll find that it's a small  
10 amount. You're going to have a profit coming out of this.

11          MR. LIEBAU: We are going to have a profit, but I  
12 suspect that the underlying investors are better off by not  
13 putting in the track, and that's the problem.

14          COMMISSIONER AMERMAN: Well, they are, but the  
15 owners aren't better off, and the track people aren't better  
16 off.

17          MR. LIEBAU: I acknowledge that.

18          COMMISSIONER AMERMAN: Okay.

19          MR. LIEBAU: I acknowledge that. But as far as  
20 making a decision today, it just doesn't make economic sense  
21 to put in the synthetic track. So I'm sorry about it, but  
22 that's the way it is.

23          COMMISSION CHAIRPERSON SHAPIRO: Well, we're  
24 trying to talk you into doing it, to putting in the track,  
25 okay. Clearly, that's where I'm coming from.

1           Isn't it not true that if you have to pay \$8  
2 million, and you were to -- you could sell the top surface,  
3 which is half of the cost; is that not correct?

4           MR. LIEBAU: I don't know to whom but, you know,  
5 it's like some of my wife's art, I never know where the bid  
6 is.

7           COMMISSION CHAIRPERSON SHAPIRO: All right,  
8 whatever it is, if you look at that it's \$8 million, and  
9 let's say you recover \$3 million by selling it to Pleasanton  
10 down the road, because they decide to put it in, now your  
11 basis is 5 million. And if I'm correct, and you can get  
12 another million and a half dollars, and maybe I'm not  
13 correct, but I think I am, now you're going to be at three  
14 and a half million.

15           If you race for two years and we save all of these  
16 horses, you certainly would still show a profit by racing  
17 here for two years. Your company makes a profit, the  
18 horsemen get to stay here, the owners are going to be happy  
19 because they're going to have more horses that are still in  
20 the racing game, isn't that a win-win-win for everybody?

21           MR. LIEBAU: First of all, I cannot make the  
22 decision that you're trying to talk me into making, I do not  
23 have that authority.

24           COMMISSION CHAIRPERSON SHAPIRO: Well, do you  
25 want to --

1           MR. LIEBAU: But I will tell you that if I was an  
2 investor in the track, personally, I would not make the  
3 decision.

4           COMMISSION CHAIRPERSON SHAPIRO: Well, I  
5 appreciate that but, unfortunately, everyone else in this  
6 room is an investor in horse racing --

7           MR. LIEBAU: I understand that.

8           COMMISSION CHAIRPERSON SHAPIRO: And, you know,  
9 this is -- look, I don't mean to get -- I'm not upset with  
10 you, Jack, I'm just trying to find a way that -- we'll take  
11 a recess and let you call somebody and see if they'll buy  
12 into it.

13          COMMISSIONER HARRIS: If they're going to spend \$8  
14 million, though, I don't know if the \$8 million for two  
15 years of a synthetic track is the best expenditure, I mean,  
16 for --

17          COMMISSION CHAIRPERSON SHAPIRO: Well, it's not \$8  
18 million, that's the point.

19          COMMISSIONER HARRIS: Well, we don't know that,  
20 though, I don't know if you can move this stuff around.

21          COMMISSIONER MOSS: Can I say something?

22          COMMISSION CHAIRPERSON SHAPIRO: Please.

23          COMMISSIONER MOSS: Sir, as long as I'm familiar  
24 with racing in Northern California, I mean, easily for five  
25 or six years all I've been hearing is that Bay Meadows is on

1 the verge of closing down and converting to condos.

2 Now, through that time I've never been aware of  
3 the track being in place, so to speak, where someone will  
4 accept an offer to sell it. Is that true? I mean, this  
5 track is not for sale, I take it?

6 MR. LIEBAU: No.

7 COMMISSIONER MOSS: And has not been for sale for  
8 a long period of time. It's either racing with the Bay  
9 Meadows Land Company or condos, I assume, that's the  
10 alternative.

11 MR. LIEBAU: Office buildings or whatever, yeah.

12 COMMISSIONER MOSS: A development situation. So  
13 as much as I feel the loss of -- an economic loss of this  
14 facility for all the people gathered here, today, this is  
15 certainly not a shock. I mean, the point is are we closing  
16 down this year, or next year, or two years from now. So I'm  
17 just concerned that to answer one other question, what do we  
18 do with the training, and what do we do with the new racing  
19 facilities, we haven't really explored that, we haven't had  
20 time to explore that because we've been facing problems as  
21 they come up.

22 So I believe we can come up with alternatives on  
23 where our horsemen will train horses and we will be able to  
24 stable horses. But I don't think this is coming to anyone  
25 in this room as any kind of a shock. So I just wanted to

1 point that out.

2 COMMISSION CHAIRPERSON SHAPIRO: I agree with  
3 that. I'm going to just finish these cards and then we'll  
4 go back.

5 O.J. Jauregui. I hope I didn't mangle your name.

6 MR. JAUREGUI: Hello, my name is O.J. Jauregui,  
7 I'm a Northern California trainer here. And I also like to  
8 do the waive of the track for two years.

9 Bay Meadows, the track is -- I've been on other  
10 racetracks and I've seen the difference in Bay Meadows. And  
11 one thing important about Bay Meadows, that I really believe  
12 that this track has a pretty good balance. It's firm on the  
13 bottom, has a balance, and when my horses came from other  
14 tracks to here, I seen they got sounder.

15 So for two years I think we'll be fine.

16 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

17 William Morey.

18 MR. MOREY: Hi, my name's William E. Morey, I'm a  
19 trainer here, at Northern California. Over the last about  
20 ten years I've trained a moderate sized stable. At one  
21 point or another over probably ever track in the State of  
22 California, and there's no doubt in my mind that the surface  
23 at Bay Meadows, over this last few years, has been the best,  
24 in my personal experience and a lot of others', that's  
25 number one.

1           Number two, I don't think we're disagreeing that  
2 the synthetic surfaces are best for our future in California  
3 racing, I think most of us agree with that. But I think  
4 what we're asking for at Bay Meadows, and the whole Northern  
5 California community that I'm talking about, is some more  
6 time. Because we don't really have a plan in place as to  
7 where to train the rest of these horses, where to race the  
8 rest of these dates, and so on and so forth.

9           We've still got a good fan base and owner base  
10 here, at Bay Meadows, and we'd like to see it stay open for  
11 as long as possible until we do have a good plan in place as  
12 to where we'll go to train and race. Thank you.

13           COMMISSIONER MORETTI: Mr. Morey, I have a  
14 question. Are you and the other trainers currently engaged  
15 in conversations as to what that plan might look like?

16           MR. MOREY: We're trying --

17           COMMISSIONER MORETTI: And you know that within  
18 two years, that's our number here, it might be a year, it  
19 might be three years, but within two years is what we're  
20 anticipating. Are there talks going on? I mean, have you  
21 all started planning for your futures?

22           MR. MOREY: That's what we're trying to get  
23 accomplished and I think what we, Bay Meadows, Northern  
24 California is asking for is more time, because December of  
25 '07 is creeping up awfully quickly, and I don't think

1 there's a sufficient plan in place as to where to house,  
2 train, race the other half of the Northern California based  
3 horses.

4           Again, I think in the deep future we would agree  
5 that the synthetic surfaces are better, and we hope to get  
6 to that someday, but we need more time to have this plan in  
7 place as to where we're going to go and what we're going to  
8 do.

9           But I wish I knew more. To answer your question,  
10 I don't know. We need more time. Thank you.

11           COMMISSION CHAIRPERSON SHAPIRO: Thank you.

12           Lee Hall.

13           MR. HALL: I'm really glad to be here this  
14 morning. I'm here to say I'm in full response to agree that  
15 we need to have a waiver to -- I mean, we need to accept  
16 this here waiver and give these people enough time to solve  
17 these problems. They can't solve the problems overnight,  
18 and you already just questioned the gentleman just before me  
19 and asked him is it in the workings, and we've got to give  
20 them a chance to get into the workings.

21           And so I would greatly appreciate it if this Board  
22 could give us the time that we need. Thank you.

23           COMMISSION CHAIRPERSON SHAPIRO: Thank you, Lee.

24           Jerry Jamgotchian.

25           MR. JAMGOTCHIAN: Mr. Chairman, members of the

1 Board, Jerry Jamgotchian. As you know, I own approximately  
2 140 horses throughout the United States, and in Europe. I  
3 have horses up here. And I think I have some good news for  
4 the majority of the people in this room in that my  
5 observations of this Board are going to be that you're going  
6 to grant this waiver, obviously. Because of the fact that  
7 this Board has essentially dropped its leadership ball. In  
8 that this Board is sitting as Board with no future direction  
9 for Northern California horse racing, let alone Southern  
10 California horse racing.

11 And with regards to Mr. Morey and the trainers  
12 here, I think if they look back at this date, they're going  
13 to see themselves at a Racino track, at other tracks in  
14 other locations of the United States just because of the  
15 lack of leadership this Board has displayed over the last  
16 multiple years.

17 Additionally, I see this Board now saying to  
18 private enterprise, Mr. Liebau, you've got to put in a  
19 synthetic track. Yet, look at the Board in their own tracks  
20 that the State runs, I don't see any synthetic tracks on any  
21 of the fair tracks.

22 If you're so concerned, Mr. Shapiro, members of  
23 this Board, and Ms. Fermin, about the horses' safety, I  
24 think there are a lot of breakdowns at the fair tracks,  
25 which maybe you ought to consider, but I just don't believe

1 the State's going to allocate multiple millions of dollars  
2 for synthetic tracks.

3 Now, I'm not really aware of everything with  
4 regards to Northern California racing. But I do want to ask  
5 you a question. If, in fact, you deny this waiver, doesn't  
6 the State have a fair meet at this racetrack later in the  
7 year, don't they? Mr. Shapiro?

8 COMMISSION CHAIRPERSON SHAPIRO: No, the State  
9 does not have a fair.

10 MR. JAMGOTCHIAN: The San Mateo Fair isn't held  
11 here, then, the racing meet.

12 COMMISSION CHAIRPERSON SHAPIRO: There's a county  
13 fair there.

14 MR. JAMGOTCHIAN: Is it held here?

15 COMMISSION CHAIRPERSON SHAPIRO: It is held here.

16 MR. JAMGOTCHIAN: So then what would happen if  
17 that waiver wasn't granted?

18 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,  
19 please make your comments.

20 MR. JAMGOTCHIAN: Okay, I'm just saying that's a  
21 possible problem for a future meet, which wouldn't be racing  
22 here, too. I just wanted to bring that up in front of the  
23 Board.

24 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

25 MR. JAMGOTCHIAN: Okay, this is clearly a horse

1 versus a human issue. The horses are all very important, as  
2 I said I have 140 horses, they're all very important to me,  
3 but the lives of the people, the lives of the grooms, the  
4 lives of the owners who run horses in California, janitors,  
5 pari-mutuel clerks, everybody, they're looking to this Board  
6 to show leadership. And I believe that all of you must side  
7 with the humans. Because the horses are important, but the  
8 humans are a little bit more important, unfortunately, in  
9 this regard.

10 I ask that this Board also consider, for their own  
11 tracks, Fresno, Solano, all the other tracks, that they also  
12 put in synthetic tracks. Because if you're forcing the  
13 private industry to put in synthetic tracks you, as the  
14 Board, should require that your own tracks also have  
15 synthetic tracks.

16 COMMISSIONER HARRIS: Those are not our own  
17 tracks. I mean, the Board doesn't own the tracks.

18 MR. JAMGOTCHIAN: Owned by the State. Owned by  
19 the State, raced by the State.

20 COMMISSIONER HARRIS: Owned by the State Fair  
21 Association, which is a whole different thing than the  
22 State.

23 MR. JAMGOTCHIAN: An arm of the State, though.

24 So, let's see, I think that those are my comments,  
25 Mr. Shapiro.

1           COMMISSION CHAIRPERSON SHAPIRO: Thank you.

2           MR. JAMGOTCHIAN: Excuse me. But I ask this Board  
3 to also consider the fact of future dates, and put a plan  
4 into effect for what you expect in California horse racing,  
5 because the trainers aren't the people that are supposed to  
6 have leadership of California horse racing. The State  
7 requires you, as a Board, to show leadership in Northern  
8 California.

9           And I hope Ms. Fermin and the members of the Board  
10 will, at some point, do that. Thank you.

11           COMMISSION CHAIRPERSON SHAPIRO: Thank you.

12           Tom Bachman.

13           MR. BACHMAN: Tom Bachman, TOC Vice-Chairman  
14 North. The TOC requests that you deny Bay Meadows an  
15 extension for two years. We have seen over the last few  
16 years Stonebridge Holding Company, Bay Meadows Land Company,  
17 Terry Francher go through development procedures in San  
18 Mateo. He's held up the calendar in Northern California  
19 without ever being able to give an end date to his  
20 development. The bottom line has always been the return to  
21 his investors, not to the horse business.

22           I think that the time is now to look at people who  
23 are willing to step forward, who have racing in their  
24 future, whether it be Sonoma County, in their turf course,  
25 MEC, with their 8 million they're putting in. Alameda

1 County Fair has stepped forward and has shown interest for  
2 dates, themselves. Cal Expo has shown interest to get back  
3 into the thoroughbred business.

4 I think we need to reward the people who are  
5 willing to step forward. And as long as we have Bay Meadows  
6 operating and controlling dates in Northern California, the  
7 folks who want to step forward to the future of racing  
8 cannot move forward with a plan for investment in the  
9 development of their facilities.

10 Essentially, we're being held hostage by a  
11 developer, with his bottom line being the only important  
12 item as far as the future of racing. We need to move on.  
13 We've got the wrong person driving the bus.

14 Right now our pool of horses is challenged. We  
15 need to reduce dates, as it is, to enhance the size of the  
16 fields. As long as the players stay in place, nobody is  
17 willing to give up dates, so we begin to abuse the business  
18 and we have a product that nobody wants.

19 The way to change this around is to have Bay  
20 Meadows either step forward, put in their investment, which  
21 I would love to have them do. I remember a mile training  
22 track, I remember a beautiful barn area outside of the  
23 racing facility, that's all history. We need to look at the  
24 future of racing in Northern California and the future does  
25 not include Terry Francher, the Bay Meadows Land Company, or

1 Bay Meadows. It's as simple as that.

2 I ask the Board to stand up and say enough is  
3 enough, let's go forward with the planning in Northern  
4 California, with partners who want to stay in racing, and  
5 have owners and horses as their best interest. Thank you.

6 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

7 Ed Halpern.

8 MR. HALPERN: Ed Halpern, California Thoroughbred  
9 Trainers. With all due respect to my friend, Jack Liebau,  
10 Mr. Amerman, I believe, asked him how much they paid for  
11 this property and Jack responded that he didn't think  
12 anybody could tell us that.

13 My guess is that the man who sold it knows exactly  
14 how much it sold for, but he had a different perspective.

15 You know, a number of trainers have gotten up and  
16 expressed their views that they'd like to see that this  
17 facility remains open.

18 I stand here to represent the Board of Directors  
19 and the California Thoroughbred Trainers, representing all  
20 the trainers in California. We agree, we'd like to see Bay  
21 Meadows stay open, too. But that's not the issue here  
22 today. That's for another time, and another question, and  
23 other decisions to be made.

24 The issue here, today, is whether the Board, this  
25 Board, should enforce the rule that it made that they put in

1 a synthetic surface. The time to question that, on the part  
2 of Bay Meadows, was when that rule was passed. But they're  
3 playing their cards, as you know, close to the vest here,  
4 and each time they come up to a deadline, they want to  
5 protect themselves, and that's why they said two years this  
6 time.

7 I don't doubt that at the end of two years, if  
8 there's loss of -- well, none of us doubt. We all know that  
9 at the end of two years, if there's lawsuits going, and if  
10 they can't move forward with their project, they'll be back  
11 here again asking for another waiver, if this waiver's  
12 given.

13 So until the final determination is made on that,  
14 there's not a question of opening or closing, there's a  
15 question of what this Board is going to stand behind when  
16 they make a ruling.

17 Our Board of Directors believes that, on behalf of  
18 all the trainers in California, believes that Bay Meadows  
19 should be forced to put in the synthetic surface.

20 COMMISSIONER HARRIS: It's sort of bothersome to  
21 me that you, you know, are basically speaking for a group,  
22 the thoroughbred trainers, but all the thoroughbred trainers  
23 we've heard from are on the other side of the argument,  
24 they're for the waiver. Have you spoken to quite a few of  
25 the thoroughbred trainers up here to explain why they're

1 wrong?

2 MR. HALPERN: You know, Mr. Harris, with all due  
3 respect, you and I like to spar on this issue at almost  
4 every Board meeting. We live in a representative form of  
5 democracy here, and just as the CTT is elected by these  
6 trainers and by all the trainers, to represent the interest  
7 of the trainers and the interest of the industry, this Board  
8 represents the interests of the State of California and the  
9 interests of the people of California, but I would not deign  
10 to stand up here and say to you did you interview the people  
11 of California to see what their view was. So this is the  
12 form of government we have.

13 COMMISSIONER HARRIS: We've got a little tougher  
14 assignment, with 30 million people in California, than you  
15 do.

16 MR. HALPERN: Well, did you interview a million,  
17 you know?

18 COMMISSIONER HARRIS: How many trainers do you  
19 think are in Northern California?

20 MR. HALPERN: Here's my point. My point is that  
21 the view of the California Trainers is based on a much  
22 larger mandate. And the trainers organization, however one  
23 may feel about it, personally, is appointed by State law to  
24 represent the interest of all the trainers in California.

25 There are some trainers here today. The truth is

1 that Mr. Liebau asked these trainers to appear and that's  
2 why they're here. And we agree with them, we'd like to see  
3 it stay open, there's no question about that. But that's  
4 not the question that we should be looking at. Of course  
5 we'd like to see it stay open, so would you.

6 I would make a couple -- well, I just want to make  
7 one comment about Mr. Morey's comment, which I appreciate  
8 and I think we do need to take care of, but it's the same  
9 problem up here, as we have in Southern California, where  
10 we've spent many hours looking at alternatives. But the  
11 problem is until you know exactly where the track in  
12 existence is going, it's almost impossible to make plans for  
13 the future.

14 So until we know where Bay Meadows is going, those  
15 plans cannot be made. And if Bay Meadows, tomorrow, were to  
16 say we will close, I'm fairly certain that within the next  
17 nine months we could figure out something to do. Thank you.

18 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

19 The last two comments, I have a card from Richard  
20 Castro. Richard, did you already speak to this matter?

21 MR. CASTRO: No.

22 COMMISSION CHAIRPERSON SHAPIRO: Okay, I'm sorry.  
23 I'm sorry, go ahead.

24 MR. CASTRO: My name is Richard Castro,  
25 representing Pari-Mutuel Employees Guild, Local 280.

1 We would like to see you grant the waiver to Bay Meadows,  
2 but I would like to add a couple of other comments, and if  
3 you feel me out of order, feel free to let me know.

4 It's been mentioned what about a future plan. I  
5 realize Dixon Downs is a long shot, but my members have  
6 actively been working in that community to try to get that  
7 passed on the ballot on April 17th. So there are some  
8 people out here that have been looking for some future plan  
9 and have been trying to promote racing.

10 And I imagine if something else came along, we  
11 would be in support of that.

12 In the case of Bay Meadows, we have members living  
13 in this area. We like the idea of it being kind of  
14 seasonal, moving around. Even from the Board's own words,  
15 you want to spread racing around, you don't want it locked  
16 in these long meets. You've talked about dividing meets.  
17 Well, Bay Meadows is part of that circuit and we actively  
18 support Bay Meadows getting the waiver. Thank you.

19 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

20 Rick Pickering. Rick.

21 MR. PICKERING: I've been called worse.

22 COMMISSION CHAIRPERSON SHAPIRO: Yeah, Pickering.

23 MR. PICKERING: Good morning, Rick Pickering, CEO  
24 Alameda County Fairgrounds and Race Meet.

25 First of all, I'm not speaking on behalf of CARF

1 of the other racing fairs, just simply on behalf of the  
2 Alameda County Fairgrounds. This summer the Alameda County  
3 Fairgrounds, along with other fairs in Northern California,  
4 for a period of four months will be hosting training for all  
5 the current thoroughbreds at Golden Gate Fields.

6 We have a plan that's in place, we're making the  
7 investments, and we will have a successful training program  
8 during the summer in Northern California.

9 In addition to bringing in the Golden Gate Fields  
10 horses and spreading them out amongst the fairs, we'll also  
11 be bringing in hundreds of horses from out of state to run  
12 the fair circuit.

13 So on the question of can the fairs step up and  
14 assist in the training, Northern California we have a number  
15 of facilities, different than what we have in Southern  
16 California.

17 This summer will be a great experiment as to how  
18 well we'll be able to accommodate these horses, and we know  
19 that we will.

20 Second point, there's been a lot of planning going  
21 on amongst the fairs in Northern California. The difficulty  
22 we have is picking a date to plan toward, and that date  
23 continues to be a moving target. Each time I've been before  
24 this Board or the Strategic Planning Committee, I've been  
25 asked how much money will Pleasanton spend, and how fast can

1 Pleasanton spend the money, and my response has continued to  
2 be when we have a date that we can plan toward, then we have  
3 a plan that we can invest in and we can get other people to  
4 invest with us. It may even be the Bay Meadows Operating  
5 Company or a version of that. It could be TOC. It could be  
6 a joint powers authority. It could be the State of  
7 California starting a new State racetrack bonding authority,  
8 particularly in the case of Cal Expo.

9           But when we don't have a date to plan toward,  
10 every business plan is wonderful, but if one business says  
11 I've got a plan, will you finance me if this business goes  
12 out, it's hard to get that plan financed. If you have a  
13 date when you're going to be up and running, and have  
14 additional racing dates or additional training dates at any  
15 of the fair facilities, then we have a plan that we can go  
16 and get financed.

17           So we're doing an experiment this summer. We  
18 believe it's going to work. We believe we're going to have  
19 a very successful summer training program at the fairs,  
20 training the major thoroughbreds from Golden Gate Fields.

21           A date to plan toward. If it's the end of '07, if  
22 it's the end of '08, if it's the end of '09, is there any  
23 way that the Board can get a guarantee from the owners of  
24 this facility, so that we all have a date to plan for?

25           Is there an opportunity to post some type of a

1 multi-million dollar bond, but could it be collected on in  
2 the future?

3           Is there an opportunity to condition a one-year or  
4 a two-year waiver, tied to a specific date that certain  
5 decisions had to be made?

6           I don't know if the Board has that authority, but  
7 there are options that are out there.

8           Another option, Golden Gate Fields continues to  
9 invest in their synthetic surface and this facility does  
10 not, for the year of 2008 should Golden Gate Fields start to  
11 pick up more weeks of racing, does the law need to be  
12 changed to allow them to do that?

13           So those are some options that are out there.  
14 Again, by the time the law went into effect it might not be  
15 until 2008, there's also the opportunity to split the baby.  
16 Perhaps the baby's split at the end of 2008, not 2009. So I  
17 think the Board does have some options. If there's any way,  
18 legally, to put restrictions or get guarantees out of the  
19 Bay Meadows Operating Company, I think for the industry as a  
20 whole we've heard it's the people, it's the people, it's the  
21 people. The horses are important, but the jobs are out  
22 there, the capital, the investment, the infrastructure's  
23 there, and if we don't have dates that are guaranteed to us,  
24 we could have a whole bunch of employees at Bay Meadows out  
25 of work tomorrow, or out of work in the middle of '08, or

1 even at the end of '07.

2           So if there's any way to pin this facility down to  
3 a date that we can all plan to, I guarantee a plan will come  
4 forward. As long as the date continues to move, there's a  
5 lot of effort out there to mess with the plan and keep  
6 people off balance so that we cannot really strategically  
7 plan for Northern California.

8           There's more I could say, but I think I've stated  
9 most of the obvious.

10           COMMISSION CHAIRPERSON SHAPIRO: Thank you,  
11 Mr. Pickering.

12           I think that will end the public comment and I  
13 think it's time, I think we all understand what is at stake.  
14 I think we all understand what we're dealing with here.  
15 It's a very difficult -- it's a very difficult situation.  
16 Nobody wants to see Bay Meadows go.

17           And to the horse trainers, I want to thank you for  
18 coming here and expressing your views.

19           One thing that I don't think that perhaps you're  
20 all aware of is that there have been strategic planning  
21 meetings that are going on. I don't think anything we're  
22 trying to do, no matter what the decision is, is to harm any  
23 of the participants in the sport. And, in fact, we all have  
24 to plan for a future of this game.

25           So with that, I'm going to just see, go down the

1 row and let each Commissioner make a statement, then we will  
2 take a vote.

3 Commissioner Moretti?

4 COMMISSIONER MORETTI: Thank you. Thank you to  
5 everyone who took the time to come and comment today. This  
6 is a very hard decision because, as our Chair said, none of  
7 us want to see Bay Meadows close. And I, certainly, would  
8 not want to participate in causing any economic harm, major  
9 harm to those represented by the unions, or the trainers who  
10 are out there doing their best every day to make a living.

11 However, I feel that we've already given an  
12 exemption when we put this mandate into our regulations last  
13 year, and that was the four weeks of continuous -- if any  
14 one of the associations -- the fairs were the reason for the  
15 exemption, that they could have four weeks of continuous  
16 racing and that would be it, and they would be exempt from  
17 the necessity of investing in the synthetic surfaces.

18 So Bay Meadows could take its four weeks, I guess,  
19 or up to four weeks, but that would be as far as I believe  
20 that I could, in good conscience, go.

21 When this issue first came up, I couldn't help but  
22 start thinking about a few past episodes where relatively  
23 similar incidents took place on a much larger scale, and  
24 that was years and years ago, when the auto makers didn't  
25 want to allow seatbelts, even though we knew seatbelts were

1 saving lives. Or when the tobacco companies didn't want any  
2 reforms for cigarette smoking, even though we knew that  
3 cigarettes were causing cancer and killing people.

4           These regular surfaces that we have, have been  
5 proven to have a profound affect on the health of the horses  
6 and, in turn, the riders. And I could not, in good  
7 conscience, put the economic vitality of the people involved  
8 over the lives of the horses.

9           So with that, my vote is to say you must -- you  
10 cannot have the exemption.

11           COMMISSION CHAIRPERSON SHAPIRO: Thank you.

12           Commissioner Moss.

13           COMMISSIONER MOSS: I, too, want to thank everyone  
14 for making their comments. And it's been my experience on  
15 this Board, since I've been on it, that we've prioritized  
16 the safety of the horse, and I think granting this waiver  
17 would fly in the face of that. And I believe that there  
18 comes a time when we have to move on. And I believe that  
19 this is going to be a great time for Northern California. I  
20 believe that we'll have new plans, new ideas, new  
21 investments. This is a very healthy industry. I really  
22 believe that. I look at the horse sales, I look at the  
23 people wanting to wager on horses, I feel nothing but  
24 optimism for this game. And I think this is a great area  
25 and I think we can develop it well. I think we can grow our

1 simulcast centers and get people more opportunities to  
2 wagers on horses in comfortable and attractive surroundings.

3           And for all those reasons and again, as I say, to  
4 prioritize the safety of the horse, I vote not to allow the  
5 waiver. Thank you.

6           COMMISSION CHAIRPERSON SHAPIRO: Commissioner  
7 Harris.

8           COMMISSIONER HARRIS: Well, this track up here has  
9 over a 70-year heritage and we've got just so much history  
10 here, and I think all we're talking about is just can it  
11 continue another two years or not. And by granting the  
12 waiver, we don't necessarily give them dates, we just say  
13 that it's possible for them to have more than four weeks,  
14 depending on how the dates committee and the Board decides  
15 to do it in future hearings.

16           But to me, it's just a -- it's a pretty easy  
17 decision to give the waiver because I think California  
18 racing is better off with Bay Meadows for two more years,  
19 than not having Bay Meadows for two more years. I mean,  
20 it's going to go away at some point, and we need to plan  
21 that, and we need to get some synthetic tracks at other  
22 places. But if Bay Meadows goes away, it's not just  
23 suddenly some synthetic track appears some place. It's got  
24 to be planned, and built, and funded, and it's going to take  
25 a while.

1           So I think that if we know that Bay Meadows could  
2 make it for two years, and maybe they need to spend some  
3 more money on their conventional track and do things that  
4 make it safer, but my experience has been that this track  
5 has been, you know, a relatively safe track. And there are  
6 tracks similar to this all over the country. It's not like  
7 the whole country is going to synthetic tracks.

8           I believe and I think they are going to be a thing  
9 of the future, but they are still in somewhat of an  
10 experimental stage, so waiting a couple of years might have  
11 some merit.

12           So I just think it's a tragedy if we don't give  
13 them the waiver.

14           COMMISSION CHAIRPERSON SHAPIRO: Commissioner  
15 Andreini.

16           COMMISSIONER ANDREINI: I agree with Commissioner  
17 Harris. I think it's a tragedy. This is an institution  
18 here. I feel it's a tragedy for the owners, for the  
19 trainers, for the people in the back stretch. I mean, to  
20 pick up and shut this thing down tomorrow, or next week, or  
21 two years from now is a -- I mean, if they could give us a -  
22 - if they, the Bay Meadows Land Company, could give us a  
23 definite answer, that would be a wonderful thing.

24           But for me, I think that this waiver should be  
25 granted, just in the interest of horse racing.

1 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

2 Commissioner Amerman?

3 COMMISSIONER AMERMAN: I, too, want to thank  
4 everybody for their comments. I think it's been a very  
5 healthy session. And I believe, like Commissioner Moss,  
6 that the future of California racing and racing in the  
7 United States can be very bright as long as we make  
8 decisions that are in the best interest of the tracks, and  
9 the owners, and the horses.

10 I believe a mandate was put out, it was very  
11 clear, that a synthetic surface has to be put into each  
12 racetrack that has a meet more than four weeks and this,  
13 apparently, has not been agreed to by the Bay Meadows Land  
14 Company.

15 I think we've talked a lot this morning, but  
16 really the issue is will the Bay Meadows Land Company put up  
17 the money to put in a synthetic track that we all know is in  
18 the best interest of our horses. And what I've heard is  
19 they won't do that, so I really have to vote against  
20 extending the waiver.

21 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

22 I, again, want to thank everybody that came out.  
23 I know everybody has a lot of passion for this issue, and  
24 that includes the people from Bay Meadows. Because the  
25 people that have spoken today, from Bay Meadows, I believe

1 are horsemen, are committed to horse racing, and want to do  
2 what's best.

3           Unfortunately, we all know what's coming at this  
4 location. And when I came here this morning, I was here  
5 early, and I walked around and I looked at all the  
6 historical pictures, you know, and I saw the excitement and  
7 what this racing facility has meant over the years.

8           And then I walked out towards the window area  
9 there, and I saw a picture of Native Diver when he won his  
10 first race, and I remember being here when I raced harness  
11 horses and drove at this racetrack. So this is not an easy  
12 decision for me emotionally, and it's not an easy one to  
13 even be responsible for the possible ending of racing here.

14           But we're not the ones that are deciding to end  
15 racing at Bay Meadows. Nor do I think that Mr. Liebau is,  
16 Ms. Thurman, or anybody that, here, is a racing person.

17           But, unfortunately, we have an industry that has  
18 to move forward, and I think that there are solutions. I  
19 think that we can utilize the fairs that we have.  
20 Hopefully, a Dixon Downs will come into existence, and there  
21 can be a new racing facility.

22           Golden Gate is installing a synthetic surface.  
23 There are going to be stabling opportunities. I'm not  
24 saying it's going to be easy, this is something that we're  
25 all going to have to figure out. But we do need to find the

1 racing opportunity to create a healthier Northern California  
2 than we've had.

3           And I just want to say that one of the wisest  
4 people in horse racing made these statements, "I just  
5 believe that all these arguments that are put up there are  
6 trumped by the one thing, and that is that the best for the  
7 horse and those that ride and care for the horse, that's  
8 it."

9           That was Mr. Liebau's statement, when we talked  
10 about -- we were awarding dates and he was advocating that  
11 the dates should go where there's a synthetic track.

12           Some of his remarks, he also said, "I don't know  
13 in my lifetime one thing that has impacted the California  
14 racing scene as much as the installation of this cushion  
15 track."

16           I agree with Mr. Liebau. I know his heart's in  
17 the right place. But, unfortunately, I think we, as a  
18 Board, and you as people that are committed to the sport,  
19 have to recognize that we now have to move forward, get  
20 together with Golden Gate, get together with TOC. All of  
21 you should get in the room and participate in finding a way  
22 to utilize our racetrack network up here, so that we can  
23 have a viable racing circuit.

24           And for that reason I would -- I'm in favor of  
25 denying the waiver.

1           Therefore, I would make a motion. The motion  
2 before us is a request for -- let me find the right agenda,  
3 I've got too many papers here. Let me borrow yours. Thank  
4 you.

5           The request is for the Bay Meadows Racing  
6 Association, for a two-year waiver of exemption.

7           All those in favor?

8           DEPUTY ATTORNEY GENERAL KNIGHT: You need a  
9 second.

10          COMMISSION CHAIRPERSON SHAPIRO: Oh, I need a  
11 second, sorry. Is there a second?

12          COMMISSIONER HARRIS: What is the motion? To give  
13 them a waiver or not to give them a waiver?

14          COMMISSION CHAIRPERSON SHAPIRO: The motion is to  
15 give them the waiver.

16          COMMISSIONER HARRIS: Okay.

17          COMMISSIONER MORETTI: No, to deny the waiver.

18          COMMISSION CHAIRPERSON SHAPIRO: I'm sorry.

19          COMMISSIONER HARRIS: We can't even figure that  
20 out.

21          COMMISSION CHAIRPERSON SHAPIRO: All right, I'm  
22 sorry, it's to deny. Okay.

23          All those -- the motion is -- how do you make a  
24 motion to deny?

25          COMMISSIONER HARRIS: I'll make it, just to get it

1 off the table. I will make a motion, which probably will go  
2 nowhere, that we approve the request of Bay Meadows to waive  
3 the synthetic track until the end of 2009.

4 COMMISSION CHAIRPERSON SHAPIRO: That's a better  
5 motion.

6 Is there a second? There's a second.

7 All those in favor?

8 (Ayes.)

9 COMMISSION CHAIRPERSON SHAPIRO: All those  
10 opposed?

11 (Ayes.)

12 COMMISSION CHAIRPERSON SHAPIRO: That would  
13 be -- the motion would be to deny them, four to two.

14 COMMISSIONER HARRIS: So it's Andreini and Harris  
15 on the right side of it.

16 COMMISSION CHAIRPERSON SHAPIRO: Correct. Okay.

17 With that, we're going to take a short break and  
18 then we'll come back. Again, thank you to everybody who  
19 came.

20 (Off the record.)

21 COMMISSION CHAIRPERSON SHAPIRO: I guess everyone  
22 liked what we did so much the room emptied out.

23 Okay, I've been asked, and I'm sorry to switch it  
24 around, but we have people that I guess have some travel  
25 issues, and so I'm going to go now to -- I'd like to go to

1 Item Number 8 on the agenda, and then we'll go back.

2 Item Number 8 on the agenda is a discussion and  
3 action by the Board on the request from the Solano County  
4 Fair and the Sonoma County Fair to conduct a joint fair  
5 meeting to be called the Sonoma Solano Wine Country Racing,  
6 commencing July 11th, 2007 through July 15th, 2007, and July  
7 18th, 2007 through August 6th, 2007.

8 So let's drink some wine and let's discuss this  
9 issue.

10 STAFF SERVICES MANAGER WAGNER: Jackie Wagner,  
11 CHRB staff.

12 The California Horse Racing Board approved the  
13 2007 race dates calendar at its October meeting, and at that  
14 time the Solano County Fair was approved to conduct their  
15 fair meeting from July 11th through July 22nd, or ten days,  
16 and Sonoma was approved to conduct their meeting from July  
17 the 25th through August the 6th, or 12 days.

18 Pursuant to the Horse Racing Law, the two fairs  
19 have come together and entered into a joint powers agreement  
20 to combine their fair race dates, and they are requesting to  
21 conduct a four-week mixed breed race meeting to be called  
22 Sonoma Solano Wine Country Racing.

23 And representatives from both fairs are here to  
24 make their presentation.

25 COMMISSION CHAIRPERSON SHAPIRO: I would like to

1 compliment you, thank you for what you're doing. We have  
2 been up here since I've been on this Board, and some of us  
3 much longer than I've been here, hoping, and praying, and  
4 pleading that people were going to come together and do  
5 something different and something good, and you guys are  
6 doing it. I mean, I want to hear about it, but I must tell  
7 you, when I saw this I was really happy, and I want to thank  
8 both of you, on behalf of your respective organizations, for  
9 doing something that I think will benefit -- and I'm sorry  
10 so many trainers have left the room because this is going to  
11 prove to be a benefit for Northern California racing.

12 So, gentlemen, why don't we hear from you. But  
13 I'm certainly excited about this.

14 MR. BARKETT: Thank you, Mr. Chairman, Joe  
15 Barkett, General Manager of the Solano County Fair. And  
16 Corey Oakley, from the Sonoma County Fair is also here,  
17 we're just both going to address this issue very briefly.

18 I want to say, first, that the Sonoma Solano Wine  
19 Country Race Meet, as we have called it, is an experiment  
20 that has the full support of the Northern California racing  
21 fairs, and we trust the racing industry in general.

22 The primary objectives are twofold. One, to  
23 demonstrate the willingness and capability of fairs to work  
24 together in the best interest of racing at publicly owned  
25 facilities.

1           As we have stated repeatedly before this Board,  
2 and its committees, we are convinced and resolute in our  
3 commitment that in the long run publicly owned facilities  
4 are the future of Northern California racing.

5           And, secondly, we want to gather important  
6 information to help us better understand racing at fairs  
7 that extend beyond the traditional fair dates, and that's a  
8 very important amount of data and whatnot that we're going  
9 to be able to ascertain, we believe, from this experiment.

10           So far I can say that the experiment has gone very  
11 smoothly. Both fairs, with the support of our sister racing  
12 fairs in Northern California, are working diligently to make  
13 this a first successful step in a new and optimistic future  
14 in which fairs will play a more pivotal role.

15           MR. OAKLEY: Corey Oakley, the Manager of the  
16 Sonoma County Fair.

17           The primary -- the issue's twofold, the reason  
18 we're coming to you at this meeting. One is you'll be  
19 reviewing our license application next month, and that  
20 license application will be interesting for all of us to go  
21 through because we're talking about two facilities, one  
22 meet, and so there's facility specific things on the  
23 application. And so we've met with staff and determined how  
24 we're going to actually, physically do that, and so it will  
25 be in front of you, and so there will probably be a lot of

1 questions.

2           And so we thought we'd take this opportunity to do  
3 two things. One is put it out there so that we can answer  
4 any questions and anticipate anything that might come  
5 forward, practically, for the application.

6           And then also to clarify, or housekeeping,  
7 although I know it's -- I'd like to think it's simple, like  
8 housekeeping, but it's not. One date that's sort of in --  
9 or one day, one racing day that's sort of in limbo.

10           I just want to address one thing. The meet will  
11 run at Vallejo and then will run for an extended period in  
12 Santa Rosa. And the two weeks, the first two weeks of the  
13 meet will be concurrent with the fair. The third week will  
14 be after the fair is concluded. But we have committed, and  
15 you'll see from our license application, a significant  
16 amount of funding, and money, and resources to making that  
17 third week an important thing for our community. We've  
18 committed more than \$75,000 to -- for that six days, for  
19 promotions, and special activities, and concerts, and that  
20 kind of thing.

21           And so the one thing that the fairs know how to do  
22 is have a party, and so we'll be continuing to do that.

23           So I hope you'll feel comfortable that we'll have  
24 that third week taken care of. I'm sorry, the fourth week,  
25 that's right. The third week at my place. The fourth week,

1 total.

2           The one issue is the date of Monday, July 23rd.  
3 In the original calendar, that was the final Monday at  
4 Vallejo, for the Solano County Fair meet. That is the first  
5 Monday of Del Mar.

6           In our new agreement or in our agreement, after  
7 the original calendar was done, that Monday is now the first  
8 Monday of the fair, of the Sonoma County Fair, our fair.  
9 And so it makes sense to look at having that -- adding that  
10 date back because it's on top of Del Mar, which is their  
11 first Monday, so it would be six days a week.

12           So if I've complicated it more, I apologize. But  
13 we're basically looking to restore Monday, July 23rd. It  
14 will be in Santa Rosa, as opposed to being in Vallejo, but  
15 it will still be part of the whole Wine Country Racing Meet,  
16 and it will allow a Northern signal on the first Monday of  
17 the six-day weeks, which begin with Del Mar.

18           COMMISSION CHAIRPERSON SHAPIRO: Okay. Does  
19 anybody from the Board have any questions about this?

20           COMMISSIONER MORETTI: Well, I'd like to also echo  
21 the Chairman's congratulations to you. We have been asking  
22 for a long time that the fairs come into the 21st century  
23 and start being creative. So thank you very much. This is  
24 very exciting, actually.

25           My question is to your marketing, the \$75,000 you

1 were talking about, I don't know if you're aware or not, but  
2 we have requested and have been receiving, from the  
3 thoroughbred associations, copies of their marketing plan,  
4 and it would be very interesting, I think, for us to -- if  
5 you could share that with us, some of your ideas. You don't  
6 have to do it publicly, but if you could send it on to us so  
7 that we could take a look at it and see what you do.

8           And also my question to you is actually tracking  
9 your successes, will that be part of measuring your success  
10 in this? You know, have you given some thought to how  
11 you're going to measure the success, other than --

12           MR. BARKETT: Basically, when we came together to  
13 form this consolidated race meet, we used as a bench mark  
14 the performance at each fair, individually. And I assume we  
15 will measure the results of our combined four-week race meet  
16 against the results of our two meets, separately.

17           And keep in mind, one of the important things that  
18 fairs are very interested in this experiment, and one of the  
19 reasons they're so supportive of it is because it includes a  
20 week of racing that actually is going on when a fair is not  
21 running. And that's one of the reasons this is such an  
22 important experiment to us and we will be comparing that, as  
23 well.

24           COMMISSIONER MORETTI: Thanks, Joe.

25           COMMISSION CHAIRPERSON SHAPIRO: Will you be

1 engaging like the vintners that are up in Sonoma, and around  
2 that, to get wine country wine racing? I mean, will you be  
3 involving them?

4 MR. OAKLEY: Actually, I'd hoped to be able to  
5 announce a major sponsor today, but I, hopefully, will be  
6 able to do it at our license hearing. But, yes, that is  
7 absolutely our plan. We have a trademarked "Wine Country  
8 Racing" --

9 COMMISSIONER MORETTI: Can we start guessing?

10 MR. OAKLEY: I don't know what you're talking  
11 about.

12 COMMISSION CHAIRPERSON SHAPIRO: You guys can have  
13 the rest of the field.

14 MR. OAKLEY: We hope to be able to do that,  
15 obviously, at the license meeting. But, yes, our plan is to  
16 make it very wine oriented and continue with the tradition  
17 that we've had there, which is very strong community  
18 support.

19 COMMISSION CHAIRPERSON SHAPIRO: Well, just -- I'm  
20 over the moon over this, this is just terrific and it's just  
21 a big step forward. So I guess you are asking us to approve  
22 your doing a combined race meeting. I will move that the  
23 dates --

24 MR. OAKLEY: And the Monday.

25 COMMISSION CHAIRPERSON SHAPIRO: I will move the

1 dates, as they are presented to us, which would be the dates  
2 that start on July 11th and continue through August 6th.

3 Is there a second for that motion?

4 COMMISSIONER MOSS: I second.

5 COMMISSION CHAIRPERSON SHAPIRO: All those in  
6 favor?

7 (Ayes.)

8 COMMISSION CHAIRPERSON SHAPIRO: It passes.

9 Sorry, it's my -- you're approved. And thank you. And with  
10 music, no less.

11 MR. OAKLEY: Thank you for moving it so.

12 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

13 All right, I was just handed a card for this item.  
14 Unfortunately, we concluded it.

15 MR. JAMGOTCHIAN: Excuse me, I had a card up  
16 there --

17 COMMISSION CHAIRPERSON SHAPIRO: You know what,  
18 hold on one second. You have to understand, I got tons of  
19 them today, and if I did not recognize your card -- I'm  
20 sorry, I did not recognize your card.

21 We have taken action, but if you still wish to  
22 speak on it, Mr. Jamgotchian, please do so.

23 MR. JAMGOTCHIAN: Yes. Jerry Jamgotchian. With  
24 regards to this item, just two things, Mr. Chairman. Number  
25 one, if the race meet is going from July 11th through August

1 6th, or the two race meets, don't you think for the safety  
2 of the horses that the CHRB should mandate that this  
3 racetrack have a synthetic track? It's more than four  
4 weeks.

5 COMMISSIONER MORETTI: They're not racing more  
6 than four continuous weeks at a time.

7 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,  
8 that is not a part of this discussion item, frankly.

9 MR. JAMGOTCHIAN: Excuse me, excuse me --

10 COMMISSION CHAIRPERSON SHAPIRO: No, I'm sorry,  
11 we're not going to discuss something that's not part of this  
12 agenda item.

13 MR. JAMGOTCHIAN: Well, wait a second, let me ask  
14 you a question with regards to this agenda item, then, Mr.  
15 Shapiro.

16 COMMISSION CHAIRPERSON SHAPIRO: Okay, you may  
17 make comment on this.

18 MR. JAMGOTCHIAN: Okay, my comment is it seems  
19 like the Board is not following the mandate, in that if  
20 these meets run from July 11th through August 6th, which you  
21 just stated, and because the Board has a desire to protect  
22 the horses, which you just stated in the last agenda item  
23 and, more importantly, if in fact the trainers haven't left  
24 this area to go to Racino and other things, why is this  
25 racetrack allowed to operate for more than four weeks

1 without a synthetic track.

2 COMMISSION CHAIRPERSON SHAPIRO: All right, let me  
3 answer your question. First of all, there's two racetracks  
4 involved, it's not one racetrack. Second of all, it's a  
5 combined race meeting and that should address both of your  
6 concerns.

7 MR. JAMGOTCHIAN: Is it the same racetrack?

8 COMMISSION CHAIRPERSON SHAPIRO: No.

9 MR. JAMGOTCHIAN: Oh, excuse me, then I'm sorry.

10 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

11 MR. JAMGOTCHIAN: I am sorry.

12 COMMISSION CHAIRPERSON SHAPIRO: Mr. Castro, did  
13 you --

14 MR. CASTRO: Tear it up.

15 COMMISSION CHAIRPERSON SHAPIRO: You don't choose  
16 to speak, thank you.

17 Okay, we're going to go back, now, to Item Number  
18 4 of our agenda, which is a public hearing by the Board on  
19 the adoption of --

20 MR. BACHMAN: I have a card on that.

21 COMMISSION CHAIRPERSON SHAPIRO: Oh, do you have a  
22 card in on that? I don't think I have that one.

23 Okay. Well, Mr. Bachman, do you choose to make a  
24 comment?

25 MR. BACHMAN: Tom Bachman, TOC. I, like you,

1 Chairman Shapiro and Commissioner Moretti, am very excited  
2 about the combination of these two fairs in establishing a  
3 new venue in Sonoma County, which happens to be where I  
4 live.

5 COMMISSION CHAIRPERSON SHAPIRO: Are you bringing  
6 any wine?

7 MR. BACHMAN: I could.

8 COMMISSION CHAIRPERSON SHAPIRO: Okay, you're  
9 down.

10 MR. BACHMAN: I think that one thing that the TOC  
11 wants to see is to have a little bit of awareness of what  
12 the agreement is between the two fairs, as far as how their  
13 revenues are going to be split in the future. This is a new  
14 venue, I think it's going to set a precedent that will  
15 probably go forward with other fairs, and I think if we  
16 track what goes on in this situation, it would behoove all  
17 of us, and be helpful in the future, a combination of other  
18 fairs.

19 I also am a bit concerned and just want to keep an  
20 awareness up that as -- should Vallejo send their second  
21 week over and essentially go out of the racing business,  
22 which is a possibility, I think at some point we want to  
23 make sure that the venues who go out of business do not  
24 continue in the income stream of where their weeks go.

25 I think that we would want to set a precedent that

1 should they develop their track into another facility, be it  
2 a hotel, or whatever it is, once they're up and running and  
3 have an income stream on that property, they no longer  
4 should share in the revenue from the dates that they gave  
5 up. In other words, let them grandfather out until they  
6 take their property and have some other income stream  
7 produced on it.

8           Because I fear that as things combine, people who  
9 no longer are in racing will still be sharing in the revenue  
10 of racing because they have an historical "right" to it and  
11 that concerns me. Thank you.

12           COMMISSIONER HARRIS: I think that's a good point.  
13 I've always been bothered by the concept of people  
14 effectively selling their dates, and I think it should just  
15 stand on its own.

16           But I think to do that, we need to get some  
17 legislation changed that would allow a fair to race more  
18 days. And maybe I think, now, that the most a fair can race  
19 is like 17 days. And I'd hope that TOC would support if, of  
20 extending that range of how many days a fair can race.

21           MR. BACHMAN: Oh, most certainly. We see the fair  
22 and the State-owned facilities as being the future,  
23 certainly in Northern California racing, along with MEC.  
24 And we really think that it's just an awareness that we need  
25 to track in the beginning, because it's such a new

1 development, and as long as we're conscious of how things  
2 are done, I think it will be done the correct way. Thank  
3 you.

4 COMMISSION CHAIRPERSON SHAPIRO: Thank you,  
5 Mr. Bachman.

6 Did I miss anybody else on that item?

7 Okay, now, we're going to Number 4. Jackie, Item  
8 Number 4.

9 STAFF SERVICES MANAGER WAGNER: Jackie Wagner,  
10 CHRB staff. The proposal before you is the proposed  
11 amendment to Board Rule 1481, which will add the backstretch  
12 event personnel category to the list of occupational  
13 licenses issued by the Board.

14 The occupational license would be for a period of  
15 one year and would cost \$35 for the initial license, with  
16 renewals costing \$20.

17 As the Board will recall, when this was initially  
18 noticed to the public for the 45-day comment period, we had  
19 the hearing last month, during the February 2007 Board  
20 meeting, and at that time the Board determined that the  
21 term, the original term "graded stakes security guard" could  
22 be misleading.

23 Therefore, staff worked with the industry, in  
24 particular Hollywood Park, and we came up with the category,  
25 "backstretch event personnel" and then this was subsequently

1 noticed for 15 additional days. During that time we  
2 received no comments.

3 And staff would recommend that the Board adopt the  
4 amendment as presented.

5 COMMISSION CHAIRPERSON SHAPIRO: As I recall, from  
6 our last discussion on this, there was some issue with  
7 respect to who is going to hold these licenses, because  
8 these people that are hired and licensed, they may not  
9 return, they may have a license, and I thought there was  
10 some discussion about asking them to turn in their license  
11 and be held by the applicable racing association or  
12 something to that effect.

13 Perhaps Mr. Wyatt could help us out a little bit  
14 here, so we could understand how that's going to work.

15 STAFF SERVICES MANAGER WAGNER: Mr. Wyatt is the  
16 industry contact we've been working with.

17 MR. WYATT: Eual Wyatt, Hollywood Park. You're  
18 correct, that was a concern. I don't know that that's the  
19 solution, but it was suggested that the association hold the  
20 licenses and that way, if the people don't come back, then  
21 they can't misuse them.

22 COMMISSION CHAIRPERSON SHAPIRO: So if I  
23 understand it and you, as a racing association, and I'm sure  
24 the others would follow you here, if one of these new event  
25 personnel comes out, you give him his license, he's now

1 licensed, but at the end of the day, and before he gets paid  
2 he has to turn in his license, and it could be held, and  
3 then that batch of licenses could travel with wherever the  
4 Southern California circuit is for horses, or things like  
5 that. Is there some mechanism that you would suggest?

6 MR. WYATT: Yeah, I think -- I'm not sure that  
7 even those -- for example, Santa Anita and Hollywood Park  
8 are relatively close together. I'm almost sure, convinced  
9 that we don't use the same outside security people.

10 COMMISSION CHAIRPERSON SHAPIRO: Oh, I didn't know  
11 that.

12 MR. WYATT: I think it would be association  
13 specific.

14 COMMISSION CHAIRPERSON SHAPIRO: Okay. All right.  
15 But you, as a racing association, are willing to do that  
16 because, personally, I would like to see that since these  
17 people are somewhat -- I don't want to say transient, but  
18 they're not full time workers on the backside, I wouldn't  
19 want them to be walking around with a license that gets them  
20 into the backside of any racetrack.

21 MR. WYATT: Yes, we would. I don't think that  
22 needs to be part of the rule, it could be a directive from  
23 the Board.

24 COMMISSION CHAIRPERSON SHAPIRO: Okay. All right.

25 COMMISSIONER HARRIS: Is there -- I'm

1 concerned -- I mean, I think, basically, we need to pass  
2 this. But I'm bothered that there's not really a protocol  
3 on what these people are supposed to be doing, or how  
4 they're trained, or what they -- you know, what type of  
5 things they report, or don't report, or what their conduct  
6 is on the backside. Is there a manual or something, if I  
7 was one of these security guards, I could read so I knew  
8 what I was supposed to do when I got there?

9 MR. WYATT: The answer to that question is no, but  
10 I think that's a good idea. I mean, we have -- when this  
11 whole process started a few years ago, when we were asked to  
12 put security guards on stakes races, or any race for that  
13 matter, and for a while we did, we held -- I'm not going to  
14 call them classes, but we held -- you know, when they came,  
15 they showed up, Dr. Bell, who was then the State  
16 Veterinarian, participated in not necessarily telling them  
17 what to look for, but how to behave around horses, because  
18 that was a concern.

19 And then it's our own security department, now,  
20 has been -- had those same lessons on how to behave around  
21 horses. And they have now taken that further and now are  
22 conducting and meeting with these people, when they come  
23 there the first time, about what to look for. So it's  
24 probably not a bad idea, if we're going to continue to do  
25 this, that we all get together and draft up some sort of a

1 manual.

2 COMMISSION CHAIRPERSON SHAPIRO: Yeah, I think  
3 that's a great idea. I think that we probably should have  
4 some form of a manual or something that proves that these  
5 people are barn worthy or, you know, track worthy.

6 EXECUTIVE DIRECTOR FERMIN: One of the things that  
7 have been suggested, and I think we've talked to Amy  
8 Zimmerman, at Santa Anita, about was having some kind of a  
9 training video that would be probably, maybe, more conducive  
10 to success than just a manual. But we have had -- I know  
11 Dr. Arthur has participated in training. The investigators  
12 have watched that many times, and have also helped out at  
13 Del Mar, and at Santa Anita, and at Hollywood Park to try to  
14 fill in so that there's some additional knowledge to the  
15 people that come in.

16 COMMISSION CHAIRPERSON SHAPIRO: Okay. Is there  
17 any other comment from the Board? If not, I'll go to public  
18 comment.

19 Richard Castro.

20 MR. CASTRO: I'll catch this item under 10, I  
21 marked it wrong, I'm sorry.

22 COMMISSION CHAIRPERSON SHAPIRO: You marked this  
23 wrong?

24 MR. CASTRO: I marked that wrong, I should have  
25 had 10. I did it, I'm sorry.

1           COMMISSION CHAIRPERSON SHAPIRO: Okay, well, you  
2 don't get 10 either, now.

3           (Laughter.)

4           COMMISSIONER HARRIS: Well, give him a 10.

5           COMMISSION CHAIRPERSON SHAPIRO: You have to fill  
6 out a new one.

7           Okay, Lee Hall. Are you anxious? Mr. Hall, what  
8 can we do for you?

9           MR. HALL: Yes. I've been working with you guys  
10 on this item for a long time, and we do have security  
11 officers that are able and trained to take care of the  
12 backside facilities, and we do have control of a system  
13 where if they are issued licenses, we can control those  
14 licenses as well as we do when we send janitors, clerks, and  
15 everybody else out to the tracks, where they have to be  
16 cleared by us.

17           And I'd like to turn it over to Dave Stillwell to  
18 explain the rest to you.

19           MR. STILLWELL: Thank you. I'm a staff member of  
20 Local 1877.

21           COMMISSION CHAIRPERSON SHAPIRO: Now, your name?

22           MR. STILLWELL: Dave is the first name, last name  
23 Stillwell. I was written on the bottom of Lee's card, I  
24 think.

25           COMMISSIONER HARRIS: Yeah, just is that SEIU

1 or --

2 COMMISSION CHAIRPERSON SHAPIRO: Okay, you're 1877  
3 SEIU.

4 MR. STILLWELL: Yes.

5 COMMISSION CHAIRPERSON SHAPIRO: Okay.

6 MR. STILLWELL: And SEIU has contracts with major,  
7 in fact the largest security providing firms in both  
8 Northern and Southern California, they're under -- partially  
9 under Local 1877 in the south, they're transitioning to a  
10 new local, 2006. And under Local 2407 in the south.

11 And on the training issue, in addition to the  
12 specific training protocols that obviously would be needed  
13 for this type of work, there's a basic training component  
14 that you find in unionized security firms, and these also  
15 happen to be the largest security firms regarding the way  
16 that security officers, and guards, and this type of work  
17 need to do their job, particularly related to not only  
18 public safety, but also the specific provision of security  
19 for the property that's involved.

20 So as Vice-President Hall said, we obviously  
21 support that and there are a large variety of security firms  
22 under contract, under union contract, with stable work  
23 forces, where people actually have a road to progress on to  
24 finally up to full time jobs, either at the racetracks,  
25 under the Teamster contracts in house or, ultimately, to a

1 permanent contract.

2 COMMISSION CHAIRPERSON SHAPIRO: Thank you. I  
3 think it's Ron Charles, but it says --

4 COMMISSIONER HARRIS: That's Ron Charles.

5 COMMISSION CHAIRPERSON SHAPIRO: -- please print  
6 and -- "good day, mate."

7 MR. CHARLES: Thank you. Ron Charles, MEC.

8 In speaking to Mr. Wyatt, we'd really like to get  
9 back to you next month. I think Mr. Wyatt and I would like  
10 to talk about this, because there are some concerns as to  
11 the way this has been handled in the past, the quality of  
12 the security guards and, frankly, the quality of information  
13 that we've given those security guards, and the training  
14 prior to getting back there. And then once they're back  
15 there, exactly what they're looking for.

16 So I'm glad it's brought up today, I know we can  
17 do a better job. And so if you would allow Mr. Wyatt and I  
18 to come back to you next month with a plan that I think  
19 would be much more organized, and something that I think  
20 will be much better received, you know, that's what we'd  
21 like to do.

22 COMMISSION CHAIRPERSON SHAPIRO: Well, let me just  
23 ask you a question, if I can. Are you asking me -- what's  
24 before us now is whether or not we add an occupational  
25 license class, "backstretch event personnel." That's --

1 we're just adding it to our occupational classes.

2 Are you suggesting that when you get together with  
3 Mr. Wyatt, you may not want to come back and add that  
4 classification? We're not defining --

5 MR. CHARLES: No, no. No, no, no. What I'd like  
6 to do is, because with Mr. Wyatt and I we feel that there's  
7 a number of issues that we'd like to discuss that will make  
8 this whole program better. And so going ahead with this  
9 item today, we're okay. But what we'd like to do is come  
10 back next month and address the whole issue of security.

11 COMMISSIONER HARRIS: Well, I think the whole  
12 thing could well be reinvented.

13 MR. CHARLES: Absolutely.

14 COMMISSIONER HARRIS: Because with the technology  
15 available today, you could have more cameras and you could  
16 probably have, you know, one person that really knew what to  
17 look for with, you know, looking at three or four horses at  
18 a time, it might be a lot more cost effective and you'd have  
19 a better record of anything that happened at that stall.

20 MR. CHARLES: And that's basically what I'm saying  
21 is we can do a much better than what we've been doing in the  
22 past.

23 COMMISSION CHAIRPERSON SHAPIRO: Well, I think we  
24 should add to our agenda, perhaps, a discussion item which  
25 is informing us and describing what this job function is,

1 how it works, how their training is, and all that, and I  
2 think that's a great idea.

3 But the issue before us is do we want to create  
4 this new category of "backstretch event personnel." So I  
5 think we should just form this category, but let's put it on  
6 our agenda for next month that you will report back to the  
7 Board to describe how these people are trained and inform us  
8 on how we can do a better job, how it's going to be done  
9 most effectively.

10 MR. CHARLES: Yeah, I'd appreciate that.

11 COMMISSION CHAIRPERSON SHAPIRO: Okay, thank you.

12 Mr. Jamgotchian, do you have a comment on this?

13 MR. JAMGOTCHIAN: Yes. Mr. Chairman, Jerry  
14 Jamgotchian.

15 With respect to this event -- backstretch event  
16 personnel, what's the CHRB licensing background check that's  
17 done on these people? Is it the same as it would be a  
18 regular owner?

19 EXECUTIVE DIRECTOR FERMIN: Yes.

20 MR. JAMGOTCHIAN: Exactly the same?

21 EXECUTIVE DIRECTOR FERMIN: Fingerprint and CIA  
22 background check.

23 MR. JAMGOTCHIAN: And approximately how long does  
24 that take?

25 EXECUTIVE DIRECTOR FERMIN: Well, it's down to a

1 day or two, I think.

2 MR. JAMGOTCHIAN: The reason is because this issue  
3 was prompted by one of my horses at Hollywood Park, I  
4 believe, where I walked into the stable area and looked at  
5 my horse, and the guy was sleeping and listening to his  
6 Gameboy, his Watchman, rather, whatever it was.

7 COMMISSION CHAIRPERSON SHAPIRO: IPOD.

8 MR. JAMGOTCHIAN: His IPOD, right. And I'd like  
9 to -- he wasn't watching anything. And, essentially, it  
10 kind of concerned me because I asked him, I said, where did  
11 you get this job and he says, somebody just kind of picked  
12 me up, and it was a lady at that time.

13 And I then brought that issue up to the Board, and  
14 maybe the Board's going to try to do something. But I think  
15 you ought to also consider the detention barn, once again,  
16 if you want integrity back into the sport. I just wanted to  
17 bring up the term "detention barn."

18 COMMISSION CHAIRPERSON SHAPIRO: Thank you very  
19 much, Mr. Jamgotchian.

20 With that, we'll close this. I'll make a motion  
21 that we adopt the occupational license class "backstretch  
22 event personnel."

23 Is there a second?

24 COMMISSIONER MOSS: Second.

25 COMMISSION CHAIRPERSON SHAPIRO: Second.

1 All those in favor?

2 (Ayes.)

3 COMMISSION CHAIRPERSON SHAPIRO: It is passed.

4 Item Number 5 on the agenda, public hearing by the  
5 Board on the adoption of the proposed amendment to CHRB Rule  
6 1844, authorized medication, to increase the permitted level  
7 of flunixin (lasix) in an official urine test sample from 20  
8 nanograms to 50 nanograms, and to allow 25 picograms of  
9 clenbuterol in the official blood test sample.

10 STAFF SERVICES MANAGER WAGNER: Jackie Wagner,  
11 CHRB staff.

12 First off, let me make a correction. It has been  
13 brought to my attention, and this is an oversight, flunixin  
14 is not lasix. The actual name for that is banomine.

15 So this proposed amendment would change the  
16 allowable level of flunixin, which is banomine, to 50  
17 nanograms per milliliter of blood plasma or serum. In  
18 addition, a new subsection will allow the official blood  
19 test sample to contain clenbuterol in an amount not to  
20 exceed 25 picograms per milliliter of serum or plasma.

21 This amendment has been noticed for 45 days.  
22 During the 45-day comment period, staff received no comments  
23 on it, and we would recommend that the Board adopt the  
24 proposal as present.

25 COMMISSION CHAIRPERSON SHAPIRO: Okay, does

1 anybody on the Board have any questions about this?

2 COMMISSIONER HARRIS: Well, on the banomine, how  
3 far out could a person give the banomine and be below this  
4 level?

5 EQUINE MEDICAL DIRECTOR ARTHUR: What this dosage  
6 does, and the reason this -- this is Dr. Arthur, Equine  
7 Medical Director of the California Horse Racing Board.

8 We had adopted a 25 nanogram level and found very  
9 quickly that about five percent of the horses were going  
10 over from a standard dosage of 500 milligrams IV, 24 hours  
11 prior to racing.

12 We did an administration study that eventually Dr.  
13 Stanley, and myself, and we actually did the analysis, both  
14 at the Maddy Laboratory and at Ohio State University, and  
15 determined that the 20 nanogram level caused too many false  
16 positives.

17 We administered banomine to, I think, a total of  
18 28 horses, when it was all said and done, analyzed at both  
19 Ohio State University and the Maddy Laboratory, and going  
20 through calculations used for, as you would appreciate,  
21 antibiotic withdrawals in food substance, particularly meat,  
22 used a statistical technique that they use and came up with  
23 a 50 nanogram per ml recommendation, based on that.

24 That will allow a standard dosage of 500  
25 milligrams, IV, 24 hours prior to racing and no chance of a

1 false positive.

2 In addition to that, from related work, we know  
3 that you cannot administer banomine at any pharmacologically  
4 significant level on race day without tripping the test.

5 So this is basically a refinement. We have been  
6 administering this rule at 100 nanograms for the last two  
7 years, and now we're going to go to a solid 50 nanogram  
8 level.

9 COMMISSIONER HARRIS: And part of the issue is  
10 there's only one you can use.

11 EQUINE MEDICAL DIRECTOR ARTHUR: There's only one,  
12 yes.

13 COMMISSIONER HARRIS: I was under the impression  
14 that the banomine, if you do it as we're proposing, which is  
15 the way to do it, 24 hours out, the efficacy of the banomine  
16 was not as good as the efficacy of butasolvin or something  
17 like that.

18 EQUINE MEDICAL DIRECTOR ARTHUR: Well, apparently  
19 some trainers used to think so, because they used to get a  
20 little closer. And that's one of the reasons with the  
21 concern with flunixin. And, frankly, butasolodin is used,  
22 phenylbutazone is used 80 plus percent of the time. Some  
23 trainers think flunixin works better on back pain, or back  
24 discomfort, or still backs, and that's why some trainers use  
25 flunixin rather than banomine.

1           And rarely, less than one percent use ketoprofen.

2           COMMISSION CHAIRPERSON SHAPIRO: Okay. If there's  
3 no other --

4           COMMISSIONER HARRIS: Also, on the clenbuterol,  
5 previously we had a urine test for clenbuterol and now we're  
6 going to -- this is a blood test, is that the issue?

7           EQUINE MEDICAL DIRECTOR ARTHUR: It actually will  
8 be both a blood test and a urine test. But essentially the  
9 urine test is the more restrictive level. And what this  
10 allows us to do is have a solid withdrawal time of 72 hours  
11 for clenbuterol.

12           Currently, we recommend four days in the urine,  
13 and you'll be a hundred percent safe at four days. But it's  
14 become common practice to administer clenbuterol up to 48  
15 hours before racing, and what this does is kind of split the  
16 difference.

17           But the way that the administration studies, we  
18 did additional administration studies with clenbuterol, that  
19 the 25 picograms allows us to recommend, have a solid  
20 withdrawal time recommendation that people can't really  
21 violate.

22           COMMISSION CHAIRPERSON SHAPIRO: All right, public  
23 comment. Marsha Naify, TOC.

24           MS. NAIFY: I just had a couple of questions. I  
25 was concerned about the withdrawal time on the clenbuterol

1 because I notice some states, like New York, they're at 96  
2 hours, Florida's at five days. And we were concerned,  
3 initially, about the misuse of clenbuterol by certain  
4 trainers. And is the 72-hour withdrawal time adequate?

5 EQUINE MEDICAL DIRECTOR ARTHUR: Do you want me to  
6 answer that question?

7 COMMISSION CHAIRPERSON SHAPIRO: I think you'd  
8 probably do a better job than we would.

9 EQUINE MEDICAL DIRECTOR ARTHUR: What this  
10 question really does, almost all the other levels that  
11 you're seeing are regulating clenbuterol in the urine. And  
12 when you use urine, you have a big variation in withdrawal  
13 times, it's just the fact that -- in fact, the RMTTC's  
14 recommending that all threshold levels go to serum,  
15 eventually.

16 What we would need to do, if you want to change  
17 the withdrawal time for clenbuterol, there would have to be  
18 additional administration studies done to determine what  
19 level that could be.

20 This drug is a little bit difficult because it's  
21 deposited into other tissues in the body, probably fat, and  
22 leaches out over a long period of time. Just like all of us  
23 have DDT in our fat cells right now, and leach out DDT, and  
24 you'll do that for a long period of time. Clenbuterol's a  
25 little bit like that.

1           So working with a blood level, other than the 72  
2 hours is problematic, and that's where we got into the  
3 discussion early on we may have to go as far out as 21 to 28  
4 days, if we're going to use blood to regulate clenbuterol.

5           There is a possibility, and it is used in other  
6 jurisdictions, to change the urine threshold level but,  
7 again, you're going to get into the problem we have  
8 currently, where there's an official level where you can be  
9 a hundred percent safe, and then you'll have people who will  
10 try to dance closer to the fire and take advantage of people  
11 that -- or the system and willing to take that risk.

12           Those are for decisions in the future and  
13 additional research would have to be done if we were going  
14 to use a different withdrawal time.

15           COMMISSION CHAIRPERSON SHAPIRO: It is my  
16 understanding, though, that you are going to be doing  
17 additional studies with respect to clenbuterol and you're  
18 working on those?

19           EQUINE MEDICAL DIRECTOR ARTHUR: We will design  
20 studies to do that and see if we can get funding to do so.

21           COMMISSION CHAIRPERSON SHAPIRO: Okay,  
22 you're -- well, Dr. Stanley.

23           DR. STANLEY: Scott Stanley, UC Davis. To follow  
24 up on that, Dr. Arthur has actually conducted the  
25 administration studies for further work, and I have to say

1 right now we have samples in the laboratory that are pending  
2 further analysis to provide us some additional information.

3           It doesn't change the structure of what we did  
4 with the plasma level for clenbuterol, it will add some  
5 additional information for the Board's determination of how  
6 and when clenbuterol may be being administered at the  
7 racetrack.

8           But to further explain, maybe to others that  
9 aren't as informed on plasma thresholds, it's been an  
10 industry drive for a number of years. And basically it  
11 comes down to states like Florida, New York, or  
12 jurisdictions don't have the technology that we currently  
13 have, they're not quite as capable of measuring low levels  
14 in blood, as we have been fortunate enough to have the  
15 technology equipment in the Maddy Laboratory, in California,  
16 to do that. So it puts us a little ahead of the curve.  
17 It's a better means to regulate this as a definitive answer,  
18 rather than saying we have a 96-hour withdraw, and we know  
19 people are using it inside that, this gives us an absolute  
20 72 hours is the withdrawal time, you need to discontinue or  
21 you could be in violation.

22           And other states right now, that are expressing  
23 five days, four days, three days, it's a moving target for  
24 them when they're using urine as a threshold, and the blood  
25 plasma threshold will be much more restrictive and

1 definitive in its answer.

2           COMMISSIONER HARRIS: But as I understand it,  
3 though, the threshold is an exact number, that if you're  
4 over that, you're in violation. You can't use the defense  
5 that I can't be over because I observed the 72 hours, it's  
6 the -- that's a guideline that we say that, you know,  
7 science shows that the chances of having a problem, if you  
8 follow that, are very, very slim. But I don't think we can  
9 tell people that absolutely that there's a 72 hours they're  
10 okay. It's just that that's the level.

11           DR. STANLEY: With the blood level we have much  
12 better information. What we don't know is what they  
13 actually did. You know, we can make a recommendation on the  
14 withdrawal. We can say that, you know, we have 99.99  
15 percent accuracy in our data analysis that this is a safe  
16 threshold.

17           COMMISSIONER HARRIS: No.

18           DR. STANLEY: There are no guarantees. And it is  
19 just a guideline.

20           COMMISSIONER HARRIS: Is there any difference in  
21 clenbuterol if you had a horse that had been on a regime,  
22 had been on clenbuterol for six months straight, would it  
23 have a different threshold issue, even though it came off 72  
24 hours ahead, versus a horse that maybe had been on a four-  
25 or five-day regime, would it make a difference?

1 DR. STANLEY: We've looked at extended regiments.  
2 We've not looked at something as far as six months because  
3 of the cost of doing that. As Dr. Arthur said, if that's  
4 necessary, we can look further. But we have used a long  
5 enough period of time to demonstrate what would be  
6 considered a long administration period, where the horses  
7 weren't just given it one day or two days, they were given  
8 it over a regimented period of time and we tested those  
9 horses. Six months is a little further than we've gone, but  
10 it could be done.

11 COMMISSIONER AMERMAN: In the meeting a couple of  
12 months ago we talked about withdrawal time of like 28 days  
13 was suggested. I think that probably I didn't -- wasn't in  
14 any follow-up meetings, but I think that was rejected as  
15 being not practical or not right. Is there some middle  
16 ground here that is above 72 hours, where we could assure  
17 ourselves that we would not have any positives; like seven  
18 days, for example?

19 EQUINE MEDICAL DIRECTOR ARTHUR: Let me just  
20 comment on that a little bit. First of all, whenever you  
21 have a withdrawal time on a very commonly used drug, like  
22 clenbuterol, that does match the entry time, you're asking  
23 for a mistake to occur. So ideally you would want your  
24 withdrawal time to match your entry time.

25 And from research that was just completed at the

1 University of Pennsylvania, that was funded by the RMTC,  
2 that they can show no pharmacological effect, certainly at  
3 72 hours, from clenbuterol administration. In fact, they  
4 couldn't show any pharmacological effect virtually right up  
5 until exercise time.

6 So the point there is that we can put a withdrawal  
7 time together that will match the entry time and we can  
8 avoid accidents.

9 But to get to your other question, yes, we can set  
10 a withdrawal time at other levels, it's just that we would  
11 have to do additional research to do that. And if somebody  
12 wants to set us a target at five days, ten days, we can  
13 design a study to try to look at that and make a  
14 recommendation.

15 COMMISSIONER AMERMAN: And the only negative to  
16 that is funding, if I understand you correctly?

17 EQUINE MEDICAL DIRECTOR ARTHUR: It would funding,  
18 primarily, for us to do that. But, you know, research is  
19 fairly easy to do at the racetrack.

20 COMMISSIONER HARRIS: We need to look at the goal.  
21 As I understand it, it is that we're trying to have a level  
22 playing field.

23 As I understand it, this level assures that a  
24 horse with that level did not have enhanced performance as a  
25 result of the drug. I mean, it's sort of immaterial to us

1 what kind of regime the horse has been on, it's just we're  
2 concerned about the horse having an unfair advantage, and I  
3 think that's the whole thing.

4 EQUINE MEDICAL DIRECTOR ARTHUR:

5 Pharmacologically, and the measurement's been done at 72  
6 hours, and it doesn't look as if anyone has any advantage.

7 One of the concerns, and I don't want to speak for  
8 the TOC, they have representatives here, was that some  
9 people think there's a long-term advantage to administration  
10 of clenbuterol which has to do with the partitioning  
11 effect that's seen with beta 2 agonists, of which this is a  
12 particular drug.

13 And some trainers think that they are forced to  
14 put horses on clenbuterol to be competitive.

15 Looking at the data that we have in the  
16 laboratory, it doesn't look like numbers like 95 percent of  
17 the horses were on clenbuterol, it does not seem to be the  
18 case. We think it's more like about a third of the horses,  
19 based on the data we have.

20 But that is a management decision in terms of  
21 performance of the horse that can be measured, 72 hours will  
22 work. Other policy decisions, you'll have to decide what  
23 you want to look at and we can design the research to answer  
24 your questions.

25 COMMISSION CHAIRPERSON SHAPIRO: If I can just try

1 to put a bow on this, at 25 picograms, which is the  
2 acceptable threshold level; correct?

3 EQUINE MEDICAL DIRECTOR ARTHUR: Yes.

4 COMMISSION CHAIRPERSON SHAPIRO: And testing  
5 through both urine and blood we, in essence, are making  
6 certain that no horse that races is going to have -- and is  
7 tested, is going to have any unfair advantage by having  
8 clenbuterol in the system, which also would mean that  
9 anybody that administers it within 24 or 48 hours of a race  
10 would test above that and would come up with a positive. Is  
11 that also correct?

12 EQUINE MEDICAL DIRECTOR ARTHUR: That is  
13 essentially correct. The question is nobody has answered  
14 the partitioning effect in horses of beta 2 agonists.

15 COMMISSION CHAIRPERSON SHAPIRO: I was getting to  
16 that.

17 EQUINE MEDICAL DIRECTOR ARTHUR: So we can't  
18 answer that question. That is a question that would take  
19 extensive research, above and beyond our capabilities to do.

20 COMMISSION CHAIRPERSON SHAPIRO: Okay, but that  
21 partitioning effect would not show up in the test because if  
22 there's a partitioning effect, which is building muscle  
23 mass, or having a steroidal effect, that may be the wrong  
24 terminology, that's where you need to do the study; correct?

25 EQUINE MEDICAL DIRECTOR ARTHUR: That is a

1 question that is unanswered, you are correct. But that  
2 would be a very difficult study to do because you're looking  
3 at months of administration and very sophisticated testing  
4 protocols. It may not even be possible to do.

5 COMMISSION CHAIRPERSON SHAPIRO: All right. It's  
6 also been a concern than more of the sudden deaths that  
7 we're seeing horses could, not are, could be related to  
8 prolonged use of clenbuterol; correct?

9 EQUINE MEDICAL DIRECTOR ARTHUR: There are reports  
10 of beta 2 agonists causing cardiomyopathies in other  
11 species. And there is one paper that indicates a decrease  
12 in cardiac function with long-term clenbuterol use, that  
13 needs to be investigated and see if that is in any way  
14 correlated with sudden deaths, where diagnoses have not been  
15 made, which is something we're looking at and is a fairly  
16 complex problem.

17 COMMISSION CHAIRPERSON SHAPIRO: Okay. So what  
18 I'm trying to get to is how are you, and who is studying  
19 these things, and when can we expect to see some results, or  
20 information, or conclusion of these studies? Are they all  
21 being done at the RMTC or are they being done at --

22 EQUINE MEDICAL DIRECTOR ARTHUR: No, no, no, in  
23 terms of trying to correlate undiagnosed sudden deaths to  
24 clenbuterol takes a review of the literature, trying to  
25 figure out if we are sampling the horses properly, if

1 there's some other sampling that needs to be done, and then  
2 they get a protocol and develop a prospective study to try  
3 to look at those particular changes that are recognized in  
4 other species. That will take a long time and you're  
5 probably looking at years to get that accomplished.

6 But that is a topic of discussion, trying to  
7 figure out how to address this specific problem. And it's  
8 not going to be an easy one to solve. They don't have an  
9 easy time doing it in humans, we're not going to have an  
10 easy time doing it in horses.

11 But there are some characteristic changes in other  
12 species with chronic Beta 2 agonist administration,  
13 particularly clenbuterol. So it is something we are looking  
14 at. But you're talking about a very sophisticated analysis  
15 of a very complex problem.

16 COMMISSION CHAIRPERSON SHAPIRO: But for the near  
17 term, by our adopting these new rules, we are assured that  
18 we're not -- that we are creating a level playing field and  
19 somebody would not have --

20 EQUINE MEDICAL DIRECTOR ARTHUR: Nobody is going  
21 to be going in and administering clenbuterol the day of the  
22 race and get away with it.

23 COMMISSION CHAIRPERSON SHAPIRO: Okay, that's what  
24 I wanted to hear.

25 COMMISSIONER HARRIS: There were a lot of false

1 accusations on clenbuterol like made over the years, and I  
2 think this gets -- you know, obviously gets it done. But I  
3 think, right or wrong, clenbuterol has been maligned more  
4 than it deserved.

5 COMMISSIONER AMERMAN: What I'm missing is that we  
6 say that clenbuterol, we can't exceed 25 picograms per  
7 millimeter, but what is set at the present time, what's the  
8 ruling at the present time.

9 EQUINE MEDICAL DIRECTOR ARTHUR: Five nanograms  
10 per milliliter in the urine.

11 COMMISSION CHAIRPERSON SHAPIRO: We're adopting  
12 blood, now. We've only, in the past, been using urine.  
13 We're now going to be able to use urine and blood and so the  
14 threshold level --

15 COMMISSIONER AMERMAN: So this is new.

16 COMMISSION CHAIRPERSON SHAPIRO: This is a new  
17 addition.

18 COMMISSIONER HARRIS: At one point there was no  
19 threshold, that's when we had those cases coming in.

20 COMMISSION CHAIRPERSON SHAPIRO: Right, and now  
21 we've established one.

22 COMMISSIONER AMERMAN: Now, on the other, on  
23 banomine, you've gone from 20 to 50. My concern is that  
24 this will be written up as we're going up in levels. How do  
25 we get around that from a public relations point of view?

1 EQUINE MEDICAL DIRECTOR ARTHUR: Well, the reality  
2 of it is we're going down from a --

3 COMMISSIONER AMERMAN: I understand that, but it  
4 doesn't read that way, or it might not read that way. Going  
5 from 20 nanograms to 50 nanograms.

6 EQUINE MEDICAL DIRECTOR ARTHUR: From 20 to 50  
7 nanograms. And what we can do, we have the data to confirm  
8 that we can prevent race day administration. It really is  
9 just an administrative change that does not increase the  
10 amount of banomine that can be administered to a horse.

11 COMMISSIONER AMERMAN: Well, we've done such good  
12 work here, in California, on attacking these issues, that I  
13 don't want to see it thwarted by a misreading by people. I  
14 think we've got to be very careful about that.

15 EQUINE MEDICAL DIRECTOR ARTHUR: I'll work with  
16 Mike Martin.

17 DR. STANLEY: Scott Stanley, again, UC Davis. I  
18 can tell you that at the Racing Symposium in Arizona, in  
19 December, I was part of a panel that discussed this work  
20 that we did in California on flunixin and banomine, and at  
21 that time the Executive Director of the RMTTC, Racing  
22 Medication Testing Consortium, Scott Waterman, announced  
23 that the RMTTC would be modifying their regulation, their  
24 recommended model rule, eventually, to accommodate that as  
25 well, they would be changing to 50 nanograms per milliliter

1 nationally.

2 COMMISSIONER AMERMAN: That's terrific, but what  
3 does eventually mean? I mean, are they going to -- you  
4 know, sometimes we can wait forever to get them to do it.

5 DR. STANLEY: They're a bit slow, sometimes, in  
6 reacting, but Dr. Arthur can probably speak to the time  
7 frame.

8 COMMISSIONER AMERMAN: Well, I'm just concerned  
9 that we take the lead and we take the hits, so we've got to  
10 be careful about that.

11 COMMISSIONER HARRIS: Well, I think we got to base  
12 ours on sound science, which is what this is. I mean, it  
13 just comes down to you've got to be fair.

14 COMMISSIONER AMERMAN: I hear you. I'm all for  
15 it. But I just can anticipate that it's misinterpreted.

16 COMMISSIONER HARRIS: Well, a lot of the things we  
17 do here get misinterpreted.

18 COMMISSION CHAIRPERSON SHAPIRO: Okay.

19 COMMISSIONER AMERMAN: Well, that's true, that's  
20 true.

21 COMMISSION CHAIRPERSON SHAPIRO: All right. I'll  
22 close up the public comment. Darrell Haire, do you have a  
23 comment on this? I was just handed a card but, okay.

24 Jerry Jamgotchian?

25 MR. JAMGOTCHIAN: Mr. Chairman, just a couple

1 issues on this. You know, I continue to sit in these  
2 meetings and hear you ask Dr. Arthur questions about this,  
3 and you take his word as being the gospel. I never  
4 hear --

5 COMMISSION CHAIRPERSON SHAPIRO: No, I take his  
6 word as being the Equine Medical Director to advise the  
7 Board.

8 MR. JAMGOTCHIAN: Excuse me, excuse me. I  
9 understand that, but I don't believe you take his word on  
10 everything that he says. I wasn't here for the heel  
11 nerving, I'll certainly about that. But you know that it's  
12 important when you talk to a doctor you get a second  
13 opinion.

14 Now, I think if you're dealing with something  
15 that's important to horse racing, as medication, because it  
16 not only affects the horses, it affects the owners, it  
17 affects the trainers, it affects the veterinarians, it's  
18 certainly incumbent, I think, on the Board, to make sure  
19 that what you're getting is fact from Dr. Arthur. He  
20 obviously throws in a lot of personal opinion. He obviously  
21 doesn't have studies to back up some of the things that he  
22 does because he doesn't have money, I think he's admitted  
23 that.

24 I think, too, that when he refers to studies, he  
25 never provides the studies to the Board. I never see, in

1 the agenda package, any studies from RMTTC or anybody.

2           You ask him a question, he answers it, you  
3 essentially say, okay, that's what we're going to do. But I  
4 got to tell you, the trainers might have a different  
5 philosophy. Certainly, other people in the medical  
6 profession have different philosophies, and I think somebody  
7 ought to challenge Dr. Arthur.

8           COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,  
9 did you read the --

10           MR. JAMGOTCHIAN: Excuse me.

11           COMMISSION CHAIRPERSON SHAPIRO: No, did you read  
12 the agenda item?

13           MR. JAMGOTCHIAN: You know, you just continue  
14 to --

15           COMMISSION CHAIRPERSON SHAPIRO: Excuse me, did  
16 you read what this agenda item is about?

17           MR. JAMGOTCHIAN: Yes, it's regarding increasing  
18 the --

19           COMMISSION CHAIRPERSON SHAPIRO: Fine. This is  
20 not about Dr. Arthur, this is about our adopting a proposed  
21 amendment to two rules, that's what we're considering here.  
22 Now, if you have a comment about the rule, please comment  
23 about the rule. Do not -- this is not about Dr. Arthur.

24           MR. JAMGOTCHIAN: My comment about the rule is  
25 that I think you need a second opinion to confirm what he's

1 telling you.

2 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

3 MR. JAMGOTCHIAN: Well, I'm not done. That's one  
4 issue. The other issue is that I don't mean to be unfair to  
5 Dr. Arthur but, obviously, there are people that have  
6 contrary opinions. I think Dr. Baker, here, had a contrary  
7 opinion on an issue with regards to the last issue we talked  
8 about, I forgot what it was, toe grabs.

9 So one of the issues is I think you need to have  
10 an open perspective and not just take Dr. Arthur's direction  
11 as being gospel because he could be wrong.

12 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,  
13 I appreciate that. And so you note, this matter was noticed  
14 and for 45 days it was put out for public comment, okay.  
15 You and every other doctor in the world, although you're not  
16 a doctor, anybody else could comment on it. So I assure you  
17 that any doctor that wanted to weigh in on this had every  
18 opportunity to do so. Thank you.

19 MR. JAMGOTCHIAN: And if you asked --

20 COMMISSION CHAIRPERSON SHAPIRO: I will,  
21 therefore, entertain a motion to accept --

22 COMMISSIONER HARRIS: It is so moved.

23 COMMISSIONER MOSS: Second.

24 COMMISSION CHAIRPERSON SHAPIRO: It's moved,  
25 seconded, all in favor?

1 (Ayes.)

2 COMMISSION CHAIRPERSON SHAPIRO: It's approved.

3 Okay, the next one is Item Number 6, public  
4 hearing by the Board on the adoption of the proposed  
5 addition of CHRB Rule 1874.1, breath alcohol testing, to  
6 initiate a breath alcohol testing program for jockeys,  
7 apprentice jockeys, and drivers, and to authorize breath  
8 alcohol testing of all other licensees if reasonable cause  
9 exists.

10 STAFF SERVICES MANAGER WAGNER: Jackie Wagner,  
11 CHRB staff. The proposal before you would add, to the  
12 Board's rules, a new rule, which would be Rule 1874.1, which  
13 is breath alcohol testing. As stated, this rule would  
14 require jockeys and drivers, who are -- would make jockeys  
15 and drivers subject to breath alcohol testing before each  
16 program in which they participate.

17 If the tests were to show a blood alcohol level of  
18 0.05 percent or more of alcohol, the jockey or driver would  
19 not be allowed to drive or ride and would be, therefore,  
20 referred to the stewards.

21 They would be required to submit to additional  
22 testing before they were to ride again.

23 The rule would also go one step further and it  
24 would allow blood alcohol testing to be conducted on any  
25 licensee that was shown or believed to have reasonable cause

1 to believe that the licensee is under the influence of  
2 alcohol.

3 To address the concerns that were raised when this  
4 proposal was first initiated, the Guild has some concerns  
5 regarding the quality of equipment that would be used in  
6 order to conduct this particular program. And in  
7 conjunction with the investigative staff from the Department  
8 of Justice, staff did investigate several machines, and we  
9 have identified a portable unit, which is used by Department  
10 of Justice. It's a portable unit, a Model 6810, that was  
11 identified.

12 And the costs for these particular machines,  
13 including the printer, would be about \$1,245 each. The  
14 trainer for the use of this equipment would be free, and we  
15 would have a yearly calibration of \$70, and the calibration  
16 could take place as we saw fit.

17 This has been noticed to the public for 45 days.  
18 Staff did not receive any comments on this proposal and we  
19 would recommend that the Board adopt it, as presented.

20 COMMISSION CHAIRPERSON SHAPIRO: Thank you. I  
21 know that this -- that breathalyzer testing has gone on in  
22 the harness racing industry for many, many years. I think  
23 this is a very good thing that we're doing. I think that we  
24 owe it to everybody involved to do this so, personally, I'm  
25 in favor of it.

1           Anybody from the Board have a comment? There are  
2 a few comment cards.

3           COMMISSIONER HARRIS: I'm not clear -- I'm  
4 basically in favor of it, but basically, is this a proposal  
5 for random testing, or testing on a periodic basis, or what?

6           STAFF SERVICES MANAGER WAGNER: It would be on a  
7 periodic basis. And for the jockeys and the drivers, they  
8 would be subject to testing every time they rode.

9           COMMISSION CHAIRPERSON SHAPIRO: So that the way -  
10 - the way it works is that they are tested when they come  
11 into the driver's room, the jockeys, it's a mandatory  
12 testing of everybody.

13          COMMISSIONER HARRIS: Okay, so that's not random,  
14 yeah.

15          COMMISSION CHAIRPERSON SHAPIRO: It's not random.

16          STAFF SERVICES MANAGER WAGNER: No.

17          COMMISSION CHAIRPERSON SHAPIRO: It is when you  
18 come in, they blow into the breathalyzer, they pass and, you  
19 know, they can drive or ride. That's how it's done.

20          COMMISSIONER HARRIS: They do that now.

21          COMMISSION CHAIRPERSON SHAPIRO: Yeah, they do it,  
22 now, in harness racing.

23          STAFF SERVICES MANAGER WAGNER: On the harness.

24          EXECUTIVE DIRECTOR FERMIN: Harness, strictly.

25          STAFF SERVICES MANAGER WAGNER: On the harness,

1 they do that.

2 COMMISSION CHAIRPERSON SHAPIRO: No, in harness  
3 racing it is done. It has been done that way for a long  
4 time. And, unfortunately, there have also been times where  
5 people have failed.

6 So I think this is a great thing, I don't think it  
7 harms anybody. I think it only can be to the benefit of the  
8 horses, the fans, the participants.

9 COMMISSIONER HARRIS: I guess one of the concerns  
10 was just on the calibration, but we're satisfied, now, that  
11 there's a way to calibrate these to be uniform, and all  
12 that?

13 STAFF SERVICES MANAGER WAGNER: Right, the company  
14 that we have identified as the provider or the vendor for  
15 this particular machine does provide calibration in the  
16 contract. And they will charge us a yearly fee for that,  
17 but the calibration can be done as often as we would like.  
18 So there's no set time at this particular time for the  
19 calibration, but that can be worked out.

20 COMMISSION CHAIRPERSON SHAPIRO: Okay, Darrell  
21 Haire?

22 MR. HAIRE: Darrell Haire, Western Regional  
23 Manager of Jockey's Guild.

24 Mr. Chairman, I'm not opposed to this testing,  
25 this procedure. Throughout the country, in different

1 states, there is testing in some jurisdictions where the  
2 jockeys come into the jocks room. But what I'd like to see  
3 is more or less it would be random testing. Whether it's  
4 for the jockeys, or trainers that are saddling horses, or  
5 valets, anyone. You know, I'd like to see it be randomly  
6 done, or if there's probable cause. Instead of -- to me,  
7 instead of more or less singling out the jockeys, where they  
8 have to come in and test every day and no one else does.  
9 I'd really prefer it be at -- if there's probable cause or  
10 random.

11 COMMISSION CHAIRPERSON SHAPIRO: Well, what is the  
12 problem with -- I mean, it's not a test that takes a long  
13 time, they essentially come in, they blow into a tube, it  
14 registers and they move on. This isn't something that takes  
15 minutes or time, there's no bodily fluids that are  
16 withdrawn. And yet, it just ensures and protects the public  
17 and the other riders.

18 I mean, it's not an accusatory thing where we're  
19 selecting any one, it's just a mandatory procedure. And,  
20 again, I know in harness racing it's done every night for  
21 every driver, and I've never heard of a problem.

22 So why would you have any objection to that?

23 MR. HAIRE: Well, I guess I just feel that if the  
24 riders are going to be tested, I just feel like maybe  
25 they're being singled out.

1           COMMISSION CHAIRPERSON SHAPIRO: Well, they're  
2 riding the horses. I mean, you know, I appreciate that.  
3 God forbid one rider gets out there on a horse and shows  
4 up -- I don't think any of us want that. Nobody should want  
5 that, including the riders.

6           MR. HAIRE: Absolutely not.

7           COMMISSION CHAIRPERSON SHAPIRO: And the riders  
8 I've spoken to, they're all -- the ones I've spoken to and,  
9 now, I haven't spoken to all of them, as you know, they had  
10 no problem with it and they've said to me, yeah, we want to  
11 protect everybody in the room.

12          MR. HAIRE: And I agree, we don't want riders out  
13 there and I'm sure there are some riders that have problems.

14          COMMISSION CHAIRPERSON SHAPIRO: Well, if you're  
15 sure there's some that have problems, all we need is one.  
16 And I don't think we want that for anybody.

17          MR. HAIRE: But you will test trainers or valets  
18 randomly? Because they saddle the horses and some --

19          COMMISSION CHAIRPERSON SHAPIRO: Well, that's not  
20 what we're doing. That's not what we're doing. This is  
21 drivers, jockeys, and as I believe it reads --

22          EQUINE MEDICAL DIRECTOR ARTHUR: And others for  
23 cause.

24          COMMISSION CHAIRPERSON SHAPIRO: And if there's  
25 cause for other particular people. If we see a valet or a

1     trainer, certainly we can test them.

2                 But, again, we're talking about the people that  
3     are on the track, on the horses, and that's really what  
4     we're aiming at. You know, they're the ones that are going  
5     40 some odd miles an hour and, you know, it's just a safety  
6     issue.

7                 MR. HAIRE: I understand. I do understand. And  
8     trainers do put the saddle and the girths beforehand, and if  
9     they don't -- if they're not in the right frame of mind,  
10    then it's a danger there, if the girths aren't tightened or  
11    the valets put it on, that's what my concern is.

12                EXECUTIVE DIRECTOR FERMIN: Well, I can assure you  
13    that if there are questions about the condition of a valet  
14    or a trainer who's saddling the horse, that measures are  
15    taken, certainly, with probably cause to test them. And  
16    that's already happened and in place.

17                MR. HAIRE: Okay, thank you.

18                COMMISSION CHAIRPERSON SHAPIRO: Thank you.

19                Richard Castro, I'm really interested.

20                MR. CASTRO: Richard Castro, representing the  
21    Pari-Mutuel Employees Guild.

22                The first thing I'd like to do is extend my  
23    apology for Mike Martin, for having to walk up and down so  
24    many times at this meeting.

25                Number two, I'm looking at your last sentence, "to

1 authorize breath alcohol testing for all other licensees."  
2 That includes us, "for reasonable cause."

3 I'm going to ask that we get a waiver because we  
4 have contractual things in place that if this condition  
5 exists we really don't want -- and I have no problem with  
6 the Northern California CHRB investigators that are in the  
7 room, but we really don't want them wandering behind the  
8 lines, looking for possible violations.

9 And maybe you should also hear from the Director  
10 of Labor Relations, I think he might have something to say  
11 on this subject, as well.

12 COMMISSION CHAIRPERSON SHAPIRO: Come on, Mr. Ken  
13 Walker, come to the microphone.

14 COMMISSIONER HARRIS: Is that covered under your  
15 contract, now?

16 EXECUTIVE DIRECTOR FERMIN: It is.

17 MR. CASTRO: He's the management person.

18 MR. WALKER: Ken Walker, Director of Labor  
19 Relations, Federation of California Racing Associations.

20 MR. CASTRO: He's the new hire.

21 MR. WALKER: Mr. Castro is correct, we have a  
22 long-standing practice with the Mutuels that if we have  
23 cause to test, we do test.

24 In fact, with SEIU 1877, we recently put that  
25 particular language into the contract.

1           COMMISSIONER HARRIS: Is it clear in the proposal  
2 that we're talking about licensees, but we're really talking  
3 about some licensees that are on duty. You couldn't find  
4 some pari-mutuel clerk that's not even working that day and  
5 test him, it should be people that are --

6           MR. CASTRO: That's a good example. Because we've  
7 had clerks that have been on the fair circuit, after the  
8 fair is over, in the carnival area, which is in the  
9 enclosure, we've had them cited by a CHRB investigator in  
10 the past. Not recently, but it has happened. Because you  
11 are within the enclosure -- in fact, it happened at Fresno,  
12 Fresno County Fair.

13           COMMISSIONER HARRIS: It should be that the  
14 licensee is engaging in some duty because of his license  
15 capability, not just walking around somewhere, off duty.

16           MR. CASTRO: Well, we agree. And I'm just  
17 concerned, when I saw this, the way you've written it, that  
18 you've included all licensees, and all I ask is that you  
19 give a waiver to Pari-Mutuel clerks.

20           STAFF SERVICES MANAGER WAGNER: If that's  
21 something that the Board would like to entertain, we can  
22 certainly do that. That would require an additional 15-day  
23 comment period. But if that's the Board's desire, we can do  
24 that.

25           DEPUTY ATTORNEY GENERAL KNIGHT: Chairman Shapiro,

1 I have a comment, too, on this. A sort of an unrelated  
2 issue, but if you're going to possibly go back out for  
3 comment, the paragraph A, where it talks about "no jockey  
4 shall refuse to submit to a breath alcohol test," my  
5 suggestion would be that you have a following sentence that  
6 basically says that if they refuse, it's deemed that they  
7 have a .05.

8 We have language which we can -- we've used in  
9 stipulations in the past. Otherwise, you've got a separate  
10 problem there. It should be consequences.

11 COMMISSION CHAIRPERSON SHAPIRO: Yeah, I agree  
12 with you. And perhaps what we should do is let's put this  
13 out so that we can address and not interfere with any  
14 contractual agreements, and deal with the Director of  
15 Industrial Relations, make that correction, and let's put  
16 this back out for comment.

17 STAFF SERVICES MANAGER WAGNER: Great.

18 COMMISSION CHAIRPERSON SHAPIRO: That would be my  
19 recommendation. Okay?

20 COMMISSIONER HARRIS: Yeah.

21 COMMISSION CHAIRPERSON SHAPIRO: Fine, then, we'll  
22 defer the rest of this matter on.

23 Okay, that brings us to --

24 MR. JAMGOTCHIAN: Excuse me, I have a card up  
25 there on this issue.

1 COMMISSION CHAIRPERSON SHAPIRO: Well, we're  
2 deferring the matter, sir.

3 MR. JAMGOTCHIAN: No, no, but I still have the  
4 right to talk under that section, I put up a card.

5 COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,  
6 we're deferring the matter. It will come back at the next  
7 meeting, you'll have an opportunity.

8 MR. JAMGOTCHIAN: You allowed other --

9 COMMISSION CHAIRPERSON SHAPIRO: That was prior to  
10 our deferring the matter. We're now deferring the matter.  
11 Thank you.

12 COMMISSIONER HARRIS: This is a clear Brown Act  
13 violation, Mr. Shapiro.

14 COMMISSION CHAIRPERSON SHAPIRO: Okay, thank you.  
15 We're now moving on to the Item Number 7, discussion and  
16 action by the Board on the approval of Stewards' contracts.

17 ASSISTANT EXECUTIVE DIRECTOR SMITH: Mr. Chairman,  
18 Commissioners, Bon Smith, Assistant Executive Director CHRB.

19 Pursuant to Section 2.06 of State Contracting  
20 Manual, Boards and Commissions with contracts in excess of  
21 \$5,000 must provide a motion approving and authorizing  
22 execution of such agreements and contracts.

23 The Board recently concluded steward testing and  
24 has qualified additional stewards for the CHRB for the  
25 current fiscal year. Your package includes a list of names

1 of those who have qualified under that examination.

2 At this time one assignment has been proposed for  
3 Michael Oak to begin at the Cal Expo harness meeting  
4 beginning April 25th, through the end of the fiscal year.  
5 the cost anticipated is approximately 25 to 26 thousand  
6 dollars.

7 COMMISSION CHAIRPERSON SHAPIRO: And as I  
8 understand this, Mr. Smith, this is not an added cost, this  
9 is simply authorizing him so that we can pay him, and it's  
10 money that we've already allocated to this personnel?

11 ASSISTANT EXECUTIVE DIRECTOR SMITH: That's  
12 correct.

13 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

14 ASSISTANT EXECUTIVE DIRECTOR SMITH: It would come  
15 out of the already approved, appropriated line item in the  
16 budget.

17 COMMISSION CHAIRPERSON SHAPIRO: I appreciate  
18 that. I'll move that we approve this.

19 COMMISSIONER MOSS: Second.

20 COMMISSION CHAIRPERSON SHAPIRO: All in favor?

21 (Ayes.)

22 COMMISSION CHAIRPERSON SHAPIRO: It's approved.

23 Item Number 10 is deferred off of the agenda, so  
24 we're going to go to Item Number 11. Item Number 11 is a  
25 discussion and action by the Board on the proposed amendment

1 of Rule 1657, opening of claim to require that all claims in  
2 a claiming race, except the successful claimant, be null and  
3 void after the claiming race is declared official.

4 STAFF SERVICES MANAGER WAGNER: Jackie Wagner,  
5 CHRB staff.

6 Board Rule 1657 basically describes the procedures  
7 for filing a claim. Occasionally, problems arise when  
8 claims, that may cause them to be voided immediately after a  
9 race is run, or sometime thereafter, after some time has  
10 passed. And then the question arises, and then the question  
11 then becomes does the horse go back to the original owner or  
12 does there have to be another shake for the remaining  
13 claimants?

14 Recently, an error occurred in Santa Anita that  
15 left a claim in limbo. And at the request of the stewards  
16 at Santa Anita, we are requesting that an amendment be made  
17 to this rule. And the amendment, basically, would make all  
18 claims in the claiming race, except the successful claimant,  
19 null and void after the claiming race is declared official,  
20 and that will give some clear guidance as to what happens.

21 COMMISSIONER HARRIS: Well, I think that kind of  
22 might confuse it more because it's not a successful claim if  
23 it was flawed.

24 COMMISSION CHAIRPERSON SHAPIRO: Well, keep in  
25 mind once -- the race may be declared official and the

1 claiming process isn't completed. Because what happens is -  
2 - you know, and especially we saw in the Hollywood Park  
3 application where they intend to do a quick official, they  
4 may call that race official and the claiming and the shake  
5 process hasn't concluded. So I don't think this works.

6 EXECUTIVE DIRECTOR FERMIN: Well, the thought here  
7 is and, perhaps, the word "made official" or within a  
8 certain time frame is what's happened.

9 For instance, if there's a claim in the sixth race  
10 and they find out later that perhaps there's an error in  
11 that, and if there's a shake, perhaps the person who was not  
12 the successful claimant has gone into the ninth race and  
13 actually claimed a horse, the money is gone, and then you're  
14 going back and telling them that they have to take the  
15 horse.

16 So what they want to do is that when a race  
17 is -- the stewards are completed with a race and it's over  
18 with, that if there's a question, that the horse goes back  
19 to its original trainer rather than complicating it by  
20 bringing the people who were already successful --

21 COMMISSION CHAIRPERSON SHAPIRO: Well, don't you  
22 really mean, then, prior to a subsequent race occurring or  
23 no later than the end of the racing day or something? I  
24 mean, it can't be "declared official."

25 COMMISSIONER HARRIS: It seems like the problem,

1 too, is how do we define successful claimant. Because I  
2 understand the case would be someone's misspelled the  
3 horse's name on the claim, and which technically would void  
4 the claim, but it gets all the way through the process.  
5 They've had the shake and everything. And is that deemed to  
6 be a successful claimant? They really weren't a successful  
7 claimant because their form was not filled out right. So  
8 they really weren't successful, they were just sort of they  
9 won the shake, but their claim is voided, and nobody --  
10 basically, in that race, nobody would get the horse period,  
11 I guess.

12 I mean, the whole thing is we need to get these  
13 people to get it right the first time. Whoever is, the  
14 clerk of scales, or whatever is -- you know, the zero  
15 defect.

16 EXECUTIVE DIRECTOR FERMIN: You know, things like,  
17 you know, the claiming price, misspelling, and such, those  
18 things are all checked before the race and they will go  
19 through, generally.

20 But the ones that could be wrong would be if they  
21 find out, for instance, that the owner has an expired  
22 license, or something that somebody, who's not authorized to  
23 claim a horse, their authorized agent's license has expired,  
24 or they didn't have an authorized agent's license, that  
25 would be the type of thing that might come up afterward.

1           COMMISSIONER HARRIS: But why wouldn't we have  
2 some, you know, database that that just doesn't happen, that  
3 you can't get there from here unless you've got the right  
4 stuff.

5           EXECUTIVE DIRECTOR FERMIN: Well, it shouldn't  
6 happen but, on occasion, it does.

7           COMMISSION CHAIRPERSON SHAPIRO: We have a comment  
8 card from Ron Charles, and maybe he can shed some light on  
9 this.

10          MR. CHARLES: Ron Charles, MEC. I think you're  
11 opening up a huge can of worms here. Like you say, most  
12 draws, most shakes aren't taking place until after the race  
13 has already been declared official. And if you have a five-  
14 way shake, all of the sudden you're almost enticing someone,  
15 who may not want to lose this horse, to have a trainer put  
16 in a null and void claim. He wins, the other four people  
17 don't even get a chance to get that horse.

18           I see all types of possible confusions that why  
19 wouldn't you redraw at some point during the day, as soon as  
20 it was found out as to, you know, the people who were the  
21 losing -- the people in the shake, to have another shake.  
22 It just seems like you're rushing to justice when, if you  
23 don't have it right, and you should have it right the first  
24 time, the people who have a claim in should have that  
25 opportunity to obtain that horse.

1           COMMISSIONER HARRIS: See, the whole thing -- I  
2 mean, it's disturbing to me that this apparently originated  
3 by the stewards of Santa Anita and, apparently, they didn't  
4 really discuss it with you. I think when the stewards come  
5 up with an idea, they need to vet it out a little bit more.

6           MR. CHARLES: They never do, by the way, they go  
7 to someone else.

8           COMMISSIONER HARRIS: Well, they've got to find  
9 somebody. It seems like some of these things, I'm getting  
10 tired of things coming to the Board that aren't very well  
11 reviewed before they get to us, and it wastes a lot of time.

12          MR. CHARLES: Yeah, I think this one needs to be  
13 reviewed. I think the language is inappropriate. And why  
14 don't I meet with stewards and come back and throw something  
15 back at you, and see if it's something that's good with you.

16          COMMISSION CHAIRPERSON SHAPIRO: I think that's  
17 acceptable to all of us. Thank you, we'll move on, not take  
18 any action.

19          MR. CHARLES: Thank you.

20          COMMISSION CHAIRPERSON SHAPIRO: Item Number 12,  
21 discussion and action by the Board on the proposed amendment  
22 of CHRB Rule 1690.1, toe grabs prohibited, to prohibit the  
23 use of toe grabs greater than 4 millimeters on the front  
24 shoes of quarter horses while racing.

25          I would -- oh, Jackie, you want to do -- fine. I

1 would like to mention that I did call Dr. Ed Allred and  
2 asked him his views on this, and he supported the adoption  
3 of this rule, which is similar to what was adopted for  
4 thoroughbred racing.

5 So I felt that, and I was the instigator of  
6 putting this on the agenda, that if it's good enough to  
7 protect our thoroughbred horses, might as well protect our  
8 quarter horses.

9 Is there any Board comment? If not, we have a  
10 couple comment cards.

11 Darrell Haire.

12 MR. HAIRE: Darrell Haire, Western Regional  
13 Manager, Jockey's Guild.

14 Mr. Chairman, members of the Commission, I feel  
15 it's in the best interest, and safety and welfare for the  
16 jockeys to prohibit the use of toe grabs over 4 millimeters.  
17 Thank you.

18 COMMISSION CHAIRPERSON SHAPIRO: Thank you,  
19 Darrell.

20 Kirk Breed.

21 MR. BREED: Mr. Chairman, Commission, Kirk Breed  
22 on behalf of the Pacific Coast Quarter Horse Racing  
23 Association.

24 This is kind of an old argument and we're not here  
25 to speak for or against this amendment to the regulation,

1 but to ask what is changed from almost 20 years ago, when  
2 the regulation was passed, and it was demonstrated at that  
3 time that the quarter horses were different to the  
4 thoroughbred horse, in that the lameness attributed to toe  
5 grabs was less because the horse runs in a straight line and  
6 it runs on a consistent racetrack and doesn't change from  
7 track to track.

8           So I think I understand the purpose of the Board  
9 in trying to conform all racing, but in our case we feel we  
10 are different, and we think this particular item needs a  
11 little bit more study before you just arbitrarily change it.

12           COMMISSION CHAIRPERSON SHAPIRO: Thank you.

13           COMMISSIONER HARRIS: You're speaking for which  
14 group?

15           COMMISSION CHAIRPERSON SHAPIRO: The horsemen.

16           MR. BREED: Pacific Coast Quarter Horse Racing  
17 Association, the horsemen.

18           COMMISSIONER HARRIS: That's the horsemen.

19           COMMISSION CHAIRPERSON SHAPIRO: If I can just  
20 address you. First of all, Mr. Breed, not all of your races  
21 are in a straight line. Some of them are, whether they're  
22 870s, and other races where they are making turns. And  
23 certainly, when they gallop out they're going around the  
24 turn, as well, even in the straights.

25           I think that, you know, there was compelling

1 evidence for us to adopt this for thoroughbreds. Horses are  
2 horses and also it seemed, in just speaking with Dr. Allred,  
3 that he very much favored this as well, believing that this  
4 would be beneficial to the quarter horse industry.

5 COMMISSIONER HARRIS: Yeah, the two people I spoke  
6 with, that were in the quarter side, were Allred, who also  
7 owns several quarter horses, and Scoop Vessels, who owns  
8 several quarter horses, and they both seemed to believe that  
9 the changes, the toe grab thing was the thing to do.

10 But we're going to just put it out for comment  
11 now, anyway, I guess, aren't we?

12 COMMISSION CHAIRPERSON SHAPIRO: Yeah.

13 COMMISSIONER HARRIS: So we put it out for comment  
14 and get a bunch of the folks to comment.

15 COMMISSION CHAIRPERSON SHAPIRO: Let's ask our  
16 resident quarter horse expert.

17 COMMISSIONER ANDREINI: I spoke to Dr. Allred when  
18 this -- right after the last meeting, and he was totally in  
19 favor of this thing. I race a lot of horses there, at Los  
20 Alamitos, and the trainers I talked to were in favor of  
21 eliminating toe grabs over 4 millimeters, so I mean I  
22 don't -- there must be some sort of a conflict here that I'm  
23 not aware of.

24 COMMISSION CHAIRPERSON SHAPIRO: So why don't we  
25 put it out for comment and go forward with that, if that's

1 okay with everybody.

2 So all in favor of the proposed amendment --

3 DEPUTY ATTORNEY GENERAL KNIGHT: You need a  
4 motion.

5 COMMISSIONER MORETTI: I move to adopt the -- I'll  
6 move to adopt the motion.

7 COMMISSION CHAIRPERSON SHAPIRO: There's a motion  
8 from Commissioner Moretti.

9 Second?

10 COMMISSIONER ANDREINI: Second.

11 COMMISSION CHAIRPERSON SHAPIRO: Second.

12 All those in favor?

13 (Ayes.)

14 COMMISSION CHAIRPERSON SHAPIRO: Okay. Next is a  
15 report of the Medication Committee. Earlier this morning  
16 the Medication Committee met on two issues. The first issue  
17 was a discussion on CHRB Rule 1850, posterior digital  
18 neurectomy, and CHRB Rule 1851, list of nerved horses.

19 At the discussion, Dr. Arthur gave us a very  
20 informative explanation of what a posterior digital  
21 neurectomy is. It seemed quite evident that it's a commonly  
22 used procedure throughout the equine industry. However, it  
23 also appears that it is not something that is commonly used  
24 for racing purposes today.

25 The Committee listened to -- had a discussion,

1 listened to it, and I believe, and Commissioner Harris will,  
2 of course, correct me, that it was our view to come back and  
3 recommend that we eliminate the posterior digital neurectomy  
4 from being permitted on horses that are going to be racing  
5 at our California racetracks.

6 And, therefore, the idea would be to eliminate the  
7 exception for a posterior digital neurectomy in Rule 1849.  
8 Is that correct, Commissioner Harris?

9 COMMISSIONER HARRIS: Yeah, I think that's right.  
10 I think there is purpose for the procedure in horses, but in  
11 racehorses here we felt that on balance it was better to  
12 eliminate it. I think there are some problems with it down  
13 the road, if someone's unaware that a horse has been heel  
14 nerved, that it's better just to at least put it out for  
15 comment and see what kind of comments we get on it.

16 EQUINE MEDICAL DIRECTOR ARTHUR: Mr. Chairman, to  
17 clarify this, after the discussion it was the Medication  
18 Committee's decision to repeal 1850 and 1851, which would  
19 let 1849 stand, which prohibits neurectomies, except under  
20 this particular provision, and that would accomplish your  
21 goal.

22 COMMISSION CHAIRPERSON SHAPIRO: I stand  
23 corrected, and you are correct, thank you very much.

24 So with that, I think we should instruct staff to  
25 put out such an amendment and we will move forward in that

1 regard.

2 MR. JAMGOTCHIAN: Excuse me, I have a card on that  
3 item, Mr. Shapiro.

4 COMMISSION CHAIRPERSON SHAPIRO: I'm not done  
5 making my report.

6 MR. JAMGOTCHIAN: Oh, sorry.

7 COMMISSION CHAIRPERSON SHAPIRO: Thank you. Okay.  
8 The Board -- the Committee also heard a discussion on the  
9 transferability of equine medical records when a horse  
10 ownership changes.

11 This is a discussion item we had and we are  
12 continuing to pursue the idea of having medical records that  
13 could be transferred when horses change ownership, so that  
14 we can have better knowledge and understanding of what's  
15 involved. We would be able to protect our horses better.

16 And Dr. Arthur described to us that he is working  
17 on this and talking to a variety of organizations, including  
18 the Jockey Club, encompass people, CRIMS, so that we can  
19 develop, perhaps, a way to have better information system in  
20 working with the veterinarian community.

21 And I think that's somewhat accurate?

22 COMMISSIONER HARRIS: Yeah, exactly. One of the  
23 things, too, is it takes a long time to really enact all  
24 this as rules and all that, but I think the more we can  
25 encourage owners, and trainers, and veterinarians to share

1 things, just voluntarily, if you sell somebody a horse, give  
2 them the records. If you buy a horse, request the records.  
3 A lot of times you don't have to have government stepping in  
4 and telling you how to do it, just start doing it. But I  
5 think a lot of people have been kind of oblivious to the  
6 opportunities to do it.

7 COMMISSION CHAIRPERSON SHAPIRO: All right.  
8 Unless the Board members have any comments, then I will call  
9 on Mr. Jamgotchian, who has a comment.

10 MR. JAMGOTCHIAN: Well, for a change, I believe  
11 the Board's finally doing something to protect the horse.  
12 Interestingly enough, this whole issue was one that Dr.  
13 Arthur stated on a TV segment. There's nothing wrong with  
14 it, it's not a big deal, it doesn't risk anybody's life, the  
15 horse's life, the jockey's life. Well, this is a case where  
16 he's flat wrong and you guys finally acknowledge the fact  
17 that he is flat wrong.

18 COMMISSION CHAIRPERSON SHAPIRO: No, I'm going to  
19 correct you. I'm going to correct you because that's not at  
20 all what we're acknowledging.

21 MR. JAMGOTCHIAN: Okay.

22 COMMISSION CHAIRPERSON SHAPIRO: It's not at all  
23 that Dr. Arthur said that there is any chance of this being  
24 harmful to a jockey, to a horse, whatsoever, that is not  
25 what my report was.

1           What I've said was that we discussed it, that we  
2 went through it, and it was the Medication Committee's  
3 recommendation that in light of the use of this procedure,  
4 and as a precautionary measure, we are recommending to the  
5 Board that California not allow horses racing with a  
6 posterior digital neurectomy to participate.

7           So don't change what I said.

8           MR. JAMGOTCHIAN: Okay, let me ask it another way,  
9 does the Medication Committee believe that heel nerving  
10 horses is something that should be done?

11           COMMISSION CHAIRPERSON SHAPIRO: As I believe we  
12 just said, we believe that there is probably a therapeutic  
13 purpose for this in certain equine uses. However, it is our  
14 recommendation to the Board that we not permit those horses,  
15 that have had this procedure, to participate in California  
16 racing.

17           MR. JAMGOTCHIAN: Fine. Now, my question that  
18 goes beyond that is there's a lot of -- I called a  
19 veterinary clinic in San Diego, who told me that they  
20 normally heel nerve thoroughbred racehorses. Because I  
21 called them and I said, you know, what's the requirement for  
22 heel nerving horses? He said, no problem, bring the horse  
23 down, we'll heel nerve it, it costs --

24           COMMISSION CHAIRPERSON SHAPIRO: What's the name  
25 of that clinic?

1           MR. JAMGOTCHIAN: I'll be happy to provide it to  
2 you.

3           COMMISSION CHAIRPERSON SHAPIRO: No, do you know  
4 the name?

5           MR. JAMGOTCHIAN: I'm not going to do it over the  
6 air, I'll tell you privately.

7           But this clinic told me it was \$1,500, and they  
8 said that, no problem, come down and do it. I said, do you  
9 have to report it to anybody? They said no.

10          Well, now, that kind of concerns me a little bit  
11 as an owner, because if other horses that I might claim are  
12 being heel nerved, I'd never know because they're being done  
13 off the ranch.

14          Has this Board considered how you could control  
15 heel nerving or, more importantly, how could you detect heel  
16 nerving that's done off the track?

17          COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,  
18 you've gotten up many times and said you have 140 horses  
19 that are around the world, and all kinds of places.

20          MR. JAMGOTCHIAN: Right. Yes.

21          COMMISSION CHAIRPERSON SHAPIRO: Okay. How do you  
22 know -- how do you expect the Racing Board to know that if  
23 one of your horses, one of these 140 horses is having a  
24 digital posterior neurectomy, how do you expect anybody to  
25 know what's going on where all these horses are?

1           MR. JAMGOTCHIAN: That's really easy, I'd never do  
2 it, and I'd never authorize it to be done.

3           COMMISSION CHAIRPERSON SHAPIRO: Fine, okay, you  
4 would never do it but --

5           COMMISSIONER HARRIS: But you've bought a lot of  
6 horses. You don't raise them all, do you?

7           COMMISSION CHAIRPERSON SHAPIRO: Let's say that  
8 you've got horses -- name a place you've got a horse, other  
9 than California?

10          MR. JAMGOTCHIAN: Ireland.

11          COMMISSION CHAIRPERSON SHAPIRO: Ireland, great.  
12 So tell me, do you expect that if you ship that horse from  
13 Ireland, that this Board, or any racing commission is going  
14 to be able to know whether that horse has had that  
15 procedure?

16          MR. JAMGOTCHIAN: I think the issue is more  
17 of --

18          COMMISSION CHAIRPERSON SHAPIRO: No, just answer  
19 my question. Do you think that we should know that?

20          MR. JAMGOTCHIAN: Excuse me. I think the issue is  
21 you're obligated to know to protect the fans, as well as the  
22 owners that claim horses. If you don't care about heel  
23 nerving, if you don't care about illegal drugs, if you don't  
24 care about any of these things, Mr. Shapiro, then you can  
25 just put your head in the whole and ignore everything.

1           COMMISSION CHAIRPERSON SHAPIRO: Well, Mr.  
2 Jamgotchian, if you think we don't care, then why would we  
3 be having this discussion. So number one -- but I'm curious  
4 because you didn't answer my question. How would we know  
5 about your horse in Ireland?

6           MR. JAMGOTCHIAN: First off, my horses wouldn't be  
7 heel nerved in Ireland. You'd have to ask Mr. Arthur how  
8 many horses he heel nerves off the track.

9           COMMISSION CHAIRPERSON SHAPIRO: Okay.

10          MR. JAMGOTCHIAN: Because that's the issue that  
11 you're ignoring. These horses that are being heel  
12 nerved --

13          COMMISSION CHAIRPERSON SHAPIRO: Mr. Jamgotchian,  
14 what you're ignoring is that the Racing Board has  
15 jurisdiction within those confines of which are racetracks  
16 and other authorized facilities. What people choose to do  
17 to their animals, to their horses on their farms, in their  
18 backyards, or in Ireland, we can't know everything that is  
19 done to every horse. Okay.

20          So what we are doing is we are dealing with those  
21 horses that are within the confines of which we regulate.  
22 Okay.

23          MR. JAMGOTCHIAN: Well, maybe you should ask the  
24 Equine Medical Director if he could identify a horse that's  
25 been heel nerved at a farm?

1           COMMISSION CHAIRPERSON SHAPIRO: Had you been at  
2 our Medication Committee meeting this morning, you would  
3 have heard the answer to that, because we did ask that.

4           MR. JAMGOTCHIAN: Well, I'll look at the minutes.  
5 I'll look at the minutes because I wasn't here.

6           COMMISSION CHAIRPERSON SHAPIRO: All right,  
7 appreciate it.

8           MR. JAMGOTCHIAN: All right, you're welcome.  
9 Thank you.

10           COMMISSIONER HARRIS: I would suggest you go  
11 through all your horses and you just get a ballpoint pen and  
12 plug them into the back of their foot and if they flinch,  
13 they're not heel nerved. If they don't flinch, they might  
14 be heel nerved.

15           COMMISSION CHAIRPERSON SHAPIRO: Okay, we're going  
16 to go on to general business, now. Under general business,  
17 Mr. Wyatt?

18           MR. WYATT: Eual Wyatt, Hollywood Park. I believe  
19 this comes under the category of communication and under the  
20 general business heading. When the Board allotted dates for  
21 2007, Hollywood Park Fall Operating Company was allocated 32  
22 days. Included in the motion that passed was the  
23 stipulation that three of those days could be run in the  
24 week of December the 16th, and that Hollywood Park would  
25 pick those days.

1           I'm informing the Board that we have picked  
2 December the 16th, Sunday, Friday, December the 21st, and  
3 Saturday, December 22nd.

4           Also, to inform the Board that we are really,  
5 really excited in the fact that Mr. Paul Redham, Cash Call,  
6 who presently sponsor the Cash Call Mile during Hollywood  
7 Park's spring/summer meeting, has furthered his sponsorship  
8 activities with Hollywood Park and is sponsoring what used  
9 to be known as the Hollywood Park Futurity, which will now  
10 be called the Cash Call Futurity, increasing the value of  
11 that race from a \$200,000 added race, to a \$750,000  
12 guaranteed race.

13           We think the prospect of, for the lack of a better  
14 word, at least at the moment, of this mini-holiday festival,  
15 Friday and Saturday, Cash Call Festival, is really sort of a  
16 good way for us to close out prior to the Santa Anita's  
17 opening.

18           COMMISSION CHAIRPERSON SHAPIRO: I think that it's  
19 a terrific thing that Mr. Redham is doing. He did talk to  
20 me and I've spoken to you, and your associates. I think  
21 that it's wonderful to have somebody that's going to come in  
22 and privately sponsor a race, and infuse some money into the  
23 game.

24           I recognize that there are other people that had  
25 concerns about impacting their race meets, or the Christmas

1 break, but in this circumstance I'm very supportive of this  
2 idea of creating the special weekend, of a Friday and a  
3 Saturday, and I hope that it generates a lot of excitement  
4 for Hollywood Park, and can generate a lot of business and  
5 good will. So I think it's a very good thing.

6 MR. WYATT: Thank you.

7 COMMISSION CHAIRPERSON SHAPIRO: And appreciate  
8 your doing it, and Martin, and everybody else.

9 In terms of public comment, Ron Charles?

10 MR. CHARLES: Ron Charles, MEC.

11 Eual and Martin Panza came in, prior to the  
12 discussion with TOC on this, and even though we do believe  
13 this will impact our meet, we do believe this is the right  
14 thing to do. Here's a guy, Paul Redham, who has done so  
15 much for racing recently. He's trying to help, he's trying  
16 to promote the sport, we applaud him.

17 I'll tell you, this is something that we'd show  
18 our appreciation, working together. And even though, like I  
19 say, it will have an impact, we applaud him. We would  
20 applaud him a lot more if next year he decides to do this  
21 right before Del Mar, I'll tell you that, but we wish him  
22 good luck.

23 COMMISSION CHAIRPERSON SHAPIRO: Well, again, I  
24 want to thank Santa Anita for taking what I would call as an  
25 industry view towards something that may negatively impact

1 them.

2 I want to thank TOC, who had concerns about -- and  
3 CTT, about concerns about interrupting the Christmas break,  
4 which I hope we'll all figure out how to get back to. But I  
5 think that everyone came together here to appreciate that  
6 here's something that's doing something. We do want to help  
7 Hollywood Park, and so I'm very much supportive of this  
8 action. And we're glad to know what your race dates are for  
9 the fall meeting.

10 MR. CHARLES: All right, thank you very much.

11 COMMISSION CHAIRPERSON SHAPIRO: Anybody else have  
12 any comment?

13 COMMISSIONER HARRIS: I think it's a great idea.  
14 and I just -- I mean, I really don't buy into the Christmas  
15 break thing as being this important, really, that this is  
16 just one day, and it's a chance to be a big day, and I think  
17 it's something that we really need.

18 COMMISSION CHAIRPERSON SHAPIRO: Okay, cut the  
19 mike.

20 COMMISSIONER HARRIS: Because since when do we not  
21 have to feed horses every day?

22 COMMISSION CHAIRPERSON SHAPIRO: Okay, we're  
23 moving on here.

24 (Laughter.)

25 MR. CHARLES: Wait a minute, Ron Charles, MEC,

1 weren't you just the ones that didn't want to do six-day  
2 work races?

3 COMMISSIONER HARRIS: This is part of the package,  
4 yeah.

5 MR. CHARLES: Oh, I see, it's just a little  
6 different this way.

7 COMMISSIONER HARRIS: Yeah, this is a three-day  
8 week. Three-day weeks are just right.

9 COMMISSION CHAIRPERSON SHAPIRO: All right, I  
10 believe it's the last comment of the day, unless there's  
11 something else going to come up.

12 COMMISSIONER HARRIS: I've got one more thing  
13 that --

14 COMMISSION CHAIRPERSON SHAPIRO: Well, no, no,  
15 hold on, I've got a comment. Well, go ahead. Yeah, you can  
16 go.

17 COMMISSIONER HARRIS: I just wanted to mention  
18 that Dixon is having a referendum on the Dixon Downs  
19 project, which I don't know if people are familiar with, and  
20 there's a lot of different opinions on where racing should  
21 go if Bay Meadows folds up, which we've pretty well ordered  
22 it to do. I think that all of us in racing should support  
23 the pro-Dixon Downs side. Because I'm just concerned if  
24 this referendum were to fail and, effectively, the citizens  
25 of Dixon would tell the Dixon Downs project to go away, we

1 don't want racing, it would be a bad reflection on racing.  
2 Because, I mean, the whole campaign against it is racing is  
3 nothing but pickpockets, and prostitutes, and bad folks,  
4 which is not what I think racing is, and I think it's very  
5 important that this thing pass.

6 MR. CHARLES: Ron Charles, MEC. I just wanted to  
7 echo Mr. Harris's comments. Also, with Dixon, there is  
8 potentially a plan for Northern California, and we could use  
9 all the support we could get. We'd love to have the Horse  
10 Racing Board do what they could. And we look forward -- the  
11 election is on the 17th, so we look forward to whatever  
12 support we can get.

13 COMMISSION CHAIRPERSON SHAPIRO: Well, I think  
14 everybody up here supports the notion of any possible new  
15 venue for horse racing, and we very much hope the Dixon  
16 Downs referendum is passed and that we'll be able to see a  
17 brand-new racing facility there in the very near future.  
18 Thank you.

19 Mr. Jamgotchian?

20 MR. JAMGOTCHIAN: Yeah, I'll bring up a few issues  
21 in general comments. The first one is the CHRB  
22 investigators have finished a report with regards to the  
23 heel nerving incident of Dr. Arthur on the horse, Refinery,  
24 yet that still hasn't had a hearing with the stewards.

25 I was wondering what was the reason that hearing

1 hasn't occurred?

2 COMMISSION CHAIRPERSON SHAPIRO: Okay. I'm sorry,  
3 but that is a pending matter of investigation, we're not  
4 permitted to comment on that, whatsoever.

5 MR. JAMGOTCHIAN: I understand.

6 COMMISSION CHAIRPERSON SHAPIRO: Thank you.

7 MR. JAMGOTCHIAN: But it's been over a month now,  
8 where there's still no hearing.

9 COMMISSION CHAIRPERSON SHAPIRO: Okay, thank you.

10 MR. JAMGOTCHIAN: With regards to another issue,  
11 interestingly enough, the CHRB is now settling positives  
12 with trainers, and getting the trainers to sign an agreement  
13 that admits they violated --

14 COMMISSION CHAIRPERSON SHAPIRO: I'm sorry, we're  
15 not --

16 MR. JAMGOTCHIAN: Excuse me, this is a general  
17 comment.

18 COMMISSION CHAIRPERSON SHAPIRO: No, no, we're not  
19 going to comment on any cases, whatsoever.

20 MR. JAMGOTCHIAN: It's a general comment, it's not  
21 a specific comment.

22 COMMISSION CHAIRPERSON SHAPIRO: We're not allowed  
23 to talk about --

24 MR. JAMGOTCHIAN: Excuse me, it's a general  
25 comment, Mr. Shapiro. You can just sit there and try to

1 talk over me, but as a general comment I'm saying that the  
2 CHRB is getting trainers to admit to violations. The  
3 problem this is occurring, and the trainers aren't aware of  
4 this, is that if they admit to a violation and the purse is  
5 redistributed, the trainer's admitted guilt, and he's going  
6 to open himself up to an owner lawsuit, with no defense.

7           So I'm shocked when I see a settlement agreement  
8 between Ms. Fermin and a trainer, wherein the trainer admits  
9 guilt. And that's a really bad precedent. Listen, if the  
10 trainer wants to sign it, great. I know one thing, neither  
11 Jerry Hollendorfer or any of my trainers would sign such an  
12 agreement.

13           Additionally, this is my standing objection to the  
14 whole issue with regards to the administration of the  
15 California Horse Racing Board, why we have a San Diego  
16 office, when the main office is supposed to be in  
17 Sacramento. It's like how do you run a business without an  
18 alleged leader working at the office.

19           I think that if you want to have California horse  
20 racing to flourish, you need to have leadership that works  
21 in Sacramento, to work with Legislators, and not work out of  
22 her house or out of a racetrack.

23           I think it's incumbent that you close the San  
24 Diego office or you get somebody who can lead this industry  
25 with some kind of direction because, obviously, a part-time

1 director or an offsite director is not working, and I think  
2 the proof is in the pudding.

3           Additionally, interestingly enough, the Barrett  
4 sale just occurred, I think most of you would probably agree  
5 that it was a disaster in that the great majority of the  
6 horses actually weren't sold. I think it's an indictment of  
7 California horse racing that the owners in California don't  
8 believe in California horse racing, so they're not going to  
9 spend a lot of money.

10           In fact, if you look at the people that bought, if  
11 it wasn't for the interest of the Maktoum family and Zayat,  
12 there were very few owners, really, that bought horses  
13 there. So once again I think that bodes pretty negatively  
14 for California horse racing.

15           Now, with regards to the magical CHRB website, I  
16 actually spent 17 minutes looking at the Racing Chemistry  
17 yesterday. Racing Chemistry 101, it's on the website. Do  
18 you realize that if you watch that, that Mrs. Fermin and  
19 Dave Samuel were stewards at that time, and at the end of  
20 the reel this Racing Chemistry 101 was produced in 2002 by  
21 Pony Highway Production.

22           Has anything occurred in 2002, in Racing  
23 Chemistry, that maybe the people that are interested would  
24 need to know?

25           Once again, this is just a leadership issue, where

1 we have a website that's totally antiquated and outdated.

2 So maybe we could update this website.

3 And then, finally, we have another issue,  
4 California Horse Racing Board administrative hearings. The  
5 administrative hearings that are listed on the website, the  
6 dates are 2001, 2002, 2000, 2000, 2001. This website isn't  
7 even being updated. Why do you have a website that's not  
8 being updated?

9 Is there anything that you're trying to hide from  
10 the public? Is there anything that you're trying to hide  
11 from the owners? Obviously, why have a website if you're  
12 not going to keep it current?

13 Not to mention the fact that Mr. Wood is still  
14 highlighted as the CHRB Director in the latest issue of the  
15 CHRB News.

16 So maybe you ought to take a look at updating the  
17 website, Mr. Chairman and members of the Board.

18 And then, finally, Indiana has taken some bold  
19 strides. Obviously, none of the bold strides being taken in  
20 this State. Where Indiana has now passed a resolution to  
21 suspend trainers from transferring horses.

22 I know that we're not to that stage in California,  
23 yet, where integrity is the key, but I'd like to offer to  
24 you, for your review, the Indiana Racing Commission  
25 Integrity '06. I did this last year, it was totally

1 ignored. Indiana's certainly leading the way. Here's a  
2 classic example where they're saying to trainers, look it,  
3 you're not going to give the horses to your assistant  
4 trainer, or your mom or your dad, you've got to go to  
5 somebody else and you can't skirt the rules.

6           Until this Board recognizes the reality and the  
7 integrity, we'll have people, like Dr. Arthur, saying things  
8 that you believe, which are false and, more importantly,  
9 we'll have owners who don't buy horses. And by your action  
10 today, I can assure you that many of the trainers that were  
11 in this room today will not be here next year because  
12 they'll be out at Racino, somewhere east of here, and those  
13 horses and those trainers won't be here.

14           So thank you very much, I appreciate the time.  
15 And the website, I'm sure it's going to be very helpful for  
16 people to see that this Board really isn't transparent. It  
17 desires to be. But, more importantly, it doesn't wish to  
18 listen to the people in the industry who can direct it.  
19 Thank you.

20           COMMISSION CHAIRPERSON SHAPIRO: Okay, with that,  
21 I would like in our transparent manner, to thank everybody  
22 that's been watching the webcast. I think that this was an  
23 effort to try to do something a little bit new and, again, I  
24 want to thank our staff for putting this together.

25           I hope that we'll be able to continue this. It

1 was an experiment. But I do appreciate everybody that  
2 worked hard to make this happen and thank the staff for  
3 doing that.

4 With that, unless there's any other business to  
5 come before the Board, I'll adjourn the meeting.

6 COMMISSIONER MOSS: So moved.

7 DEPUTY ATTORNEY GENERAL KNIGHT: Wait, you have a  
8 closed session.

9 COMMISSION CHAIRPERSON SHAPIRO: Yes, but I'm  
10 adjourning this meeting. This meeting is now adjourned and  
11 thank you very much.

12 (Thereupon the California Horse Racing  
13 Board General Meeting concluded at 1:30  
14 p.m.)

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