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California Horse Racing Board

Regular Meeting

March 27, 2003

10:00 a.m.

Golden Gate Fields Race Track

1100 Eastshore Highway

Albany, California

1 Roy Wood, Jr: This is a regularly scheduled  
2  
3 meeting of the California Horse Racing Board on March  
4  
5 27, 2003, at Golden Gate Fields Race Track in Albany,  
6  
7 California. Present are Chairman Roger H. Licht, Vice  
8  
9 Chairman John C. Harris, and Commissioners William A.  
10  
11 Bianco, Sheryl L. Granzella, Alan W. Landsburg, Marie  
12  
13 Moretti, and John C. Sperry.

14 Before we proceed with the agenda, I respectfully  
15 request that if you are giving testimony, please  
16 provide your name and association to the court  
17 reporter, or to Mike Marten until he arrives. With  
18 that I will turn the meeting over to Chairman Licht.

19 Roger Licht: I want to begin by thanking Magna -  
20 Jack Liebau, Mike Ziegler, and Pete Tunney - for a  
21 fantastic room. It's unbelievable. With the state  
22 budget the way it is...

23 We're going to go a little bit out of order  
24 because I want to tackle the more mundane items until  
25 our court reporter arrives.

26 We'll begin with item number 1, approval of the  
27 minutes for January 23, 2003.

28 Marie Moretti: I move for adoption.

29 Sheryl Granzella: I second.

1           Licht: We have a motion for adoption made by  
2 Marie Moretti, seconded by Sheryl Granzella. All in  
3 favor? Opposed? The minutes for the meeting of  
4 January 23, 2003, are unanimously approved.

5           Next are the minutes for the meeting of February  
6 21, 2003.

7           John Harris: I move for adoption.

8           Moretti: Second

9           Licht: We have a motion by John Harris and a  
10 second by Marie Moretti. All those in favor?  
11 Opposed? The minutes for the meeting of February 21,  
12 2003, are unanimously adopted.

13           The San Joaquin Fair has asked us to remove item  
14 2 from the agenda, so we won't have to deal with  
15 that today. Next comes item number 8 and a report  
16 from our equine medical director on the West Nile  
17 Virus.

18           Ron Jensen: West Nile Virus is a viral disease,  
19 encephalitis, found in horses, humans, and other  
20 animals. It was first identified in West Africa in  
21 1937. From there it spread to the Middle East and  
22 southern Europe. It was first diagnosed in the  
23 United States in 1999 in New York at the Bronx Zoo.  
24 It has since been spreading throughout the US.

1           Birds are the reservoir for the disease, which  
2 is then transmitted by mosquitoes. Horses and humans  
3 are dead-end hosts. It is not transmitted from horse  
4 to horse or horse to man.

5           The symptoms can be severe, including death. In  
6 2001 there were 720 reported equine cases. In 2002  
7 there were 14,717 equine cases in 40 states. The  
8 fatality rate is 33 percent among equines. In 2002  
9 there were 4,071 human cases. The fatality rate for  
10 humans is 15 percent.

11           West Nile Virus is expected to arrive in  
12 California this year. There were two cases reported  
13 in Monterrey, Mexico, which is part of the Pacific  
14 Flyway.

15           California is well prepared. A preparedness  
16 committee has been meeting for over two years. I sit  
17 on that committee as a representative of the CHRB.  
18 The purpose of the committee is to increase public  
19 awareness and to develop an extensive surveillance  
20 system, which includes 200 flocks of sentinel  
21 chickens, including one flock at Hollywood Park.  
22 There are also dead-bird autopsies, mostly crows and  
23 jays.

24           Also, there is equine and human serum testing,  
25 with no charge for testing horses at UC Davis. And

1 the vector control people are trapping and examining  
2 mosquitoes

3 Prevention is the best defense for this disease.  
4 Mosquito control of all kinds is important,  
5 particularly the elimination of standing water. It's  
6 also important to keep informed and don't panic when  
7 WNV arrives. If there is one horse on a farm with  
8 WNV, it's not like it's going to go through the  
9 whole equine population.

10 There have been a couple of seminars on this  
11 disease sponsored by horsemen's groups and the  
12 Center for Equine Health at UC Davis. With that I'll  
13 introduce Dr. Gregory Ferraro of the Center for  
14 Equine Health.

15 Gregory Ferraro: Prevention is very important.  
16 There is a vaccination available. To date, over six  
17 million doses have been sold and used with a very  
18 low rate of adverse reaction to the vaccination, so  
19 it is safe and effective.

20 A horse requires a primary series of two  
21 vaccinations given three weeks apart - and four-to-  
22 six weeks before exposure. A booster vaccination  
23 should be given every 6 months after that.

24 The peak season is August through September.  
25 This has to do with how the disease spreads. You

1 have to have a large enough group of mosquitoes to  
2 where there are not enough birds from them to feed  
3 off of, so they seek other hosts. It requires a high  
4 enough ambient heat temperature for the disease to  
5 replicate within the mosquitoes and thereby be  
6 transmitted.

7         Since Monterrey, Mexico, is in the Pacific  
8 Flyway, California will get the disease this year.  
9 We recommend that all horses be vaccinated. They  
10 should be vaccinated now. They will need a booster  
11 in July in order to get protection for the entire  
12 season. Vaccination protect is protective for 94 to  
13 96 percent of horses.

14         Prevention starts with the elimination of  
15 standing water. It's easier to control mosquitoes if  
16 we deal with the larva forms of the life cycle. An  
17 example of this would be the use of mosquito-larva-  
18 eating fish into ponds and water troughs.

19         Moretti: Please tell us more about  
20 vaccinations.

21         Ferraro: You need two shots initially, then  
22 every four to six months, in that range, you need to  
23 revaccinate.

24         Harris: Fortunately, we have very effective  
25 equine vaccines. What's going on with humans?

26

1 Ferraro: Males over the age of 55 are most at  
2 risk. I strongly recommend the use of mosquito  
3 repellants that contain "DEET" as part of their  
4 ingredients.

5 One of the symptoms is involuntary movement -  
6 shaking in the hand for humans. The first thing I  
7 look for in horses is facial movement - that and a  
8 change in behavior. Older horses seem to be the ones  
9 that succumb most to the disease.

10 Harris: Is there anything we should do, as  
11 overseers of the industry? For example, in the  
12 control of mosquitoes?

13 Ferraro: There are two things the racing  
14 industry should do: Get the horses vaccinated and  
15 control mosquitoes. You can contact your local  
16 mosquito abatement people for advice. How about  
17 handing out mosquito repellant at the gate? You can  
18 also get more information at the Website for the  
19 California Department of Food and Agriculture -  
20 [www.cdffa.ca.gov](http://www.cdffa.ca.gov) -- and at [www.westnile.ca.gov](http://www.westnile.ca.gov)

21 Licht: The next agenda item is #9, a report by  
22 the CHRB staff on ADW handle.

23 John Reagan: John Reagan of the CHRB staff.  
24 Good morning commissioners. The total Advance  
25 Deposit Wagering handle from January 25, 2002,

1 through February 28, 2003, is \$216.1 million. The  
2 ADW handle as a percentage of total California  
3 handle is now approximately 7.8 percent of the \$2.76  
4 billion combined California on-track, off-track, and  
5 ADW handle during that same period.

6 Prior to account wagering, there was a long  
7 downward trend in handle. It is difficult to say  
8 whether ADW accelerated that downward trend, but we  
9 can say that ADW is not any kind of savior in terms  
10 of handle.

11 Attendance seemed to have leveled off the last  
12 few years, but now attendance and handle seem to be  
13 coming together.

14 Harris: Why the delay in getting ADW handle in  
15 the CHRIMS reports?

16 Reagan: We're hoping that next week or the week  
17 after that to have a full set of reports with  
18 current data. I feel very confident that we are  
19 getting up to speed on that.

20 Alan Landsburg: We talked about a listing of  
21 zip codes to determine if the tracks are losing  
22 handle to ADW close-in. Is that being done?

23 Reagan: We shelved that for a while in order to  
24 take care of higher priority matters. As soon as we  
25 deal with them, we will deal with zip code reports.

1           Landsburg: We have to have that information in  
2 order move forward with ADW. We need those reports  
3 as soon as possible.

4           Rick Baedeker: Rick Baedeker, president,  
5 Hollywood Park. We did get that info from TVG, which  
6 did a zip-code study of all its business. My  
7 recollection is that within a 20-mile radius, 27  
8 percent of the business was on us.

9           Harris: Is the system in place to determine the  
10 distribution of source-market fees? We require data  
11 to determine which operating track or fair satellite  
12 receives their part of the amount wagered in their  
13 zone. There must be some mechanism to figure that  
14 out.

15          Baedeker: We do need to distribute the source-  
16 market funds accurately. I believe it's in place.

17          Sherwood Chillingworth: Sherwood Chillingworth,  
18 executive vice president, Oak Tree Racing  
19 Association. During our Oak Tree meet last fall, our  
20 experience was that 60 percent of the ADW handle on  
21 our meet was from California bettors.

22          We had a meeting three weeks ago with TVG; they  
23 reported that, currently, approximately 50 percent  
24 of the wagers on California races come from  
25 California bettors. To me, that's a little alarming.

1 I'm concerned we may be cannibalizing our on-track  
2 betting.

3 Ron Liccardo: Ron Liccardo, president, Pari-  
4 Mutuel Employees Guild Local 280. If there are new  
5 customers with ADW, I would like to know who they  
6 are, because they don't seem to be coming to the  
7 racetrack when they aren't betting ADW.

8 Chillingworth: One last comment. In deference  
9 to TVG, one of the big problems is they are not able  
10 to get cable deployment on the East Coast. They are  
11 making an effort to do just that and change the  
12 ratio to the eastern part of the country.

13 Licht: We will take a short break of no more  
14 than five minutes to allow the court reporter to set  
15 up.

16 (whereupon a short break was taken)

17 Mr. Wood - Okay, let us get started. Our  
18 Reporter is ready. We are going to continue on with  
19 ADW handle. Alan, I think you had a comment?

20 Mr. Landsburg - John Reagan, are you present and  
21 accounted for?

22 Mr. Reagan - Yes, sir.

23 Mr. Landsburg - Do we know or do we have any way  
24 of learning what percentage of the 100 percent of  
25 ADW intake does California present? Do we have that

1 data -- not on California, nationally. That is,  
2 totally.

3 Mr. Reagan - In terms of North America account  
4 wagering?

5 Mr. Landsburg - Yes.

6 Mr. Reagan - Hmm, I would have to look at that  
7 one.

8 Mr. Landsburg - Please do, because I think it is  
9 important. I mean, we are one of 12 states in which  
10 this is legal. Is that correct? Or 13?

11 Mr. Reagan - I do not know exactly how many are  
12 legal at this point. I know they are adding them  
13 all the time.

14 Mr. Landsburg - Yes, but at the moment. And I  
15 think it would be interesting to see where we fit in  
16 the schemata of advance deposit wagering from around  
17 the country; that is, what the other states are  
18 taking and what the ADW providers in California are  
19 taking in from other states that have no connection  
20 to California. I just want to see where we fit in  
21 this picture.

22 Mr. Reagan - I understand, yes. I think the  
23 ARCI has some data on that type of activity. I  
24 think we can work with the.

25 Mr. Landsburg - It would be interesting to see.

1 Vice Chairman Harris - I have got to agree with  
2 Alan on that. One issue like on these charts is,  
3 since ADW locally handles trend, but this is really  
4 the California licensed ADW providers, and one thing  
5 that receives a lot of attention is offshore ADW,  
6 which is basically the same category, but where some  
7 of that money is being co-mingled into our pools via  
8 other clubs, so I do not know if there is any way we  
9 can get a handle on that and what trend they have  
10 had.

11 One of my concerns is that the reason that the  
12 trend has flattened out so much is a lot of our  
13 state license providers have their handle  
14 cannibalized by the people in the Caribbean and  
15 places like that.

16 Chairman Licht - Well, I think on our next  
17 agenda we are going to try to have an item for  
18 discussion about offshore sites, especially the  
19 illegal ones and the impact of advertising in the  
20 racing form and on the radio that it is having on  
21 the industry.

22 Mr. Landsburg - A parenthetical comment. In  
23 1996, the CHRB then in place formed a simulcast  
24 advisory committee which sent in long and detailed  
25 reports. I think it is kind of interesting,

1 retrospectively, as we talk about ADW, this is part  
2 of a July 25th preliminary report which states, "If  
3 California is not TV ready, a golden opportunity  
4 will be missed. Other subcommittee reports seem to  
5 have a common theme, which generally points to the  
6 need for centralization of information and media  
7 output. Without such a common service, California  
8 racing could be victimized for lagging behind.  
9 California deserves a better break than to be left  
10 dangling by the progress and outreach being made in  
11 New York, Kentucky, and Pennsylvania, and we are  
12 still apparently running as fast as we can to try  
13 and catch up with where everybody else is." And I  
14 think it is the consensus of this Board, as we have  
15 discussed ADW that it is not enough. The marketing  
16 is not enough, the outreach is not enough and, while  
17 it is in its infancy, let us try and force its  
18 growth somewhat. And that may mean radical changes  
19 in the way in which ADW is presented in the state.  
20 It is just a look ahead and a look back. The other  
21 comment that is made is the difficulty of reaching  
22 other audiences and, Mr. Baedeker, I fully  
23 appreciate the fact that a lot of our audience is  
24 out there and we just have not been able to reach  
25 them. And whether TV is the only vehicle to reach

1 them, as we wait for the TV outreaches, is there  
2 more we can do in terms of marketing? And can this  
3 Board in some way help to centralize or find support  
4 in a different form of marketing? And I think it is  
5 something we should take up. Our outreach is just  
6 not there to those who are not -- we are preaching  
7 to the choir. Those who do not belong to this choir  
8 apparently never hear about the fact that there is a  
9 wonderful sport out there. Thank you.

10 Mr. Liccardo - 280. New York's ADW has 200  
11 live operators accepting over a million phone calls  
12 a month just from New York State residents alone.  
13 They do not take out of state calls. And they  
14 handle a million phone calls. They have been in  
15 business almost 20 years -- 16 hours a day. We do  
16 not have any in this state.

17 Chairman Licht - Any more comments on the  
18 ADW handle? Okay, we will move on to Item 3.

19

20 **Item 3. Discussion and action on the request by**  
21 **Hollywood Park to implement the 10-day**  
22 **Veterinarian's List for late scratches.**

23 Chairman Licht - Rick, could you start off  
24 with just a brief discussion of what the existing  
25 rule is so we are sure that everybody understands it

1 and what exactly are the changes that you are  
2 looking for?

3 Mr. Baedeker - Currently, a horse that is  
4 placed on the vet's list is there for a period of  
5 five days. It is okay to enter another race  
6 following that period of time.

7 Vice Chairman Harris - Pardon me, are those  
8 five days like racing days or five-day period? Or  
9 how does that work?

10 Mr. Baedeker - Racing days. And you have  
11 to work for the vet in between. You have to work  
12 for the vet before being allowed to race.

13 Vice Chairman Harris - And before being  
14 allowed to enter, I think, too.

15 Mr. Baedeker - That is true.

16 Vice Chairman Harris - So if you got on a  
17 vet's list on a Sunday, the next racing day was a  
18 Wednesday, then you could enter back the next  
19 Wednesday?

20 Mr. Wyatt - It is seven --

21 Mr. Wood [presumed] - Identify yourself.

22 Mr. Wyatt - Eual Wyatt, Hollywood Park. It  
23 is basically seven calendar days before you can  
24 enter.

25 Vice Chairman Harris - And you can work for

1 the vet at any point during that --

2           Mr. Wyatt - You cannot work for a vet until  
3 after you come on and after the five-day period is  
4 my understanding, but working for the vet -- my  
5 understanding again -- is that in the case of  
6 unsoundness or not sickness.

7           Chairman Licht - Okay, so now your feeling  
8 is, from talking to you, is that there are abuses in  
9 this where horses are not actually sick or hurt, and  
10 therefore the purpose of your proposed amendment is  
11 to avoid these abuses. Right?

12           Mr. Baedeker - Yes. The purpose of our  
13 proposal is to reduce the amount of the abuse. I do  
14 not think anybody would suggest that we can  
15 eliminate it. I do believe that most people here  
16 today that have been part of the process of either  
17 owning a race horse, training a race horse, or  
18 somehow being close to the process, are very well  
19 aware that it is fairly commonplace -- maybe that is  
20 an overstatement, but it happens frequently that a  
21 trader will enter a horse and, as a matter of fact,  
22 the race comes up too tough, or for whatever reason,  
23 he or she wants to run someplace else -- either race  
24 later in the part of that racetrack or, particularly  
25 in California, maybe come up north and run. So we

1 have the fairly regular occurrence of late scratches  
2 in California, and because the field sizes have  
3 shrunk over the last few years, we are now focused  
4 on trying to prevent short fields. And so this is a  
5 suggestion we think might help where what we are  
6 asking for is a test period during our meet, during  
7 which time we can work with the Board to gather that  
8 and come back to you with that data, analyze it  
9 together and go from there. We also would suggest  
10 that the Board certainly give its designee and  
11 probably the state veterans, certainly the stewards,  
12 the discretion to allow a horse off of that list  
13 sooner for a particular reason. We did receive a  
14 short note from the racing secretary at NTRA saying  
15 that since they had implemented a 14-day rule in New  
16 York, it was their opinion that the number of late  
17 scratches had been reduced and that it had been a  
18 positive thing for New York. And we are suggesting  
19 that we take a little bit longer period of time than  
20 just our last fall meet to gather more data.  
21 Commissioner Harris, at the last meeting, asked  
22 whether or not we had seen a change in field size  
23 and, as a matter of fact, because of this experiment  
24 during the fall meet, you know, we had field sizes  
25 increased and, as a matter of fact, they decreased

1 slightly. And I would argue that that was not a  
2 long enough period of time to assess that data. We  
3 had weather and other things entered into that short  
4 meet. So, coupled with the short meet, we had the  
5 longer spring/summer season and I think we would  
6 have done a pretty careful test at that point. So  
7 in kind of wrapping up, I would not expect owners  
8 and trainers to support this change. Certainly, if  
9 I were sitting in either of their chairs, the  
10 flexibility that is currently afforded with the  
11 five-day rule -- it is a tough game and you want  
12 your horse to run in the best spot, but we all know  
13 from having been in the position of fans and players  
14 that, any time a race goes from 7 on the program to  
15 6, 5 to 4 -- we have even had three horse contests  
16 as a result of late scratches. You can have a  
17 scratch such as the type that I have described where  
18 a horse comes out to run on a better spot, and then  
19 Murphy's law kicks in and you have got a scratch at  
20 the gate, and suddenly you are down to 5, 4, God  
21 forbid, even a 3 horse field. And so our  
22 perspective is from that of the player where we are  
23 responsible as the association to work with all the  
24 entities, and to try to put the best product  
25 possible on the race track. Again, it is not

1 logical that the owners and trainers would support  
2 this. It is not more convenient for them, it is  
3 less convenient for them. But we think it is in the  
4 best interest of the game to do a fair test, come  
5 back to you with the results, and allow you to make  
6 a decision based on those results.

7 Chairman Licht - I have a question for Roy.  
8 We do not need Board action on this, right? This  
9 can be done by the Executive Director, I believe.  
10 Right?

11 Mr. Wood - That is correct, Mr. Chairman.  
12 What we actually have with the event's list  
13 procedures is exactly a directive or procedure  
14 established to give the veterinarian some direction  
15 in the field of how to implement the scratches,  
16 fresh horses, and horses who were taken out of the  
17 race because of illness. We have no regulation in  
18 the two details and assistance and the SOP type that  
19 formerly we used. What we did do with the last meet  
20 was we did implement a 10-day events list to  
21 reorganize the scratch from the designated scratch  
22 tag to the place where the veterinarian is for not  
23 less than ten days. We did do that by just simply  
24 adjusting the directive. Partially the ones that  
25 were scratched at the gate could be placed on the

1 list for less than ten days, it was to the  
2 discretion of the veterinarians. We used this only  
3 at Hollywood Park and basically implemented it as a  
4 test procedure after almost three years of  
5 discussion amongst the industry as to whether or not  
6 you wanted to go to the changes in the events list  
7 for scratch horses. All the racing associations at  
8 one time in agreeing amongst themselves that might  
9 be able to implement the policy. As a matter of  
10 fact, before this came up, they all sent a letter to  
11 this. We did not have agreement from the TOC nor  
12 the CIT to implement the policy because they  
13 basically had been against it from the very  
14 beginning when we started discussions. However,  
15 because we have a multiple number of scratches at  
16 Hollywood Park and because we had an obvious  
17 situation. We attempted this test from Hollywood  
18 Park, looking at the results of that and trying to  
19 get some consensus among the industry as -- and that  
20 is what we are hearing today. Because of your  
21 application process, you asked for that, and we will  
22 put this off until we know the results.

23 Chairman Licht - I have two questions  
24 first before we get into a general discussion. One  
25 thing that I struggle with is, if I have an asset

1 like a horse, don't I have the right to exploit it  
2 in any way I want? In other words, if I put it in a  
3 race and it draws the one post going six furlongs, I  
4 own that horse and I do not want to run him from the  
5 one post going six furloughs. Why should I? That  
6 is my first question and maybe you guys can help me  
7 with that one.

8           Mr. Baedeker - My personal opinion would be  
9 -- or opinion as a race track operator -- would be  
10 certainly you would have that discretion, but not at  
11 the expense of the game overall, and I do not think  
12 that we can successfully argue that pulling horses  
13 off of a program enhances the product. I think if  
14 we all recognize it hurts it.

15           Chairman Licht - And the other question I  
16 have is it is my understanding that the group of  
17 abusers of this scratch rule is a small finite group  
18 of trainers, maybe four or five that account for an  
19 extremely high percentage of these abusive  
20 scratches, and is there not something we can do  
21 maybe to tell them they are not going to get stalls,  
22 or to take some kind of -- sanction them in some  
23 way, as opposed to changing this rule?

24           Mr. Baedeker - Well, if the Board prefers  
25 that the Association take action and refuse to give

1 violators stalls at upcoming meets, we can certainly  
2 do that. I would observe that that probably is not  
3 an appropriate thing for us to do, to take them when  
4 we are talking about a policy of the Racing Board.  
5 It is the latest rule and I would think that we  
6 would be better off having a standard policy for  
7 everybody and not put us into a subjective position  
8 of saying, "Well, this trainer had a couple more  
9 scratches or many more scratches than another one,  
10 and so we are going to take action against that  
11 trainer." I am not sure that ultimately would be  
12 fair. I would prefer that, as a matter of fact, we  
13 had a standard policy throughout the industry here  
14 in California. We have had the five-day rule and we  
15 are suggesting that ten would be more effective,  
16 keep more horses on the racetrack, and all we are  
17 suggesting is a test program during the Hollywood  
18 Park's spring meet.

19           Mr. Landsburg - Rick, sorry, I just wanted  
20 to -- while you were up there -- I am an owner. I  
21 read with some surprise that TOC, which represents  
22 owners, is against this rule. As an owner, I want  
23 the races with horses to go as many times as I  
24 possibly can. On the other hand, the five extra  
25 days that you are asking for seems to be a very

1 small penalty for an owner to have to take into  
2 consideration. So I am kind of wondering whether  
3 this is a TOC board decision, or have they in fact  
4 polled their membership in some way to find out just  
5 how many would be opposed to it. I do not think a  
6 rationale owner would be opposed to it. Finally, a  
7 question -- is there any merit to adopting a part of  
8 the British entry system, the part of it being that  
9 horses are added for British racing at the beginning  
10 of the year, and the list can go a hundred. I am  
11 not looking to that, but perhaps in a 96-hour  
12 window, rather than a 48-hour window for entries  
13 would give your racing secretary a lot more  
14 flexibility to know how his races are coming as he  
15 is coming down the wire as one of the ways in which  
16 to ensure somewhat larger fields, or at least know  
17 what kinds of fields you are going to get.

18           Mr. Baedeker - Off the top of my head, I  
19 would guess that that may work in principle, and  
20 obviously does work in fact in England. I would  
21 guess that the trainers probably would like the  
22 flexibility of entering that horse closer to the  
23 time that it will actually run to best determine the  
24 horse's condition for that race, and so forth. They  
25 can speak to it better than I can.

1           Mr. Landsburg - You obviously could get out  
2 at the 48-hour point is all I am saying.

3           Mr. Baedeker - Right, I understand. I will  
4 say that the TOC Board a couple of years ago, and I  
5 do not mean to speak for them except that I am aware  
6 that they did at that time approve a test program, a  
7 pilot program, that I think was going to go for a  
8 year. Obviously the Board now is made up  
9 differently and the opinions obviously have changed.

10           Ms. Moretti - Rick, do you keep track of  
11 the trainers who tend to scratch more often? And do  
12 you keep track of all the scratches separate and  
13 apart from the daily logs?

14           Mr. Baedeker - Yes. We began keeping those  
15 statistics last year before coming to the Board and  
16 suggesting that a change was a good idea. We wanted  
17 to, as a matter of fact, learn the facts. And the  
18 Commissioner is right, there are a number of  
19 trainers that tend to scratch horses more readily.  
20 There is no question about that.

21           Vice Chairman Harris - I think I would like  
22 to hear the other interests, opinions. It seems to  
23 me that this might be an issue that there is some  
24 way to resolve, you know, other than just your  
25 proposal. There would be a lot of different ways to

1 go. I agree we have got problems with short field  
2 sizes, it is just how do we best resolve it. But I  
3 think we need to hear what the other people feel.

4 Ms. Moretti - Can I just ask, Rick, was  
5 there a particular rationale for ten days vs. -- I  
6 mean, originally, did we talk about this last year -  
7 - the year before was 60 days or something?

8 Mr. Baedeker - No, not that I recall,  
9 Commissioner. The racing secretaries initially  
10 proposed that the rule be changed from five to ten,  
11 and it was about the same time that the rule was  
12 changed in New York to 14. It was their opinion  
13 that 14 perhaps was excessive, and that ten was the  
14 right number.

15 Vice Chairman Harris - I am not sure --  
16 wouldn't the ten be 14? I mean, some of it is kind  
17 of confusing. It should just be days, not  
18 necessarily race days because, really, ten would be  
19 14. I am not sure if the New York rule is 14 days  
20 or 14 race days.

21 Mr. Jensen - I am Ron Jensen, Equine  
22 Medical Director for the California Horse Racing  
23 Board. The vet's List as it currently is  
24 administered is consecutive days, it is calendar  
25 days. It is not racing days. So it is five days,

1 actually.

2 Chairman Licht - And generally they come  
3 off the list for being sick, as opposed to being  
4 injured when they are sort of a nefarious or  
5 allegedly nefarious type scratch?

6 Mr. Jensen - That is correct.

7 Vice Chairman Harris - But I think the  
8 confusion is maybe that the entry, you are on it for  
9 five days before you can enter, but when you do  
10 enter you may be entering -- like you might enter on  
11 Saturday for Wednesday, so that would --

12 Mr. Wyatt - I think that is the confusion  
13 and so we all apologize for being incorrect, but you  
14 cannot enter until after you come off. So, in  
15 effect, you cannot run for seven days, but you are  
16 on the list for five. That is where I think the  
17 confusion lies.

18 Mr. Jensen - If I can add one thing? The  
19 vet's list is a minimum of five days. I mean, if  
20 the horse is still unsound, if he is still sick, he  
21 would not come off the vet's list until he satisfies  
22 that.

23 Mr. Wood - And what Hollywood Park  
24 implemented and what they are proposing is a minimum  
25 of ten and this is five.

1           Ms. Moretti - Presumably, the really  
2   unsound horses are not what we are going after here  
3   anyway, right? In terms of the scratches?

4           Mr. Baedeker - That is correct,  
5   Commissioner. You know, the thinking is that if a  
6   horse truly does belong on the vet's list for being  
7   sick or unsound, that even a ten-day period is  
8   probably not punitive.

9           Vice Chairman Harris - Yeah, I think what  
10   is bothersome is that, effectively, we are looking  
11   at really fraudulent scratches where the horse in  
12   fact is not sick, and the person scratches. And so  
13   what we are saying is fraud is -- we are just going  
14   to change the penalty for fraud. But I think that  
15   we should try to eliminate the fraud, really.

16          Mr. Ghidella - I was just going to bring  
17   that up.

18          Vice Chairman Harris - Could you identify  
19   yourself?

20          Mr. Ghidella - Jim Ghidella from the TOC.  
21   Our Board opposes this unanimously, our Board of 15  
22   irrational owners, I guess.

23          Chairman Licht - Did you poll the owners?

24          Mr. Ghidella - No, we did not poll the  
25   owners, but we have 15 members on our Board and it

1 is unanimous. And I believe John Van de Kamp has  
2 written this Board with those results. But all of  
3 this kind of assumes that these scratches are  
4 fraudulent. How about the any number of minor  
5 causes of a scratch which are legitimate, in which  
6 the horse could recover within 24 or 48, or 36  
7 hours, and be ready to go? Not fair to him. I want  
8 to repeat a story that was told by Jerry  
9 Hollendorfer in our liaison committee. He has been  
10 to Chicago the last two years and he said, in  
11 Chicago, when somebody starts doing that kind of  
12 thing, they come down to your barn, the management  
13 comes down to your barn -- without a big Italian --  
14 and tells you not to do it, and you do not do it.  
15 And there are a number of people that are suspected  
16 of fraudulent scratches, but there is just a handful  
17 of those people. There is, you know, I think at  
18 every track there is probably two to four trainers  
19 that probably stretch or push the envelope a little  
20 bit. I think effective management identifying those  
21 people, management letting those people know that,  
22 you know, they are suspected of it and not to do it  
23 would go a long way in curing this. And I do not  
24 think you should punish the whole range of owners  
25 and trainers for the abuses of two, three, or four

1 trainers.

2 Chairman Licht - I do not see it as much of  
3 a punishment, though. It is a five-day window that  
4 somebody is out. Now, for most races other than  
5 maiden claimers at the very bottom level, or other  
6 claimers at the bottom level, there is not going to  
7 be an appropriate race probably for at least five  
8 more days anyway. I mean, I do not think you really  
9 take away that many opportunities from that owner.

10 Mr. Ghidella - Well, you do because, I  
11 mean, around here where it is tough to fill races,  
12 there are a lot of extras, you know, the maiden  
13 eight, the maiden 12.5, we run a lot of those and  
14 they are on the extra sheet almost every day. So,  
15 you know, for the better races, I agree with you.

16 Mr. Baedeker - Again, I would just remind  
17 the Board that we are simply suggesting that this be  
18 a test program through the Hollywood Park season,  
19 and I would also suggest that I am sure owners  
20 generally would like to have many restrictions  
21 removed that are currently in place either by way of  
22 regulation or by Board policy. And, as you all  
23 know, of course, better than me, we need to be  
24 regulated as an industry and we are suggesting that  
25 there is abuse here. You do have evidence there

1 that, during the short meet in the fall, the number  
2 of these scratches was reduced by 30 percent. That  
3 kept more horses on the racetrack, kept horses in  
4 front of the wagering public, it was successful. It  
5 could have been a fluke. We think a little longer  
6 test period will allow us to determine the truth  
7 here. So that is all we are asking for and, again,  
8 Jim is right, of course, we all know that some  
9 horses may be scratched at the gate for a minor  
10 injury and, as a matter of fact, be able to run  
11 shortly thereafter, and we would fully expect that  
12 the state vet would have the discretion to allow a  
13 horse to do that.

14 Ms. Granzella - How many horses are  
15 scratched a day, like on average?

16 Mr. Wyatt - Equal Wyatt again. It is my  
17 recollection a 35-day meeting -- it is in your  
18 packet. I think there was 84 such scratches in a  
19 35-day meeting and then, compared to the  
20 spring/summer meeting, I think it was 121 in 35  
21 days. I believe that is what it was.

22 Chairman Licht - So you are asking for just  
23 the spring/summer meeting, right? You are not  
24 asking for the fall meeting?

25 Mr. Baedeker - That is correct.

1           Mr. Wood - Mr. Chairman, be sure we clarify  
2 one thing -- there are two different times of  
3 scratching that we are talking about. One is a  
4 normal scratch time where one has the right to take  
5 his horse out with an explanation before the scratch  
6 time, which is basically 48 hours before the race.  
7 The one time that we are talking about in your  
8 request is a scratch of a horse after the normal  
9 scratch time, not prior to when, for lack of a  
10 better word, someone can get out of a race for  
11 literally no reason up until that scratch time.

12           Vice Chairman Harris - Well, that is not  
13 really true. I mean, you cannot scratch below ten  
14 if --

15           Mr. Wood - With those criteria.

16           Vice Chairman Harris - I understand that.  
17 I mean, that is what we are talking about.

18           Mr. Wood - But you do not have to have a  
19 veterinarian scratch to get down and pull that  
20 scratch.

21           Vice Chairman Harris - Well, if there is  
22 less than ten in the race, clearly you do.

23           Mr. Wood - Then the horses are stuck.

24           Vice Chairman Harris - Yeah, then you  
25 cannot -- which is the majority of our races are

1 less than ten, so it is pretty rare that -- I mean,  
2 it is not really an issue that you have got a 12 or  
3 14 horse field. It is just that our average field  
4 size is seven or eight, so the vast majority of  
5 races would fall into the category.

6           Mr. Halpern - Ed Halpern, California  
7 Thoroughbred Trainers. Just by way of introduction,  
8 for some reason this subject is and has been a -- if  
9 not an emotional matter -- a very hotly contested  
10 matter. And that probably speaks to the degree of  
11 frustration by the racing secretary and, on the  
12 other hand, the degree of probably the perception by  
13 trainers and owners that I talked to of how unfair  
14 such a rule in practice would be because of the  
15 realities of training horses, and the nature of so  
16 many short-term injuries, one or two-day things that  
17 happen during the course of training horses, or just  
18 living with horses, to a horse, that become cured or  
19 irrelevant the second or third day, as I pointed out  
20 in my letter. I would like to say that Rick  
21 Baedeker and Eual Wyatt have made exceptional  
22 efforts during the past year to improve relations  
23 with horsemen and communitie with horsemen, and spend  
24 time with horsemen. And I understand the degree of  
25 their frustration, but I speak for 800 trainers in

1 California who own about 25 percent or more of the  
2 horses in California, and our Board was also  
3 unanimously against this increase in the number of  
4 days. Now, maybe the problem that we have had, to a  
5 degree, has been our failure to communicate to  
6 Hollywood Park just how strongly horsemen feel about  
7 this, and how angry it makes them, and how much it  
8 alienates them. I will not repeat all the  
9 information I tried to provide in the letter I  
10 forwarded to you, but I will tell you that what our  
11 differences come down to is how we deal with the  
12 problem. As I look at this ten-day rule, it strikes  
13 me that what this is doing, it is basically over-  
14 kill. It is like flooding a building to get rid of  
15 -- and excuse the analogy -- the rats. It may be  
16 effective to eliminate the rats, but you also drive  
17 out some of the tenants and you do a lot to damage  
18 the structure, and you do not even see that damage.  
19 And that is our concern, is that with such great  
20 expense in racing now, and so many problems, and so  
21 many reasons for horsemen to go other places, we  
22 should not be doing things to alienate them,  
23 especially when we have other means and rules in  
24 place to deal with it. The vast majority of late  
25 scratches are because of health or physical reasons.

1 And we are dealing with a few trainers who are known  
2 to the tracks. And I can tell you this, as I said  
3 in my letter, Hollywood Park last year told one  
4 trainer who they knew was doing this an inordinate  
5 amount of times that he was to leave the grounds.  
6 He is now back there, but I guarantee you that he  
7 will not be scratching any horses this meet. So the  
8 issue becomes, why punish everybody for the acts of  
9 so few? It is sort of pulling out the guillotine  
10 when an aspirin would solve the problem.

11 Ms. Moretti - Do you also consider the  
12 five-day rule unfair?

13 Mr. Halpern - No. I do not. First of all,  
14 practically speaking, it is fair because if you  
15 scratch a horse for a reason in the last 48 hours,  
16 it usually takes a day or two before you know how  
17 serious that problem is. If you have some swelling  
18 in an ankle or a cut somewhere, you take a day or  
19 two to assess that and to be fair about knowing the  
20 condition of your horse. So I do not consider that  
21 a great problem.

22 Chairman Licht - Any comments from the  
23 public? Anybody else?

24 Mr. Halpern - I would just like to add, if  
25 I might, Commissioner, that I think, given the

1 information that Hollywood Park has already  
2 accumulated, they could further study the matter  
3 merely by reviewing the percentage of late  
4 scratches, by looking at the overall number of  
5 horses that entered during that meet, looking at the  
6 overall number of scratches during that meet,  
7 looking at the average time when a horse is  
8 scratched in the last 48 hours that it takes before  
9 that horse is entered again. We already have all  
10 that information. We already have the ability to  
11 review past records and see where that stands, and  
12 whether we really do have a problem in that regard.  
13 I would suggest using less radical remedies so that  
14 we do not treat the good with the bad. One, of  
15 course, is to have the tracks take control of the  
16 situation and reprimand trainers that are doing it.  
17 The other, of course, as I suggested before -- there  
18 is already a rule that you cannot do it. You are  
19 not supposed to scratch unless you have good reason.  
20 It is the Stewards' responsibility to enforce that  
21 rule. The racing secretaries that I have talked to  
22 about this matter have told me that the problem is  
23 that the stewards will not do it. They have talked  
24 to the stewards about it, they said, and the  
25 stewards refuse to get involved. I suggest that if

1 the track suspects that somebody is scratching  
2 wrongly or improperly that they ask the stewards to  
3 call in that trainer and to call in his vet, and  
4 just talk to him and ask about it. And the trainer  
5 and the vet may do it once, they may do it twice,  
6 but, again, I am fairly secure in the fact that the  
7 people who are abusing it are not going to come into  
8 the stewards every two days and try to answer about  
9 why they scratch.

10 Vice Chairman Harris - Yeah, because I  
11 think that is one of my concerns now. There is not  
12 enough real sunshine on the process, that a person  
13 scratches and the vet just -- which is really  
14 bothersome that a vet would basically do a  
15 fraudulent act to say that this horse had colic or  
16 he did not. But it seems like if there were some  
17 hoops that you had to jump through subsequent to  
18 this scratch, that the horse has to be re-examined,  
19 the trainer has to explain how has come along, where  
20 it is a real pain to do it, I think that would  
21 alleviate some of the problem. Mr. Wood -  
22 And I would like to just make one comment. There  
23 have been several cases where people who have been  
24 accused of being -- the public is scratching the  
25 horse's legs who have been in front of the stewards,

1 with their veterinarians, and basically testified --  
2 and their veterinarians have testified -- to the  
3 length and frailty of the horse, and no one would  
4 basically be able to accuse that person of not  
5 telling the truth. What people have promised  
6 stewards on several occasions -- some have been  
7 fined -- and possibly we should look at increasing  
8 the monetary fine on the discipline we offer those  
9 people in the upcoming events. I want to clarify  
10 real quickly that people have had periods to discuss  
11 those issues, probably not everybody, because we did  
12 the statistics on Hollywood Park and we found five  
13 people who had multiple scratches, and we found  
14 another group of people who had a couple of  
15 scratches, and a large number who had just one  
16 scratch. But handling the trainer and his  
17 veterinarian in front of the stewards is a way which  
18 we could try to help bring that to everyone's  
19 attention who is responsible for that. But it is  
20 not just a lack of not having it done. It has been  
21 done.

22           Mr. Liebau - Jack Liebau, President of  
23 (inaudible) California operations. I have got a  
24 couple things and I would just like to bring the  
25 Board's attention, and I probably will forget some

1 of them. First, I think that no one that has talked  
2 here, including the representative of the owners and  
3 trainers, has taken the position that there is not a  
4 problem. There is clearly a problem. And it has  
5 been suggested that we try to experiment for one  
6 meet. If it works, it works; if it does not, we  
7 will try something else. We have talked about using  
8 a bazooka instead of an aspirin or something like  
9 that. What is the aspirin? Everybody says it is a  
10 problem, but what are we going to do about it? You  
11 know, I at times have been critical of the stewards,  
12 and I acknowledge that. But if the stewards call  
13 somebody in and the trainer comes in with the vet,  
14 and the vet says, you know, "I signed this vet  
15 scratch," what are the stewards going to do? They  
16 cannot do anything. What is the vet going to do?  
17 We have got so many vets on the backside that,  
18 through competitive reasons, they have got to be  
19 somewhat lenient and doing what the trainer wants.  
20 I mean, maybe I should not say that, but that is the  
21 name of the game. I know that -- I have listened to  
22 Jack Robbins a number of times and, you know, in the  
23 good 'ol days there were two or three vets and  
24 nobody did things like this, but now we have got a  
25 lot of it. From time to time in front of this

1 Board, I have mentioned that I my own horses -- I  
2 have got to tell you that when my horse has a fever  
3 or swelling, there is no way that the damn horse  
4 recovers in two or three days, and people are  
5 telling me that these other horses do. As far as  
6 Chairman Licht saying, you know, "I ought to have  
7 the right," and I know it is just a hypothetical  
8 question, being a lawyer, you know, if I am an owner  
9 of a horse and I draw the one hole, why shouldn't I  
10 be able to scratch? Well, a man of Chairman Licht's  
11 integrity would not file or cause to be filed a  
12 fraudulent vet certificate. And, again, all I would  
13 like to say is that everybody acknowledges that we  
14 have a problem. People say, "Well, by doing what  
15 Hollywood is suggesting, we are over-reaching," but,  
16 damn it, it is just an experiment. If it works, it  
17 works. If it does not work, it does not work. And,  
18 you know, I think that when we talk about what the  
19 tracks can do and what they do at Arlington, you  
20 know, tracks, at places where they have a shortage  
21 of stalls, can do a lot more than what tracks now do  
22 in California where we have a shortage of horses.  
23 And I think the Board should consider the fact that  
24 everybody here has acknowledged that there is a  
25 problem. We have got to do something about it.

1 Thank you.

2 Chairman Licht - I agree with you, Jack. I  
3 think it is an experimental basis, and if we give  
4 the vet some leeway, the track vet, to make  
5 exceptions to problems and we look at this as just  
6 an experiment, we come back and look at it, I do not  
7 see what the harm is done, and I think it can only  
8 help the game in at least the short-run, and  
9 hopefully the long-run. Craig?

10 Mr. Fravel - Craig Fravel. I am with  
11 (inaudible) Club. I guess I would echo Mr. Liebau's  
12 statements and the Chairman's also. I think  
13 essentially what you are doing to a degree is  
14 shifting the burden of proof here, and Rick, I think  
15 you have done at least a preliminary good job in  
16 indicating that they have on a preliminary basis  
17 identified a 30 percent decrease in the number of  
18 scratches potentially as a result of this rule. And  
19 I do not think there is anybody who operates a race  
20 track who does not want larger fields and fewer  
21 scratches. And as long as there is a mechanism  
22 within this directive, if you will, to permit  
23 someone to come and petition the stewards in the  
24 racing department, to actually get a waiver of the  
25 ten-day period for legitimate reasons, and then show

1 that whatever it was that caused this in the first  
2 place was one of those instances that can be cured  
3 two or three days, I am not sure where I see the  
4 harm in it. So we would support the request on an  
5 experimental basis and would like to see what the  
6 results of that are.

7 Chairman Licht - I think, Craig, it goes  
8 even further than what you said about that the  
9 tracks want bigger fields and less scratches. I  
10 think the public, and particularly the gambling  
11 public, which is the public that we are talking  
12 about, wants the same thing.

13 Mr. Fravel - Well, I mean, I cannot tell  
14 you how difficult it is sometimes when you have got  
15 a horse -- a race that you have allowed to go with  
16 six starters, and when it actually goes off, it is  
17 scratched down to four.

18 Chairman Licht - And two of the horses are  
19 scratched or from the same trainers who have horses  
20 in the ring?

21 Mr. Fravel - It does make you crazy at  
22 times. Let me tell you an anecdotal story about the  
23 trainer of three or four years ago at a seminar we  
24 were having about trying to increase field size and  
25 everything, and he said that in California it has

1 become unfashionable to start your horses, which I  
2 thought was a rather depressing, but also telltale  
3 statement, so I would just leave you with that.

4           Ms. Moretti - I have a question following  
5 on what Mr. Liebau was saying to Jim and Ed. Do you  
6 think there is a problem? Do you not think there is  
7 a problem? Because actually neither one of you  
8 said, "We think there is a problem, but we do not  
9 think...."

10           Mr. Ghidella - No, I think there is a  
11 problem with maybe two, three or four trainers doing  
12 that. I do not think there is an industry-wide  
13 problem, but, you know, there may be. I could not  
14 deny that I would suspect that there are two or  
15 three trainers up here and maybe two or three  
16 trainers down south that do that, and I think that  
17 it can be cured.

18           Mr. Landsburg - Excuse -- I am sorry, I did  
19 not mean to cut you off -- isn't there a ripple  
20 effect of this? If there are three or four guys who  
21 are getting ahead of the game by being unscrupulous,  
22 then isn't there a ripple effect to the guy who has  
23 all of those one scratches. Finally he says, "See,  
24 they get away with it. I'm going to do it this  
25 time." How many of those events occur in the

1 course? And it is a reason to say, "Let us try and  
2 find it, put a stop, and see if it works.

3           Mr. Halpern - I agree there is a problem.  
4 I think we create a bigger problem. The problem is  
5 a small one. What we create here is a problem for  
6 all those people that want to run their horses.  
7 And, in truth, you only get so many races out of a  
8 horse during a given meet anyway, and if he is  
9 scratched and can come back in five days, you may  
10 get another race out of him, whereas the longer you  
11 make it until he comes back, the less races you are  
12 going to see from a race track perspective. And the  
13 truth is, in my mind, that if somebody really wants  
14 to scratch and they feel they are not going to win a  
15 race, five days or ten days is not going to stop  
16 him. I do not think ten days is really going to  
17 stop these people who abuse on a regular basis, and  
18 I do not think the statistics we have that say,  
19 "Well, we saw that we had less scratches," we just  
20 do not have enough information looking at those  
21 statistics alone. You have to look at those  
22 statistics in light of everything else that went on  
23 at the meeting. And getting more raw numbers  
24 without doing all that other investigation does not  
25 give us any real information.

1 Chairman Licht - Anything to add that we  
2 have not heard already from everybody that is not  
3 repetitious?

4 Mr. Baedeker - Well, at the risk of being  
5 repetitious, I would like to comment on a couple of  
6 things that Ed Halpern said. He talked about the  
7 unanimous opposition to this among his Board  
8 members. We purposely last fall, at Hollywood Park,  
9 held a reception for horsemen, which is mostly  
10 trainers, every Saturday in the backstretch. And we  
11 did not receive a single complaint about the test  
12 that was being conducted during that period of time,  
13 and we had many trainers, not as many as I would  
14 have liked, come over. And the purpose for that  
15 meeting was so that people could come over and get  
16 in our face about things that they did not like,  
17 hear from us directly why we do some of the silly  
18 things we do, and so forth. So it was a good  
19 opportunity for a trainer to come in and argue the  
20 point. We did not have a single trainer argue the  
21 point. And the other thing I would say is that we  
22 have a responsibility to address these things. You  
23 have heard from both the owners and the trainers  
24 that they recognize there is a problem. And Eual  
25 Wyatt and myself realize we are not going to win any

1 popularity contests by doing this. It would be a  
2 lot easier to just sit in the back of the room there  
3 and let the status remain quo. But we think this is  
4 an area where we can do something proactively to  
5 make the game a little bit better, so why not give  
6 it a shot over a short period of time during our  
7 spring week?

8 Ms. Granzella - I would like to make a  
9 motion to allow Hollywood Park to allow them to do  
10 requests ten days retro.

11 Chairman Licht - And does that include the  
12 discretion of the veterinarian to make exceptions if  
13 necessary?

14 Ms. Granzella - Yes.

15 Mr. Bianco - Second.

16 Chairman Licht - Okay, motion made by  
17 Sheryl Granzella, seconded by Bill Bianco.

18 Mr. Harris - I would like to say that I  
19 would have voted against the motion because I think  
20 this is something that should be done more as a  
21 joint effort between the horsemen and the tracks  
22 because there may well be solutions to it other than  
23 just the ten day rule, more sanctions on the way  
24 that you actually manage the vet scratches or other  
25 things. But I just hate to see us impose something

1 on the horse community that apparently does not have  
2 buy in it, that there has got to be some way to get  
3 us to work together more on this. I just hate to go  
4 to something without buy-in from the horsemen.

5 Chairman Licht - Alright, I am going to  
6 poll the Board for this vote because it appears it  
7 is not going to be unanimous. We will start with  
8 Commissioner Sperry.

9 Commissioner Sperry - I am in favor of the  
10 motion.

11 Chairman Licht - Commissioner Landsburg?

12 Commissioner Landsburg - I am in favor.

13 Ms. Moretti [presumed] - I am in favor.

14 Mr. \* - I am in favor.

15 Commissioner Harris - Opposed.

16 Ms. \* - In favor.

17 Mr. \* - Favor.

18 Chairman Licht - Six to one, the motion  
19 passes. Commissioner Harris voted against. Thank  
20 you, Commissioners.

21

22 **Item 4. Discussion and Action on the Status of**  
23 **Stabling and Vanning Funds for the Los Angeles**  
24 **County Fair (Fairplex) and San Luis Rey Downs.**

25 **Item 5. Discussion and Action by the Board on the**

1 **Request by the Southern California Off-Track**  
2 **Wagering, Inc., to Increase the Off-Site Stabling**  
3 **and Vanning Takeout Percentage.**

4 Chairman Licht - Item 4 -- we will take 4  
5 and 5 together regarding the status of stabling and  
6 vanning funds and basically the status of  
7 negotiations between Fairplex and Oak Tree.

8 Mr. Reagan - Commissioners, John Reagan,  
9 CHRБ staff. With regard to Item 4, I know that  
10 there has been a lot of discussions by the Stabling  
11 and Vanning Committee in Southern California  
12 regarding the appropriate levels to fund various  
13 functions of that stabling and vanning funds. I now  
14 there is some controversy, but I think it has been  
15 pretty well resolved at this point, and I know that  
16 their request to increase the Stabling and Vanning  
17 percentage takeout to 1.6 is still valid and they  
18 may want to speak to that before we move forward.

19 Mr. Forgnone - Good morning, Commissioners.  
20 Bob Forgnone, F-O-R-G-N-O-N-E, on behalf of the Los  
21 Angeles County Fair. The matter of the L.A. County  
22 Fair's request for funding for its stabling program  
23 has been before this Board on several occasions. It  
24 was the subject of a meeting with interested members  
25 of the industry and Commissioner Sperry and Chairman

1 Licht. And at the last meeting of the Board, it was  
2 suggested and requested that the fair sit down with  
3 the interested parties in the profession to see if  
4 we could not resolve a resolution of the problem  
5 without intervention by the Board. In that  
6 connection, we met with the stabling committee of  
7 the Thoroughbred Owners of California. We met with  
8 them on a Wednesday night and their Board was  
9 meeting the following Thursday to vote on the  
10 subject. Members were present from the fair, as  
11 well as from TOC. The short of it was in that  
12 meeting, the sense was that there would be quite a  
13 bit of resistance from the TOC to any increase in  
14 the stabling beyond funding the stabling for \$1.7  
15 Million in the year going forward, and adding an  
16 additional \$200,000 to the pasture, so both years  
17 would in effect have a \$1.7 Million subsidy. After  
18 much discussion, and in particular discussion with  
19 respect to the issue of Worker's Compensation and  
20 the pressure on the Stabling and Vanning Fund to  
21 fund all the stabling requests, as well as the  
22 Worker's Compensation needs, and the concept that  
23 perhaps all 1.25 percent would be necessary in the  
24 coming year for Worker's Compensation protection, if  
25 things do not go as well as hoped, it became pretty

1 obvious to us at the fair that, although  
2 disappointed, we also had to be pragmatic. As a  
3 consequence, we have suggested that we would live  
4 with the \$1.7 Million subsidy to stabling program  
5 for the coming year and accept the \$200,000 for the  
6 pastures so that we could stay open through April.  
7 This leaves us about \$600,000 short of Nirvana, that  
8 is, a program that can run the full 360 days and, as  
9 a consequence, we may well have to close. What we  
10 have elected to do is to remain open for May, June,  
11 July and August and, of course, September, the month  
12 of our race meeting, goes unfunded under all  
13 circumstances. We may very well have to close our  
14 training operation, our stabling operation, in  
15 October, November and December. But we are hopeful  
16 that we can in the time period between now and  
17 October find ways to be 1) more creative in doing  
18 the job we are doing, and doing it for less money so  
19 that we could extend that \$1.7 Billion so perhaps it  
20 funds part of October and part of November. There  
21 is a possibility that the fair can find within its  
22 wherewithal to at least contribute some portion of  
23 money to the stabling effort and self fund for a  
24 period of it. And with all of that, there is a  
25 possibility that we will be able to extend the

1 period beyond September and perhaps continue  
2 operating in October or operating in December. And,  
3 of course, during the same period of time, we want  
4 to look at the pressures on SCOTWINC and its fund  
5 because funds might really be available to fund that  
6 additional time period. But what we did not want to  
7 do is to foist our problem upon you and have you do  
8 something that maybe you are uncomfortable doing or  
9 that you do not think is appropriate for the Board  
10 to do. So at this point in time, the \$1.7 Million  
11 is the way we are playing the game, and I personally  
12 am going to work with Mr. Wood and the staff,  
13 looking for ways that the fair can continue to keep  
14 open for training purposes past October 1st and into  
15 the month of December. I think there is a strong  
16 possibility that we will find ways if we are  
17 ingenious and unique enough to find a way to do for  
18 75 cents what we are now doing for a dollar.

19 Chairman Licht - Thank you. I guess we will  
20 need a motion unless there is some other discussion  
21 to increase the Stabling and Vanning Fund? George?

22 Mr. Bradvica - George Bradvica, Fairplex  
23 Park. Just to add to Bob's comments, I guess we  
24 have to be about 25 percent smarter this year in  
25 order to make this happen, in order to try to stay

1 open on a year-round basis. We, as Bob mentioned,  
2 still need more funding to make this happen and we  
3 need to be creative and find more ways to do that.  
4 Just to give you an update on where we stand, and I  
5 would like to do this on a monthly basis, we are  
6 presently this month running about four starts per  
7 day from Fairplex Park, and this happens to coincide  
8 with the start of the two-year-old races at Santa  
9 Anita. And what that means is that we have always  
10 said that we have had many two-year-olds at Fairplex  
11 and have developed those horses after they have been  
12 broken on the farms, and then brought to Fairplex at  
13 a reasonable time in November and December to start  
14 the training. And, as you know, it takes between 90  
15 and 120 to 150 days to get a horse ready for race  
16 ready, and that is probably the best of it. That is  
17 when everything goes right. So we would like to  
18 believe that Fairplex is far more productive than  
19 what the number per starts per day indicates,  
20 meaning that there are horses there that have had a  
21 lot of training from trainers like Paco Gonzales,  
22 Drew Couton, and so forth, who train their horses  
23 there for up to 150 to 180 days and then move on to  
24 other racetracks. We call those foundation horses  
25 and there are many of those -- and Came Home was one

1 of them -- who trained at Fairplex for many days and  
2 many months, and then went on to do many great  
3 things in California. I can go on with many horses  
4 like that -- grade 1 horses that have run very well,  
5 that have trained at Fairplex, as well as two-year-  
6 old's who need many days of training before they can  
7 start training in March. So where Fairplex may seem  
8 to be less than adequate from a TOC standpoint in  
9 terms of starts per days, we have many horses there  
10 that need training in advance of them being race  
11 ready. We will continue to try to bump up the  
12 number of starts per day, but on the other hand, we  
13 want to say that Fairplex is a productive facility  
14 for producing starts in California, Barretts being  
15 another source of horses starting in California. In  
16 fact, Barretts produces approximately, from Horses  
17 catalogued at Barretts sales, they are producing  
18 about 15 percent of the starts per day in  
19 California. That includes Santa Anita and Golden  
20 Gate in this case, and then Hollywood Park and Bay  
21 Meadows when they start racing at Bay Meadows here.  
22 So Barrets is a very productive aspect of our  
23 business and, as everyone knows, Fairplex now wholly  
24 owns Barrets and is part of our complex of racing at  
25 Fairplex.

1           Mr. Harris - On the Barrets situation, I am  
2 not clear if Barrets is contributing as an entity to  
3 the racetrack maintenance and the overall facility  
4 there because a lot of your March and May two-year-  
5 old sales, those horses obviously trained over that  
6 track -- is some of that income being credited into  
7 your total budget?

8           Mr. Bradvica - What we do is Barrets is run  
9 as an incremental cost and is not part of the cost  
10 of training. Barrets pays their incremental cost  
11 for anything that they need to get their business  
12 done. But, on the other hand, Barrets is wholly  
13 owned by Fairplex and Fairplex, as a training  
14 center, yes, allows Barrets to use the racetrack.  
15 And, for the industry, we think that is good because  
16 they are sending 15 percent of the horses catalogued  
17 in the Barrets catalogues both here at Golden Gate  
18 and Santa Anita. So when you take a look at the big  
19 picture, Fairplex itself is a productive venue for  
20 racing in California.

21           Mr. Harris - Yeah, I think we need to look  
22 at the big picture, but you had a colt there sell  
23 for \$2.7 Million, you know, which was great, but  
24 just your commission on that was \$135,000, so how  
25 much of that would go to help the overall project

1 you are doing --

2           Mr. Bradvica - Well, since Bob Baffert is  
3 training that horse, it is most likely that horse,  
4 although now in Florida, will come back here and  
5 train in California and race in California.

6           Chair Licht - George, I think what I would  
7 like to hear at a future meeting is this underlying  
8 training you are talking about, you know,  
9 preparation work. I do not doubt the value of it, I  
10 just wonder who should pay for it, whether the  
11 horsemen themselves should pay for it, whether -- to  
12 use your example -- McCaffrey (phonetic) and Paco  
13 Gonzales pay for the background work done for Came  
14 Home, or should the industry supplement that? That  
15 is the question, not whether it is valuable or not.

16           Mr. Bradvica - Well, historically, I mean,  
17 the industry has allowed horses, once they have been  
18 broke on the farms, not before they have been broke  
19 on the farms -- we are not bringing horses in there  
20 for that purpose. You need so many days to put a  
21 foundation into a horse to get them ready to run at  
22 the race tracks, and I do not know where you are  
23 going to do that because, in order to get a horse  
24 race ready for their first race, they need up to  
25 three works, and that is done at the race tracks,

1 and they need the environment around the race track  
2 to be ready to run. So historically this has always  
3 been done and it has been done primarily at the  
4 training facilities where there is much less  
5 congestion and where trainers want to keep those  
6 horses away from the older race-ready horses.

7           Mr. Harris - How about horses that are  
8 racing at Los Alamitos, but training at Pomona? How  
9 do you address that?

10           Mr. Bradvica - Excuse me, John?

11           Mr. Harris - I would think there would be a  
12 certain amount of horses that would train at Pomona,  
13 but then end up racing at Los Alamitos or the Fairs  
14 in Northern California. How do you sort of equate  
15 that income back to Pomona?

16           Mr. Bradvica - Well, John, that is an  
17 interesting topic because that has historically been  
18 done until last year of 2002, around February, when  
19 the TOC began to indicate to us that that was a  
20 punitive thing for us to do. In other words, that  
21 was negative toward us being funded as a training  
22 facility. So we took that to heart and, as managers  
23 of that facility, we started to drastically cut down  
24 on the number of starts at Los Alamitos. And  
25 trainers who had horses that would run only at Los

1 Alamitos were asked to go to Los Alamitos and run  
2 their horses from there. And in the month of March  
3 this year, the TOC has asked us, through their way  
4 of saying that you are going to be negatively  
5 impacted in the funding mechanism, if you continue  
6 to start horses at Los Alamitos, we have virtually  
7 no starts from Fairplex horses that are stabled at  
8 Fairplex. We have virtually no starts in the month  
9 of March at Los Alamitos.

10           Mr. Wood - George, do you have any tracking  
11 system for the number of horses that start from Los  
12 Alamitos that race at a track that is providing  
13 stabling advantage such as Santa Anita and Hollywood  
14 Park? I mean how many horses race in Santa Anita  
15 and Hollywood Park that come from Los Alamitos? Has  
16 anybody looked at that situation?

17           Mr. Bradvica - I would say that number is -  
18 - well, you would not find that happening to Santa  
19 Anita and Hollywood Park, I do not believe, because  
20 the level at Los Alamitos for a thoroughbred race is  
21 only \$5,000.

22           Mr. Wood - So you are saying that no horses  
23 race at Santa Anita or Hollywood Park who are  
24 stabled in Los Alamitos?

25           Mr. Bradvica - I would say it is a very

1 small number.

2           Mr. Wood - But are you tracking that number  
3 in addition to the other horses?

4           Mr. Bradvica - We are not tracking it that  
5 way. We are only tracking horses that are stabled  
6 at Santa Anita, Hollywood Park, Fairplex, and San  
7 Luis Rey who are they starting at Los Alamitos. And  
8 the TOC has asked us to -- well, the TOC said that  
9 that is a punitive thing, that is a negative thing  
10 against you being funded. So in the month of March,  
11 we have virtually stopped running any horses at Los  
12 Alamitos from Fairplex Park.

13           Mr. Harris - But it seems like the issue is  
14 not so much horses running, it is just getting ready  
15 to run. And maybe there is some virtue of getting  
16 them ready to run at Pomona to run someplace else,  
17 it is just that Pomona needs to look for funding  
18 sources at other places other than just Scottway  
19 (phonetic) because the tracks like Los Al would fund  
20 stabling at Pomona if they felt they did not have  
21 enough stalls.

22           Mr. Bradvica - John, we are leaving no  
23 stone unturned and we are trying to be as creative  
24 as we can be, and we are going after every  
25 imaginable source of revenue, and every way of

1 managing that facility to try to stretch that \$1.7  
2 Million to turn that into a year-round training  
3 facility. Whether we can do that or not, we do not  
4 know now, but we need additional time to try to  
5 figure that out.

6 Chairman Licht - Okay. This really is a  
7 discussion that we are going to have to continue at  
8 another time. I mean, that is premature to really  
9 get into. Did you have a comment, Jeff?

10 Mr. True - Mr. Chairman and members, I  
11 really did not want to bring this up -- I am sorry,  
12 this is Jeff True, General Manager of Los Alamitos  
13 Race Course -- an unintended -- at least I hope an  
14 unintended -- consequence of this whole vanning and  
15 stabling fund discussion has been a prohibition, an  
16 imposed prohibition of thoroughbreds starting at Los  
17 Alamitos when stabled at anyplace other than Los  
18 Alamitos. What I just handed you was a letter that  
19 was issued to horsemen by San Luis Rey Downs  
20 management that this is, and I quote from the  
21 letter, "According to strict new stabling criteria,  
22 any horse that runs at Los Alamitos is not allowed  
23 to stable at Del Mar, Fairplex, Hollywood, San Luis  
24 Rey Downs, or Santa Anita." I cannot sit by as the  
25 General Manager of the race track and abide by that.

1 How can there be this imposition? How can there be  
2 this prohibition of starts at Los Alamitos? There  
3 has been a lot of talk about Los Alamitos funding  
4 the vanning and stabling fund. Well, Los Alamitos  
5 has an ADW location and it puts almost \$1 Million  
6 into that fund. It is ITW handled at Los Alamitos,  
7 I understand. But to come back and say, "Los  
8 Alamitos, you need to be paid into that fund in  
9 order for a horse from Santa Anita, Hollywood, or  
10 any other place for that matter, to run at our  
11 location," I am looking for the authority to impose  
12 that prohibition, and I do not see it anywhere.

13 Chairman Licht - I agree with you, Jeff. I  
14 think you are right and I think that this would be a  
15 subject that would be suitable -- maybe the  
16 committee of John Sperry and myself could re-convene  
17 with TOC and yourself and Fairplex to try to resolve  
18 this at a committee level. I tend to agree with  
19 what you are saying, and I would like to see you try  
20 to work it out yourself directly with TOC and, if  
21 there is a problem, I can speak for myself and I  
22 assume, John, you would be willing to work on that  
23 to get that resolved?

24 Mr. Varela - I have had this discussion  
25 with Mr. Van de Kamp and we did not reach any

1 resolution. I have to ask that we move on that  
2 pretty quickly with your assistance because we are  
3 already feeling the impact of reduced interest.

4 Chairman Licht - Why don't you submit a  
5 request to Sacramento, then, and we will re-convene  
6 a committee, or subcommittee, and we would like you,  
7 Fairplex, and TOC to be there?

8 Mr. Varela - Is it my understanding, then,  
9 that you would not support any of this prohibition  
10 and the fact that this letter has gone out --

11 Mr. Harris - Just to clarify it, though,  
12 that this money that Los Alamitos has put into the  
13 fund, as I understand it, this is money bid on  
14 thoroughbred races. Now, on quarter horse races, is  
15 there somebody going into the fund from handle on  
16 quarter horse races?

17 Mr. Varela - To my understanding, no. This  
18 is a vanning and stabling fund for thoroughbred  
19 racing. We are not even talking about quarter  
20 horses. We are talking about thoroughbred starters  
21 at Los Alamitos.

22 Chairman Licht - And, Jeff, for your  
23 information, for everybody in general, I know when  
24 Alan Landsburg was Chair and he was diligent about  
25 this, so far today we have got several submissions

1 and it would sure be helpful if you could submit  
2 these things to us in advance of the meeting, even  
3 if it is just the day before and we could read them  
4 better.

5 Mr. Varela - I became aware of this over  
6 the past weekend. The agendas had gone out and I  
7 assumed it would be --

8 Chairman Licht - That is not directed just  
9 to you, it is everybody.

10 Mr. Varela - I understand.

11 Mr. Liebau - I think what George Bradvica  
12 said -- my name is Jack Liebau -- it is true, is  
13 that when it is looked at how vanning and stabling  
14 funds were being disbursed, one of the things that  
15 was looked at is to where the horses were running,  
16 and with respect to Fairplex in particular. I have  
17 to admit that I was the one who brought this to  
18 their attention, was that there were a tremendous  
19 number of horses training at Fairplex or racing at  
20 Los Alamitos. And I think the theory was that Los  
21 Alamitos was not necessarily a thoroughbred track,  
22 although there are thoroughbreds that are allowed to  
23 run there, as long as they are running, I think,  
24 less than 4.5 furlongs, Mr. Sperry, and under \$5,000  
25 or something like that. And so I think the

1 Thoroughbred Owners of California's theory was that  
2 these funds should be used to provide stabling for  
3 those horses that were running at the thoroughbred  
4 tracks. With that said, that is just by way of  
5 background. One thing that I have to do is to  
6 apologize for the background noise, but when you  
7 have some business that attract these days, you do  
8 not go out there and tell them to keep quiet.

9 Chairman Licht - I think this is much more  
10 appropriate for a committee setting. I think you  
11 should, Jeff, maybe request of the office in  
12 Sacramento to get a meeting set right away, and we  
13 can discuss it. I also think that, going on what  
14 Jack said, we only have probably another 20 minutes.  
15 We are not going to be able to hear anything at all,  
16 so we really have to move this along.

17 Mr. Liebau - Someone told me that the  
18 groups that are here came in busses and that they  
19 are all about my age, so you sort of get the drift  
20 of where we are.

21 Chairman Licht - We need to have a motion  
22 or to consider a motion to --

23 Mr. Wood - We need to have a motion to  
24 increase the fund --

25 Chairman Licht - Yeah, that is what I just

1 was going to say. Do we have a motion?

2 Mr. Wood - To increase it to 1.6?

3 Chairman Licht - Yes. Marie Moretti made  
4 the motion. Second by Commissioner Sperry --

5 Commissioner Sperry - Wait, I am not clear  
6 if we actually vote to increase it, or do we just  
7 vote to approve -- yeah?

8 Chairman Licht - Yes, we included four and  
9 five together. Tom?

10 Mr. Varela - Tom Varela, General Manager of  
11 SCOTWINC. It is 1.06 is the rate. Chairman

12 Licht - If I understand your motion, then, Marie?

13 Ms. Moretti - It is 1.06 percent.

14 Chairman Licht - And the second by  
15 Commissioner Sperry?

16 Commissioner Sperry - Second.

17 **Chairman Licht - Anymore discussion? All**  
18 **in favor? Opposed? It is unanimously adopted.**

19 Mr. Forgnone - Mr. Chairman, in calling  
20 these matters on the agenda, you also requested a  
21 report on the Fairplex Oak Tree Racing Association  
22 Agreement --

23 Chairman Licht - Yes.

24 Mr. Forgnone - From what I have seen, and I  
25 believe I have seen the last iteration of a

1 Memorandum of Understanding, from Fairplex's  
2 perspective, the memorandum is in perfect order and  
3 they are prepared to sign it. I think that is also  
4 true of Oak Tree Racing Association, but perhaps Mr.  
5 Chillingworth could address that. Also, I should  
6 add that there is a Bill before the Assembly, AB  
7 1128, that addresses the Legislative needs to  
8 authorize the additional day of racing at Oak Tree,  
9 and I have reviewed that Bill. There are some minor  
10 modifications we might suggest, but otherwise it  
11 appears in order. Chairman Licht - I would  
12 like to have the staff -- that should be in front of  
13 all the Commissioners. I hope you will send that  
14 out right away.

15 Mr. Forgnone - Everyone has a copy, I  
16 presume.

17 Mr. Chillingworth - Sherwood Chillingworth  
18 with Oak Tree Racing. I thought we had an agreement  
19 a month ago when I reported to you with Pamona, as  
20 well as with Santa Anita. I got a call this morning  
21 saying that we had worked out the last little item  
22 in our agreement and that it now meets both of our  
23 company's approvals, and it will be in my office  
24 tomorrow morning. But I have not seen it yet.

25 Chairman Licht - Thanks, Chili. I think

1 that both Fairplex and Oak Tree should call on the  
2 Board, particularly the Legislative committee, for  
3 any support you might need in connection with that.

4 **Item 6. Status update by Autotote on the**  
5 **Development Timetable for Software that will once**  
6 **again allow the "alternate runner" option for**  
7 **multiple leg wagers in California.**

8 Mr. Reagan - Commissioners, John Reagan,  
9 CHRB staff. As you know, Autotote, Incorporated  
10 provides tote services, hardware/software personnel  
11 for California. Last fall when we upgraded that  
12 software for security purposes, we lost the ability  
13 of the alternate runner selection for the multiple  
14 leg wagers. You have asked now for an update on  
15 that situation when we might see a return of the  
16 alternate runner option, and Mr. Dave Payton from  
17 Autotote is here to tell us about that today.

18 Chairman Licht - Just for the record, it  
19 is my memory that we were told by Autotote that we  
20 would have that no later than February, and here it  
21 is almost April and we do not have it.

22 Mr. Payton - Dave Payton with Autotote. I  
23 am not sure when I said that, but I am not sure if  
24 it was appropriate for me to say that, if I did  
25 personally. Just to let everybody know, alternate

1 runners were something that were spearheaded by the  
2 California industry some years ago, and Autotote  
3 took the lead in putting the package together to run  
4 on the tote system. At that time, we went back to  
5 the Tote Standards Committee and the RCI, and the  
6 other groups, the other tote companies, to figure  
7 out how we would implement that within the network.  
8 And it turned out that nobody else was interested in  
9 working with us to make changes. So Autotote did  
10 the work to put the Alternate Runner software on the  
11 California systems, and some Autotote tracks around  
12 the country also did, as well. But it completely  
13 ignored the scanning process that goes on with  
14 multiple leg pools. The only time that you got  
15 information about alternate runners was after the  
16 last leg was official. You never knew anything  
17 before that. So the software was written around  
18 just being on the tote system. The protocol itself  
19 did not change. It was called ITSP. That did not  
20 change because we needed the other tote companies'  
21 approval. Now that we have gotten to the point  
22 where the scans had to be addressed again with the  
23 Pic Six's back last fall, we have gone through a  
24 phase with the other tote companies. We have  
25 developed -- there is a first phase we have done, is

1 a leg by leg scan now, that at the end of every leg  
2 there is a report that can be printed at the host  
3 site to let them know what the current potential  
4 winners are. That has been done and that is  
5 completed. We are now working on a way to  
6 automatically go through that software so we can see  
7 if there are any changes in the data that we saw  
8 from one leg to another. That is what is being  
9 worked on now. All the tote companies have agreed  
10 to a way to introduce that and that is what is being  
11 worked on. We are still working with the tote  
12 companies, all the tote companies, to figure out a  
13 way to do a scan at the very first race so we can  
14 send information to the host that is absolutely the  
15 total pull, so that there could be nothing else that  
16 would change between any of the legs. And that is  
17 what is in development right now and actually that  
18 is what is in design right now. And the next step  
19 after that would be, then to get the two companies  
20 to sit down with us and talk about alternate runners  
21 again. There is nobody else that implemented that  
22 on their tote system at this point, so they need to  
23 help us to develop the protocol to be able to deal  
24 with alternate runners.

25 Mr. Harris - So there is no time frame

1 right now?

2 Mr. Payton - Right now, there is no time  
3 frame. Being able to do a scan at the very first  
4 leg is something that is a very intensive process  
5 itself. It is going to take a lot of programming.

6 Chairman Licht - I think it should be made  
7 a high priority. I firmly believe we are losing  
8 significant handle in the pic six as a result of not  
9 having alternates, and I really would like to see  
10 that change.

11 Mr. Payton - There is a way. I asked our  
12 manager here at Bay Meadows if there was a way we  
13 could turn on alternate runners just within the  
14 state again, and that is possible. We could turn in  
15 alternate runners. But then you are losing all the  
16 extra protection that has now been put into the  
17 system for the scans on a race by race basis, so it  
18 really can only be one or the other. We either  
19 would have all the protections, or we could go back  
20 to alternate runners. And I was reminded that there  
21 are states that have required that every state that  
22 bets into a Pic Six host has to be able to use these  
23 extra scanning procedures. And since we are a  
24 multiple system configuration in California, if we  
25 did that, then there might be some jurisdictions

1 that would stop taking the Pic Six. So I do not  
2 think that is an answer either.

3 Chairman Licht - Well, can you report back  
4 to us, say at the next Pari-mutual meeting on a  
5 status of when you might --

6 Mr. Payton - Sure. The ARCI meets again in  
7 Seattle I think at the end of next month, so it  
8 would be after that meeting would be the next time  
9 the tote companies will all get together, so it  
10 would probably be the second --

11 Mr. Harris - It is pretty frustrating. I  
12 would also like to see how much really effort is  
13 being done, I mean, how many man hours or how much  
14 money you are really spending on it because we have  
15 got a big industry here that, I mean, this is not  
16 our most important issue, but it is very frustrating  
17 that we cannot even solve this. I would think it  
18 would not be that hard to solve.

19 Mr. Payton - It is not just the fact that  
20 it is just Autotote, it is the fact that we have to  
21 get United, Amtote, I mean, LVDC as well to agree to  
22 whatever changes we make.

23 Chairman Licht - Thank you, Dave.

24 **Item 7. Report by MEC on the Status of the**  
25 **Veterinarian's Hospital at Golden Gate Fields.**

1 Chairman Licht - Okay, the next item is the  
2 status of the veterinarian's hospital at Golden Gate  
3 Fields.

4 Mr. Tunney - I am Peter Tunney representing  
5 Magna Entertainment Corporation on the status -- and  
6 I am here merely to report on the status as I  
7 understand it today. As you know, the construction  
8 was started at the end of last fall, early winter.  
9 It was completed pretty much on time at the end of  
10 February with some problems with rain delays and  
11 some other problems related to the fact that we  
12 could not have construction during racing hours and  
13 we would have Union off days and evenings, and all  
14 that. That has been completed. For whatever reason  
15 following that, the end of February, the interior  
16 improvements, the TI, and also some electrical that  
17 had to be done, some bids were solicited at that  
18 time, and those bids have come back just in the last  
19 few days. As I understand it, there has been  
20 significant amount of interest in this.  
21 Commissioners have seen the building and I have some  
22 pictures over there on the progress to date. The  
23 Board staff, the Board investigators have been down  
24 there, and as recently as yesterday, there was  
25 somebody here from Magna, their construction team,

1 having discussions about the bids and finalizing  
2 that. It would be our anticipation and our hope  
3 that this would be completed -- here we are the  
4 first of April and that this would be completed,  
5 hopefully, in about 90 days. And that is the status  
6 as I understand it.

7 Chairman Licht - It is my understanding  
8 that, dating back to before I was on this Board,  
9 that one of the reasons that exemption was granted  
10 to allow Magna to own more than one track in the  
11 state was their agreement to pursue and expedite,  
12 actually, the completion of the hospital that was  
13 started by the previous owners of Golden Gate  
14 Fields. To me, this is an issue that goes to the  
15 status of Golden Gate Fields' next application for a  
16 license, to make sure that they really do comply  
17 with what they promised some three or four years  
18 ago.

19 Mr. Tunney - I will take your word for it,  
20 Mr. Chairman. I do not know that it was part of  
21 that condition for licensing, nor was it part of the  
22 fact of the multiple ownership. I do know that  
23 there was a discussion of Hollywood Park about  
24 Magna's participation in the state specifically at  
25 Golden Gate Fields, and there was some \$5 Million at

1 that time earmarked for improvements within the  
2 stable area and the racetrack itself, and the equine  
3 hospital was discussed at that time.

4 Mr. Harris - Just to correct the history,  
5 there was an equine hospital at Bay Meadows, which  
6 basically went away when that was re-constituted.  
7 And I think the theory was that we would build one  
8 over here. We need to go back and research the  
9 record, but I thought that was a covenant of  
10 agreeing to the merger, the Board's agreeing to the  
11 merger, that they would clearly build the hospital.  
12 And it sounds like it is almost there, but it just  
13 needs to get done.

14 Chairman Licht - Jim?

15 Mr. Ghidella - Jim Ghidella, TOC. I am  
16 glad we have identified Peter as the father. As I  
17 look at it, I cannot tell what the sex of it is, and  
18 I certainly do not know the gestation period.

19 Chairman Licht - Two years.

20 Mr. Ghidella - As you remember, or do not  
21 remember, TOC opposed the licensing of Golden Gate  
22 Fields based on several things, the condition of the  
23 barn area, lack of a hospital, etc. etc. I  
24 distinctly remember them saying in front of Roy  
25 Wood, myself, Charlie Dougherty, Peter Tunney's

1 office that they had \$5 Million up and, you know,  
2 they mollified TOC. TOC withdrew their objection  
3 for licensing. That day, April 4, 2000, they gave  
4 us an Executive Summary. There is a larger version  
5 of this that I do not have here, which includes  
6 their plans for the hospital. In the mean time, I  
7 mean, if you look at April 4, 2000, they have bought  
8 Gulf Stream Park since then, they have renovated  
9 Gulf Stream Park since then, they have built an  
10 entire training center in Florida to take the place  
11 of HighaleaHighalea with living quarters, stalls, a  
12 race track, whatever, but they cannot quite get this  
13 hospital done. And, you know, to come here and say,  
14 "Well, it is my understanding, for whatever reason,  
15 the contract is on the electric," and all of this --  
16 it is time for some affirmative action. We have had  
17 some help from Alan Landsburg previously in asking  
18 questions, and asking the right questions, and I  
19 think that spurred on some progress, but I think we  
20 need a time line from this Board, some type of  
21 mandate. Or we need this Board to demand of them a  
22 time line. I mean, Peter Tunney said in the press  
23 that we were right on schedule for last November.  
24 That turned in without any notice or excuse, or  
25 whatever. That turned into May 1st. Dr. Kumen

1 phonetic) based -- now, I have never heard anything  
2 other than May 1st, but based on that promise, Dr.  
3 Kumen ordered a new surgical table, which is being  
4 delivered currently. We have nowhere to put it. It  
5 is not funny anymore. It is a breach of promise.  
6 It is an insult to horsemen and it is really a  
7 tragedy to animals because --

8 Chairman Licht - I agree with you, Jim.

9 Mr. Ghidella - I think this Board needs to  
10 take some action.

11 Chairman Licht - I agree with you and I  
12 think the strongest punch we have is to say that  
13 when their next license application for renewal  
14 comes up, we want to see some significant progress,  
15 if not completion, or at least I do, I should say,  
16 speaking for myself.

17 Mr. Ghidella - I do not think that goes far  
18 enough in that their next meeting is not until next  
19 November 1st.

20 Mr. Landsburg - Jim, I agree with you. It  
21 was here in this room that the shouting began for  
22 that hospital, at least two years ago because it was  
23 my first time on the Board this became screaming. I  
24 would say that there is that threat in the license,  
25 but there is also a threat from this Board that,

1 when you do not keep your word, when you are  
2 apparently dragging your feet at something that the  
3 racing community finds important, then you are in  
4 error and you are subject to the discipline of this  
5 Board in terms of a fine. I would recommend to this  
6 Board that we set one month from today as the moment  
7 when the work must be underway toward completion, or  
8 we will begin a fine of more than \$1,000 a day for  
9 every day that it is delayed past that point. Mr.  
10 Chairman, I ask you to recommend to the Board that  
11 we either do or do not take this strong action.

12 Chairman Licht - Well, I agree partially  
13 with what you say. I would like to see us follow-up  
14 with a mandate that we expect very much to have  
15 substantial progress in the next 30 days and, if  
16 not, that the Board -- I think that we would then  
17 recommend to the Attorney General to bring some kind  
18 of an action. Is that how it would be done?

19 Mr. Wood - Yeah, what you have on the  
20 agenda today is a discussion on the status of the  
21 hospital. And as we have all seen, the hospital  
22 status is kind of at this point in time incomplete.  
23 And in order to require that, at this time next  
24 month, this same group of people come back and  
25 report to you on the hospital completion or non-

1 existence thereof, and it is not done, then at that  
2 time we can put an action item on the agenda for you  
3 to basically ask the attorneys to file an accusation  
4 against the race association for monetary or some  
5 other type of discipline, and we can have that  
6 heard. And I think that is the course of action you  
7 should give today because, if you want this  
8 completed by the next board meeting in April, then  
9 you should take that as a stance.

10 Chairman Licht - Alright, then I think the  
11 recommendation that Commissioner Landsburg made, as  
12 modified by what you said, that we will put that on  
13 the next agenda. And I assume TOC will be more than  
14 willing to give us their input at that point. Any  
15 other comments?

16 Mr. Bianco - May I ask one question? I  
17 would just like to know how long the City of  
18 Berkeley held you up on your site plan to build the  
19 hospital.

20 Mr. Tunney - Commissioner Bianco, the City  
21 of Berkeley was actually the first site designated  
22 or located for the Equine Hospital, and as we went  
23 through that process, we soon came to find out that  
24 they would take no action on the Equine Hospital in  
25 the City of Berkeley because it was in fact a non-

1 conforming use to the current zoning of the stable  
2 area. It was at that time that we went back to  
3 square one and had to identify another location  
4 which now sits just inside the City of Albany,  
5 adjacent to the City of Berkeley. And, actually, to  
6 his credit, Jim Ghidella was the individual who  
7 located that site and said, "Gosh, this would work  
8 there," and that is when we started the process  
9 there. It was a slow process with the City of  
10 Albany with getting permits for that site, but that  
11 has all been taken care of and expedited.

12 Mr. Bianco - Thank you.

13 Mr. Ghidella - Just one comment to that is  
14 we checked with Magna International people last week  
15 and we are told that there is no work authorized on  
16 that building, other than what you see in that  
17 picture right now. And weather is not keeping  
18 anyone from working on the interior of that  
19 building. That is totally covered and weather-  
20 proofed. So I just think it is improper to come  
21 here after all this time and say, "For whatever  
22 reason," the contract is..., "for whatever reason."  
23 I mean, it is time to tell us the reason and to take  
24 action. Thank you.

25 Chairman Licht - Before we get to General

1 Business, I would like to take this time to welcome  
2 Steve Hardy. Steve is the Chief Analyst for the  
3 Senate GO Committee [applause]. General Business  
4 from anybody? I have several -- Marie, go ahead.

5 Ms. Moretti - As Chair of the Legislative  
6 Committee, I have requested that we have a committee  
7 meeting next month, time and place to be determined  
8 by the CHRB, to go over some of the legislation that  
9 is proposed and going through committees at this  
10 time in Sacramento and, if possible, I would like  
11 sponsors and/or supporters of that legislation to  
12 come and share with us,  
13 Commissioner Landsburg and myself, where you are  
14 coming from on that and what your positions are, so  
15 that we can see if it is appropriate that the CHRB  
16 take a position on any of those pieces of  
17 legislation.

18 Chairman Licht - Okay. A couple of items -  
19 -

20 Mr. Landsburg - One other piece of general  
21 business, Roger. We would like to piggyback the  
22 Pari-mutual committee meeting onto the Legislative  
23 Committee. Since I am on both, I am split, so if we  
24 could piggyback one after the other, it would be  
25 helpful.

1 Chairman Licht - That is good. And they  
2 will both be public meetings and the Legislative  
3 will be a public meeting as well?

4 Mr. Landsburg - Yes.

5 Chairman Licht - Okay. I do not have to  
6 sit in the hall, then, during the Legislative.

7 Mr. Harris - There will be a meeting of the  
8 Medication Committee that everyone is welcome to on  
9 April 1st, which is Tuesday, and it will be at the  
10 Maddy Lab at UC Davis, and we have got an  
11 interesting agenda to go over there. Also, I might  
12 mention one thing that I have been concerned about  
13 continually over the years is the overall  
14 maintenance of the backstretch restrooms, and this  
15 may seem to be a minor point, but it is a big thing  
16 for people living back there, and I think a lot of  
17 the tracks are not doing near the job they need to  
18 do to keep those up, and it has just got to be a  
19 team effort with the people using them, too. But I  
20 would like to have the Board inspectors and stewards  
21 continue to monitor these and see if we can make  
22 some drastic improvements.

23 Chairman Licht - Just so you know, John, we  
24 are going to put that on the next agenda. One of  
25 the other Commissioners suggested it and we are

1 going to have that for a discussion, the back side  
2 conditions of all the tracks.

3           Mr. Chillingworth - Sherwood Chillingworth  
4 with Oak Tree. I just want to report that, as part  
5 of our Elite Groom program we partially financed for  
6 the CTT, the graduation ceremonies which I attended  
7 here two days ago, a very impressive program, and  
8 part of that program, you had people come up and  
9 talk about the hygiene problem we have on the  
10 backstretch, and we have agreed to produce a tape  
11 that we take around from track to track, to be shown  
12 to the backstretch workers that emphasize the need  
13 for cleanliness and appropriate behavior in the  
14 bathrooms.

15           Chairman Licht - Thank you, Chili. I think  
16 the industry needs to be commended, at least  
17 Southern California, for the replay show. Since I  
18 have been a Commissioner, I do not think I -- I know  
19 I have not heard as many complaints about one item  
20 as about no replay show. And, as we all know,  
21 television exposure is our lifeblood, and I think  
22 that is going to go a long way to helping fans  
23 remember the game and think about the game during  
24 the days they cannot come, and memorialize their  
25 experiences when they are there. Second of all, I

1 think the staff needs to be commended on this Coeur  
2 d'Alene issue that many of you have read about. The  
3 staff did an outstanding job on shutting down Coeur  
4 d'Alene for violating California rules and laws, and  
5 we were able to re-open them relatively quickly  
6 after ensuring that they were complying. And I am  
7 sure this will send a message to the industry in  
8 general that California will not tolerate these type  
9 of operations violating our rules and regulations.  
10 The next item, I have talked to Ron Liccardo, and I  
11 am going to bring it up again for Chili's  
12 edification, we really want to make sure that there  
13 is plenty of training of Pari-mutual employees. I  
14 would hate to be disappointed with the Breeders' Cup  
15 and one of the things I am going to look for is  
16 making sure that, when you apply for your license  
17 for Oak Tree, that you can assure us that we are  
18 going to have the proper Pari-mutual coverage for  
19 our day in the sun.

20           Mr. Chillingworth - Sherwood Chillingworth  
21 with Oak Tree. We have anticipated this, Mr.  
22 Chairman, and we have already initiated a program to  
23 encourage mutual tellers from around the state, and  
24 even out of the state, and agree to pay their hotel  
25 and living expenses. We want them there for

1 September 28th, our opening day, in the event that  
2 we are successful with the legislation. So we are  
3 on top of that, and we have started the program  
4 already.

5 Chairman Licht - Thanks. And the last item  
6 that I -- oh, did you want to say something, Ron?

7 Mr. Licardo - I just wanted to say that I  
8 mentioned to Mr. Licht before that we have many  
9 applications in at Santa Anita that we have in our  
10 office, and we have turned it over to them. But if  
11 we do not start training soon -- we have a dual-  
12 edged problem -- if we train them soon and they do  
13 not get any work, then we lose them; if we do not  
14 train them soon, their phone numbers and addresses  
15 will change, and we lose them there. So I do not  
16 know what we have to do about it, but sometime we  
17 have to train them somewhere in the middle so we do  
18 not lose them, either way. Mr. Landsburg -

19 It is a rock and a hard place.

20 Chairman Licht - And the last item is I  
21 want to just express my concern for the industry  
22 with respect to AB 771, which is a Bill that is out  
23 there that would mandate 20 percent of the  
24 charitable donations from the track that go to  
25 retirement homes for horses. I think the industry

