STATE OF CALIFORNIA

HORSE RACING BOARD

CHURCHILL DOWNS HOLLYWOOD PARK RACETRACK

1050 PRAIRIE AVENUE

INGLEWOOD, CALIFORNIA

THURSDAY, APRIL 28, 2005

9:53 A.M.

CAROL MATHER

HEARING REPORTER

APPEARANCES

BOARD MEMBERS

Mr. John Harris, Chairperson

Mr. William Bianco, Vice Chairman

Mr. Richard Shapiro, Member

Ms. Sheryl Granzella, Member

Mr. Jerry Moss, Member

Mr. John Sperry, Member

Ms. Marie G. Moretti, Member

INDEX

AGENDA

ITEM		PAGE
1.	Discussion and action by the Board on the application of the minutes of the Regular Board meeting of February 17, 2005, and March 24, 2005	1
2.	Discussion and action by the Board on the application to conduct a Horse Racing Meet of the San Joaquin Fair (F) at Stockon commencing June 15 through 26, 2005, inclusive	2
3.	Discussion and action by the Board on the application to conduct a Horse Racing Meet of the Alameda County Fair (F) at Pleasanton commencing June 29 through July 10, 2005, inclusive	15
4.	Discussion and action by the Board on the application of the Pacific Racing Association (T) at Golden Gate Field commencing May 11 through June 19, 2005, inclusive	21
5.	Discussion and action by the Board on the adoption of the following regulatory amendments: A. CHRB Rule 1420 - Definitions B. CHRB Rule 1615 - Scale of Weights to Age C. CHRB Rule 1616 - Minimum Weights to Be Carried D. CHRB Rule 1684 - Items Included in Weight	26
6.	Discussion and action by the Board on the employment of PARI-MUTUEL Employees Guild Local 280 members at advanced deposit-wagering facilities in California	84
7.	Discussion and action on the matter of the appropriate disposition of purse fund by Capitol Racing, LLC, pursuant to Business and Professions Code Section 19605.7(c)	86

AGENDA (CONTINUED)

ITEM	PAGE
8. Update on the implanting of microchips for the identification of horses and establishing stronger procedures that regulate restricted areas and horses shipped in and out of racetracks	98
7. Adjournment	114
8. Reporter's Cert	115

PROCEEDINGS

EXECUTIVE DIRECTOR FERMIN: Ladies and gentlemen, will the meeting come to order, please. This is a regular meeting of the California Horse Racing Board on Thursday, April 28, 2005, the Churchill Downs Hollywood Park Race Track, 1050 South Prairie Avenue, Inglewood, California.

Present at today's meeting are Chairman John Harris, Vice Chairman William Bianco, Commissioner Sheryl Granzella, Commissioner Marie Moretti, Commissioner Jerry Moss, Commissioner Richard Shapiro, Commissioner John Sperry.

Before we begin the business, I'd like to ask everyone to remember to state your name clearly and the organization which you represent so that the Court Reporter can get the necessary information.

Mr. Chairman.

CHAIRPERSON HARRIS: I'd like to welcome everyone to the meeting. The first item on the agenda is a discussion and action by the Board on the approval of the minutes of the record on the board meeting of February 17 and the meeting of March 24.

Are there any corrections of those minutes? If not, we need a second. All in favor?

(Ayes.)

CHAIRPERSON HARRIS: Okay. And the second item is the discussion and action by the Board on the application to conduct Horse Racing Meeting of the San Joaquin County Fair at Stockton, commencing June 15 through June 26, 2005.

Jackie, are you going to present this?

MS. WAGNER: Good morning. Jackie Wagner, CHRB Staff.

The application before you is the application from the San Joaquin County Fair at Stockton. They are proposing to race from June 15 through June 26th, or 10 days, the same number of days that they raced in 2004. And they are also proposing to race a total of a 104 races, which is the same amount that they raced in 2004.

They will be racing five days per week, Wednesday through Sunday, with 10 races per day the first week. The second week will have 10 races Wednesday through Friday and 12 races on Saturday and Sunday. They will be racing concurrently with Golden Gate Fields on June 17th, 18th, and 19th.

First post time is proposed for 12:45 P.M. daily and a 3:15 post on Fridays. They will be using the wagering program, the CHRB Rules for their race meeting. The items missing from this application are

the fire clearance.

We have received notification from the fair that the name of the substance scales -- we have received that information. You'll also notate (sic) on the analysis that we have information that is missing from CARA.

I was informed this morning that the horsemen's agreement for the losses has been signed. The TOC application, while it has not been signed, they have come to terms, come to accordance in regarding the terms of the contract. The name of the entity that will provide pari-mutuel audits, this contract is currently out to bid. The selection has not been made. And the contract for statement is while this has not been signed, I understand that they have met, and they too have agreed on the terms.

Staff has recommended the Board approve the application contingent upon us receiving the missing information from the application. There is a representative from the fair here also.

CHAIRPERSON HARRIS: Any comments on this application?

COMMISSIONER SHAPIRO: I have a few questions. First of all, I'd like to know what the procedures are for TCO2 on milkshake testing. Do you have a detention

barn facility?

MR. WHITE: Chris White, San Joaquin Fair.

We do have extra stalls available for that purpose, if necessary; yes, sir.

COMMISSIONER SHAPIRO: And you will be doing the milkshake testing as has been done throughout the state up to this date?

MR. WHITE: Right now CARA is looking into that. As far as doing it as a group and how that will be conducted at this point, I'd have to defer to Chris.

MR. KORBY: Chris Korby, California Authority of Racing Affairs.

We've been watching the progress of AB52 to see whether or not that responsibility would be transferred to the Horse Racing Board. If AB52 does not go into effect by the time the fairs begin, we will have a plan in place for what that is. We'd like to work that out with the Board Staff as that becomes evident.

COMMISSIONER SHAPIRO: Well, even if AB52 comes under the jurisdiction of the Board, I think you need to have a policy and procedures in place to handle it. I personally would prefer to see that the same type of mechanism that's now in place be used throughout the state and would in fact recommend the same committee type and some individuals involved in that.

I think they've done a terrific job, and we're all thankful for the results, but I do think we want to see that continued and would like to hear back from you that a plan is in place.

MR. WHITE: We'd be glad to report back. It's our intention to meet with the folks who have been managing that program and do something similar if not identical.

COMMISSIONER SHAPIRO: Will you have video surveillance at all in a barn, should there be any horses that test positive?

MR. WHITE: At the present time, we do not have video surveillance. We're looking into it. There was some meetings that Chris had with Roy Minami last week or two weeks ago, to discuss certain security issues on fairgrounds.

And we do have one plan in place about some in-place security video cameras at this point -- confirmation.

COMMISSIONER SHAPIRO: Again, I don't know your facilities, but maybe there's a way to get some portable stalls or something that can be used in all of the fairs. I'd hate to see each fair have to go through this, and I have the same questions for the rest of the other fair applicants that are going to come before us.

So maybe there's a way for all the fairs to get together and buy a system.

I know the one in Bay Meadows, in viewing their system, they were able to do it relatively cheaply, and it seems to be very efficient. So you might want to talk to them.

MR. WHITE: We are looking into that.

EXECUTIVE DIRECTOR FERMIN: I was just speaking with Chris, and I think we're going to be meeting next Tuesday or Wednesday up in Sacramento, and we can review what the specifications of the --

CHAIRPERSON HARRIS: Right. It seems like we need a plan for all fairs and to specify which races are tested, and the detention barn aspect of it could get pretty complicated, but I think we need to know what it is.

MR. WHITE: We'll work with the staff and report back to you.

COMMISSIONER SHAPIRO: Okay. I have another question or two.

You say here that you request the option of a one-dollar wager trifecta; is that something you determined yet?

MR. WHITE: Last year we didn't do it, and we'll probably do it this year; yes.

COMMISSIONER SHAPIRO: So you do plan on doing that this year?

MR. WHITE: Yes, we do.

COMMISSIONER SHAPIRO: Okay. And out of the country races, or you planned it in your application, it says "to be submitted in terms of importing out of country races." Have you made a decision on that yet?

MR. WHITE: No, we haven't. Part of the problem we run into is that we try to run the same program that Golden Gate runs. They're in control of that for the first week. So depending on what they do, typically, we'll build new for week two of our meet to follow that format.

COMMISSIONER SHAPIRO: So in essence you're asking us just for proof that what you're doing is the same as Golden Gate?

MR. WHITE: Basically. Yes, sir.

COMMISSIONER SHAPIRO: And my last question is -- and again, I'll have these same questions in a minute.

On the Northern California Racing Fair Simulcast Department, there are a group of outlets that are not in our pools that were separate. I don't know who they are. And what I'm curious to know is what security procedures are taken to -- if they're not going

through our pools, where is this money going and how is it coming back to benefit California?

CHAIRPERSON HARRIS: I think I understand as non-commingled pools. They're just buying a signal. They're basically booking the bet. So there's not a rebate issue in those. The rebate issue is that the commingled pools, which there are probably some commingled pools that are rebaters, but that is sort of separate issue.

MR. KORBY: If I might, Mr. Shapiro. Chris Korby of California Authority Racing (F) Fairs.

The chairman is correct. Typically those are flat fee arrangements or the entity pays a fee for the right to take a signal. And the funds are not commingled.

COMMISSIONER SHAPIRO: So how does any of that money filter back to benefit them, the State of California or the horseman? How does that work.

MR. KORBY: Well, that money then -- I'll have to refer to John.

MR. JOHN: Commissioners, when you have a flat rate situation, eight percent of it goes to the State of California the rest is split between the persons of the association.

So if you get a thousand a day, you pay

eight percent to the State and the remainder is split. And since it's a flat fee, you know, we're not concerned about any audits of the handle, we simply have an arrangement. They pay a flat fee for the signal.

COMMISSIONER SHAPIRO: How do we -- okay.

So I understand that. How do we make sure that -- and I'm not picking on anybody, but when I see Stevenson and Associates, to me that doesn't mean anything.

MR. JOHN: They pay a $1000 a signal. CARP and or San Joaquin receive the $1000 for the contract and they divvy up the money on our behalf.

COMMISSIONER SHAPIRO: Okay. And how do we know Stevenson and Associates is not a rebater and is not, in fact, using that signal, having their own pool, and rebating back to its customers, depriving us of income.

MR. JOHN: For instance, Stevenson is an organization that works for the Caribbean and parts of South America. I suppose at that range we're not really concerned about that -- back on us per se. Whether they rebate, I couldn't say.

CHAIRPERSON HARRIS: Well, just to clarify --

MR. JOHN: I mean, I personally know that I've worked with Stevenson. They're not rebaters, but, you know, I can't guarantee every location, international

location rebater, but we do know that they have a flat-fee arrangement and they do pay that flat fee --

CHAIRPERSON HARRIS: I thought Stevenson was commingling. They have a flat fee?

MR. JOHN: They're listed here as separate. And I'm saying because they do work with the Caribbean locations and some of the other locations under --

CHAIRPERSON HARRIS: They're listed both ways, it looks like.

MR. JOHN: I would suspect that they do have some clients that are comminglers, yes.

COMMISSIONER SHAPIRO: Well, my concern is not Stevenson, like this discussion. My concern is that these rebate shops and wagering security, we, in essence are shipping a signal and we're getting a fee and we're saying, "Great. Thanks for the fee."

Now, if they in turn are offering rebates and hurting our handle and attracting large wagers, that would otherwise bet through our systems, we're hurting ourselves for a thousand bucks. So I'm trying to ask, where is the diligence in checking out these people that are not going through our system? How is that done?

MR. JOHN: Okay.

COMMISSIONER SHAPIRO: You don't have an answer?

CHAIRPERSON HARRIS: Well, I think the issue

though, is that the rebater's motivation is to be in a pool of commingle because then you can take an unlimited amount of money bet, where if you're just booking a bet, you don't -- they won't usually take a real big bet.

So I don't think -- the rebate issue is a commingled issue, more than just selling the signal because then it's just -- the guy's just a bookie, basically. But he is buying the signal someplace -- I don't know.

I was questioning in my own mind in today's world why they wouldn't just get it on TVG or HRTV or why they pay for it in the first place. But I guess they are.

COMMISSIONER SHAPIRO: Well, I think that my concern with this is that we're approving a list of places in every application that we don't know, and I would hate to find that they are either bookmakers or they're illegal betting shops, and without our doing due diligence and if the racing association is going to put forth a list of all these people, they want to ship their signal to and it's something that we're supposed to regulate, then we need to know who these people are and there has to be due diligence on them.

And I'm not picking on you. This is for all of these.

MR. JOHN: Stockton is probably not the primary target. But you're the first one to go, but I mean, it's a state-wide issue, it's probably bigger, but maybe --

UNIDENTIFIED SPEAKER: Well, I hate to jump in on somebody else's license application, but --

(Laughter.)

UNIDENTIFIED SPEAKER: Hopefully I've -- all the sites I just looked at, the list that Chris has, all the sites that are on here are regulated entities and jurisdictions that I believe have a sort of correspondent relationship with the State of California, so if John, for example, were to inquire of the Jamaica Racing Commissions about the status of Kiwanis Park, for example, I think you could satisfy yourselves that they're appropriately licensed and regulated entities.

Most of the entities that you're concerned about are either off-shore books that are illegally taking our signal, are not authorized entities here, Woodbine Entertainment, I think you know Woodbine Race Track, Teletheater BC is regulated by the Canadian Government. Stevenson, we're talking about Las Vegas, Nevada Gaming Control Board who also licenses us. That's only the un-commingled portion of the Nevada handle, so they're highly regulated.

If you go up the list, I think you'll find that basically you're talking about regulated entities that have appropriate licensure and are not engaged in illegal bookmaking activities or accepting internet wages from elsewhere.

I hope that answers the question. I think John can confirm that relatively easily by making a phone call to the appropriate regulatory agency and making sure they're in good standing.

So when our licensing application comes up, we'd be happy to provide you with the appropriate documentation on that.

COMMISSIONER SHAPIRO: Thank you.

CHAIRPERSON HARRIS: I think that no one could really say with certainty that there are not any rebate shops that are commingling, and that might be a goal, but we're not really there. And I think it's something we need to discuss though, and we've got all the different parts that are raising -- you've got strong opinions on it, but for this purpose we don't know that the right amount of money, according to California, the question is if the rebate is causing any harm or gain to California because of their being able to do it.

COMMISSIONER SHAPIRO: One last question.

EXECUTIVE DIRECTOR FERMIN: John, I was just

going to ask, when is the last time that we've had contact and actually reviewed the list that they submitted?

CHAIRPERSON HARRIS: Actually with each meet we receive contracts, signed contracts from each of the locations and we update those to make sure they're still current and so forth. You know, it's pretty much with every meet.

EXECUTIVE DIRECTOR FERMIN: But are we having any, you know, real interaction with them to verify who they are?

CHAIRPERSON HARRIS: A few years ago, as we all began simulcasting world wide, a lot of these locations were looked at. We understood at that time who they were. And we have done business with pretty much the same set of people for how long now? So we understand who they are. And, you know, we don't check every agency to see if there are any changes there, but we certainly know who the group is.

EXECUTIVE DIRECTOR FERMIN: Might be valuable to do some spot checking and see who they are.

CHAIRPERSON HARRIS: I'll be talking to my assistant in the simulcast department here today, in fact, in Sacramento and I'll have him just re-run the list and maybe get some updates.

COMMISSIONER SHAPIRO: I'd feel more comfortable.

CHAIRPERSON HARRIS: It's sort of the elephant in the room that nobody wants to talk about, but it is, you know, a big item of the day. As far as this application, I don't think it's too relevant, but in total it is.

COMMISSIONER SHAPIRO: The last question which is under emergency services you have Alameda County Fair, American Medical Response. I'm assuming that's the ambulance that follows the riders around or is available in case there's an accident. Do you employ a doctor?

UNIDENTIFIED SPEAKER: Yes, we do.

COMMISSIONER SHAPIRO: So you do have a doctor at the track?

UNIDENTIFIED SPEAKER: Yes, we do.

COMMISSIONER SHAPIRO: Thank you.

CHAIRPERSON HARRIS: Anything else on this application?

COMMISSIONER SHAPIRO: I move it be approved.

UNIDENTIFIED SPEAKER: Second.

CHAIRPERSON HARRIS: All in favor?

(Ayes.)

CHAIRPERSON HARRIS: Thank you. Next item on the agenda is horse racing meeting, Alameda County Fair,

dates of June 29th to July 10th.

MS. WAGNER: Jackie Wagner, County Staff. The application from Alameda County Fair proposes to race from June 29th to July the 10th, 11 days, which is the same number of days they raced in 2004.

They are proposing to race a total of 120 races, which is also the same as 2004. They will be racing Wednesday through Monday the first week, and Wednesday through Sunday the second week. Ten races per day will be raced on Wednesday, Thursday, and Friday, and 12 races on Monday, Saturday, and Sunday. Their first post time is posted at 12:15 p.m. The wagering program will be utilized.

From this application, the only thing that we are missing is the fire clearance. The items from CARA have been discussed, and the staff is recommending approval of the application contingent upon us receiving that from the representative from the fair in here.

COMMISSIONER SHAPIRO: What does it mean on July the 4th? What's the "H" on the application? Does that mean it's a holiday?

MS. WAGNER: Holiday.

COMMISSIONER SHAPIRO: Same questions with respect to the TCO2 testing.

MR. PICKERING: Not to sound cavalier, but I

would probably give you that exact same answer. In other words -- my name is Rick Pickering, I'm the CEO of the Alameda County Fair Association. We are looking at a program that will work from track-to-track on the fair circuit. Perhaps Bay Meadows would be benevolent enough to let us borrow their ambulance, but we wouldn't want to put Jackie on the spot in a public meeting, but we have been working with CARP staff, because, again, our goal in only running 11 days is to have a system that can travel and make sense from fair to fair, just as we tried to do with our purse schedules, our wagering, and et cetera. So that's what we're trying to accomplish with CHRA staff.

CHAIRPERSON HARRIS: I think all of these fair applications need to be contingent upon the approval by the Board of some protocol. I don't know if they have to exactly mirror what the Southern California tracks are doing, but something where we all understand exactly what the bicarb testing is and, you know, be throughout.

MR. PICKERING: We've also offered the opportunity for this Board to meet at the Alameda County Fair track on June 30th. We'd be happy to hold a huge July barbecue. It would be an ideal opportunity for all Board members to tour what we believe is one of the best tracks in California and see what our configuration

looks like. Thank you.

MR. KORBY: Thank you. Chris Korby, just for the record on the application for the Alameda County Fair, we will work with CHRA staff and come up with mechanisms that are acceptable for you. Thank you.

COMMISSIONER SHAPIRO: Thank you. Does it really take 3,500 stalls to put on this meet? I saw that number, and I was like, 3,500 stalls?

MR. PICKERING: I believe that's the combination of stalls available between Northern California, particularly between Bay Meadows, Golden Gate, and Pleasanton. Pleasanton we have 700 fixed stalls of our own, and then adding in Bay Meadows, Golden Gate, some of the horses that will race our meets will continue to board in Stockton, where they will jump over us and move up to Vallejo and stable in Vallejo, and then come in. So there's a wide variety of stabling opportunities available in the north, particularly out-of-state horsemen or horses from the south. They come up to the north; we'd like to have a home for them.

COMMISSIONER SHAPIRO: You also say here that you're going do a $2 twin trifecta. Is that something new? I'm not familiar with it.

MR. PICKERING: If I could refer to one of our experts, Mr. Corkis.

MR. CORKIS: The wage rate format carries over from what's being done in Northern California already.

CHAIRPERSON HARRIS: We don't have that in California now, I don't think. I mean, it's a good idea, but that's not the format.

MR. CORKIS: A racing secretary, we have hired from Southern California, Mr. Bombarano, so we're seeing now something that looks different from what we've had in the north.

COMMISSIONER SHAPIRO: Well, it's in your application here; it says "wagers," and it says a $1 trifecta and $2 twin trifecta, and I'm just not --

MS. WAGNER: If I may, on the application, that is information to be posted on the application. If you go on to the next page, I believe, their race 1, 2 and 3 does not reflect a $2 twin trifecta.

COMMISSIONER SHAPIRO: Right, I saw that. So is their intent to conduct -- or is it just a typo and you're not doing a twin trifecta?

MR. PICKERING: That's not part of our --

CHAIRPERSON HARRIS: You guys probably shouldn't -- maybe you guys could --

MR. PICKERING: What we were asked to do, even though this is not officially a new racing license application from the Board, the first two fairs that

were up were Stockton and Pleasanton. And we were actually invited to take out all the license application information and put it into this new draft format. So I apologize if there's any confusion there.

COMMISSIONER SHAPIRO: I think if you're attempting to pay twice, it's okay with me.

(Laughter.)

CHAIRPERSON HARRIS: Just for protocol, it's your application. If you can divide it -- say, by a dollar pick four wagers. If that shows out on races 9, 10, 11, and 12, really, that's the way it's available. If you don't, because you don't -- after that you don't have four races left, so --

MR. PICKERING: And lastly, there are new sections to the application with respect to promotion and advertising and all that.

COMMISSIONER SHAPIRO: And I notice the last applicant, and you are not filling that in, and I would --

MR. PICKERING: Actually, we did submit it as an attachment. We have extra copies available. The staff has copies of that. We provided a copy yesterday. We know that some concerns would be non-fair racing tracks sharing proprietary information. All fair tracks' books are subject to public scrutiny. We were non-profit.

They bought the land and gave it to the government. So our attitude is we have no secrets. So if anyone would like a copy of our information, we're very transparent. We do business on behalf of the public like you guys do. Thank you.

COMMISSIONER SHAPIRO: Okay. Thank you.

CHAIRPERSON HARRIS: Any other comments on this application? Motion to move subject to the total package of the bicarb testing.

UNIDENTIFIED SPEAKER: Second.

CHAIRPERSON HARRIS: All in favor?

(Ayes.)

MR. PICKERING: Thank you very much.

CHAIRPERSON HARRIS: Next, we have application for license application for horse racing, Golden Gate, Pacific Racing Association, Golden Gate Fields, May 11 through June 19.

MS. WANGER: Jackie Wagner, CHRB staff. Golden Gate Fields has submitted their application to race from May 11th through June 19th, 29 days. They were allocated 28 days of racing during this time. The Association is requesting to add Wednesday, June 1st, as a race day so it coincides with Churchill Downs. They are proposing to race 8.6 races per day. They will be racing five days a week, Wednesday through Sunday, with

eight races each day and nine or 10 races on weekends, holidays, or dates of special interest.

They are also requesting the option to conduct more than an average of 8.6 races, if enough horses are available to get additional race days.

Their first post time will be 12:45 daily. Their wagering program will utilize ADW rules. And staff would recommend the Board approve the application. We do have a representative from the association.

CHAIRPERSON HARRIS: Hollywood Park is 1:20 for their first post. Does that seem to work out, 12:45?

MR. TUNNEY: Well, it was 12:45 last year, Mr. Chairman. I'm Peter Tunney, representing Pacific Racing Association, which is Golden Gate Field. And we will amend that to 1:00 o'clock. Jackie Wagner and I are kind of working as a team up here. And I just want to welcome her back, and I assured her that her first time back here in front of Board that there wouldn't be these kind of questions.

CHAIRPERSON HARRIS: There's no rule against the Racing Association reading their application before they turn it in, by the way.

(Laughter.)

COMMISSIONER SHAPIRO: Mr. Tunney?

MR. TUNNEY: Yes, sir.

COMMISSIONER SHAPIRO: On the simulcast outlet, I know Racing Services, Inc. -- have they been thoroughly reviewed? Racing Services, Inc., is that the same group as it was where there was some controversy?

MR. TUNNEY: I can't speak to that. I don't -- yes, we have spoken with the South Dakota group, the commission, our counterparts on the commission. That group did implode a while back. Apparently they have now resurrected themselves, new group, new management, new situation where they have now tried to resurrect the business and carry on.

Our first comment was why not change the campaign, because you've got a new company here. But for some reason a new group came in, and I think they have, like, three minor locations somewhere around Sioux Falls and Rapid City and other locations, but yes, that is the situation.

Unfortunately, the same name, apparently new people. And like I said, I spoke to the executive director of the South Dakota Commission, and he and I discussed that situation, yes. That was some time ago we spoke about it, not like last week.

COMMISSIONER SHAPIRO: Well, given all the controversy about that, would you have a big problem not shipping your signals to Racing Services, Inc., or, I

mean, anybody that is possibly any company that is associated with illegal gambling. I just have a concern that we're approving -- I don't know about Racing and Gambling Services. Were they part of that?

MR. TUNNEY: No, RGS is St. Kitts. They've been checked out by numerous groups various times, and so far they have come out squeaky clean. They have their own operation at St. Kitts. And they send their signal in through their company in Lewiston, Maine, and on occasion they've had some large money bet, laid-back type thing, but we've always checked out, and so far they've come out clean. So they are a legitimate group and doing business properly.

CHAIRPERSON HARRIS: They're really -- they're legitimate? I don't know if we could ascertain that if they're not giving rebates.

UNIDENTIFIED SPEAKER: Well, actually, their structure is -- there's like a hundred big bettors that belong to this company called RGS, and they make their bets, and then at the end of the year, the company pays a dividend to all the players. So, you know, it's a rebate.

COMMISSIONER SHAPIRO: Well, I don't want to hurt -- I'm not looking to hurt Golden Gate, but I am looking to protect us, that we're not involved in

shipping signals to a company that's involved in, you know, an FBI investigation and anything else. And if they kept the same name, I'm kind of surprised.

UNIDENTIFIED SPEAKER: You're referring to RSI?

COMMISSIONER SHAPIRO: Yes.

UNIDENTIFIED SPEAKER: I know.

COMMISSIONER SHAPIRO: I don't understand that. But I just want to make sure that we know who we're sending the signal to.

UNIDENTIFIED SPEAKER: And we have no intention of sending it to someone who has previously had that same difficulty as you discussed. But we would like to reserve the right to be able to come back and have the Board investigate that and then hand that to the Board staff.

COMMISSIONER SHAPIRO: I have no problem with that. I just want to make sure that we know who we're sending the signal to.

UNIDENTIFIED SPEAKER: Absolutely.

CHAIRPERSON HARRIS: I guess one issue is just how often does everyone settle up on these accounts, because it all seems commingled; you owe them, or they owe you. How does that actually work?

UNIDENTIFIED SPEAKER: That's almost weekly -- some of the big accounts, they have a common bank

account where they are cleared out daily. So depending on the size of the action, they have different schedules, but it's very quick, because no one wants to be holding money nowadays. And for the record, we try to work with Mr. Tunney as often as possible. He's one of our favorite people.

CHAIRPERSON HARRIS: We need to -- I think it's come up before. We need to get it right. This insurance memorandum, it says that the insured is Magnum Entertainment, also L.A. Turf Club. It doesn't say anything about Golden Gate Fields. We need to make sure it's got the insurance for whatever entity is actually operating Golden Gate Fields.

UNIDENTIFIED SPEAKER: Magnum Entertainment Corporation includes Pacific Racing and Los Angeles Turf Club.

CHAIRPERSON HARRIS: Pacific Racing, we're licensing Pacific Racing, but what we need to get is, basically, a separate corporation. We need to make sure that all the documentation reflects Pacific Racing, not Magnum, in case someone gets sued.

COMMISSIONER MORETTI: Move to accept.

CHAIRPERSON HARRIS: Accept. All in favor?

(Ayes.)

CHAIRPERSON HARRIS: Thank you. Okay. The next

item is Item 5.

MS. WAGNER: Jackie Wagner, CHRB staff. The proposal to adopt the amended Rule 1615, would replace the scale of weights and set new minimums for weights for California jockeys. The proposal would set minimum weights for jockeys and for Appaloosa, paint, or sorrel horses. The specified weights are indicated in the proposal. In addition, the proposal would also require that every horse carry ten pounds additional weight. This would be listed in the official program.

The proposed amendment to 1615 would also include minimum body fat requirements for men and women jockeys. With this package, we also have a proposal to amend Rule 1420, which would delete the definition of weights for age. The package also is a proposal to amend Rule 1616, which would repeal new jockey weights being proposed in Rule 1615.

In addition, Rule 1684 would also be repealed as a proposed amendment to Rule 1615, repealed what we call "riding gear," that particular rule. This amendment has been sent out for the 45-day comment period. Comments and supporting documentation have been received from the Association of Thoroughbred Owners of California, and I believe this has been distributed to the Board members.

Staff recommends that the Board hear from the parties.

CHAIRPERSON HARRIS: Okay. We'd like to hear from the parties, and we have received some of it, and we need some more discussion to take place.

MR. FRAVEL: Mr. Chairman, Craig Fravel, Beaumont Service Club. This is one of those occasions when we get to speak on behalf of the vast majority of the industry, all the race tracks, fairs, DOC, and TTT around a single issue, because candidly we think that the proposed rules would be a very difficult proposition for California in particular.

I've asked Tom Robbins to hand out a little packet that has a summary of the more wholesome documentation that we've submitted in writing to you, and that's simply a proposal for alternatives to the suggested rules.

I wanted to start out with the quote that we found in the Daily Racing Form the other day from Mark Gitry (phonetic), who has just moved to California after riding the silks for a long time, and that quote says --

"If everybody in the country would treat their riders like they do here in California, they would have no beefs, no qualms, nothing. Coming from

the outside, the difference is unbelievable."

Our concern, in part, deals with the fact that those kind of sentiments need be taken to heart, primarily, and one thing we do not want to do in adopting these rules is to hastily rush into something that will be disastrous for California.

The part that I didn't quote that Mark was quoted in the article in the Daily Racing Form indicated that the one problem he noticed in California was short fields, and there are days when he only gets one mount. I think you've heard from the racing secretary, who put a lot of time and effort into the proposal, that to adopt this rule in the form that is suggested would be disastrous.

We've had many trainers, I don't think this is the usual kind of hysteria that we come to you with, but who have indicated that they have had a difficult enough time keeping owners here in California and convincing them that this is a great place to ride and run.

And this particular rule would have exactly the contrary effect of what we're trying accomplish. I would point out that at least two other racing jurisdictions have had this matter presented to them and

have indicated their concerns, that unless there was a national rule on this subject, that it would create major problems for competitiveness in the industry.

That's not to say that we're indifferent to the issues of riders and the health issues. In fact, I think that passing a good rule that has science base to it and has a lot of thought put into it as far as superior that's based on guesswork.

And that's why I've invited someone here to join me today, who I'm going turn this over to in a minute, but I just wanted to review what the proposed rules we're suggesting are.

It takes the current minimum weight rules and as on this chart on the third page. It moves the 2-year-old, 3-year-old, 4-year-old only races from a current minimum to 112 to 118. Three-and-up races current minimum is 103, would be moved to a 112. Handicaps and stakes, which have no minimum currently, would have a minimum of 110.

I do want you to consider that we're taking the issue very seriously. The numbers that are in this have been implemented by the racetrack starting in January.

I asked Rick Hammerly and Martin Panther, Rick Hammerly and Mike Harlow at Santa Anita to review

carefully their overweights for the Santa Anita meet. They can tell you that they announced overweights for the Santa Anita meet, dropped by 50 percent as result of implementation of these rules, and there was a concentrated group of jockeys who don't ride very much who we were the primary people who were overweight.

I think that we're addressing the concerns not fully because there's a lot more to this.

The second part of the suggested rule that we've submitted a draft of, requires an annual certification of fitness physical exam. We left open the issue of who would pay for that sort of thing.

But I think the Racing Associations and horsemen are prepared to fund a lot of the things that we discussed here, and I'm certainly one. We all hire on-track physicians and would make those available for these kinds of purposes.

But there's a certification of fitness requirement, as well as some rules that I adapted from the NCAA wrestling rules, that would prohibit certain weight loss activities in connection with performance, such as the use of diuretics and a variety of other things.

I think you can read for yourself -- the use of rubber suits for artificial dehydration. So

essentially what we've outlined is a very proactive rule change as well as a resolution directing the staff to perform a number of activities. One -- and I think that this is the most important -- is to conduct along with a Committee of Racing Association, Racing Secretary National leaders, jockey leaders, a comprehensive health body composition survey of the jockey colony.

Now, that doesn't mean every single jockey everywhere. It means a representative scientific study to really determine what the status of it is.

We hear a lot of claims about situations. I can tell you from a lot of research I've done that there are actually more studies out there than we realize. There's even one in Australia.

But also a lot of misinformation and the current rules, unfortunately, from my standpoint, are not based on good science, a good understanding of the science, and ultimately, will not serve the jockeys well in terms of developing good health practices.

The second part of that resolution is to direct staff to work with us to develop the rules for weight that are based on NCAA wrestling.

The way those operate, basically, there's a certification requirement prior to competition. Where a wrestler goes through a comprehensive body composition

analysis, and they are based on that analysis and sort of standardized criteria assigned a weight for their age, height, various other physical and biological characteristics, below which they cannot perform in a wrestling match. So essentially, the determination is that this is a healthy weight for you to perform at.

The way that -- and obviously this needs to be worked over, and I don't pretend to have the magic language for this sort of thing. It requires and needs inquiry.

But what it suggests is that Rider "A" maybe three to four times a year would go in for body composition analysis, certification, and be assigned, you cannot ride below 118 pounds. And I think that can be done in an objective defensible fashion. It's good for the rider and good for the business.

It allows predictability for the public. It allows predictability for the rider. It also takes the heat off the rider in terms to make weight for certain kind of horses where a trainer might otherwise take them off or threaten to take them off if they couldn't make a certain weight.

And the implementation -- while I haven't pretended to flesh that out entirely, I think it would be far superior to what we do currently.

Third component of the suggested resolution is to petition the RCI, Racing Commissioners International, to develop a national rule for the program weights procedures for weigh-out and weigh-in. As we've testified before on some of these regulations, we think it's particularly important that whenever a rule like this gets implemented that we all be on the same page across the country.

The simulcasting, horses moving from one place to another, riders moving from one place to another, to adopt individualized rules like the current one without the rest of the country being in sync with us, it's a little negative for the business in general.

I think we work very hard to come up with national medication rules, national licensure, and all of the sudden. We're going tell everybody that California is going to go its own way, and when you look at a program of California race in it, it's going to be apples and oranges.

We think it's important that you work with the RCI to develop a national rule for all of these things.

The fourth component of this is an immediate review of the weigh-in and weigh-out procedures. And as you can see from the bottom of the slide there, I think

we're still in the days -- or very close to the days when jockeys weighed in a jockey scale with leather seats and little things that you put out to them. I noticed Hollywood has gone to a digital scale.

But I think that we have a long way to go in terms of really solidifying our weigh-in and weigh-out procedures. And this is something that can be done in a matter of weeks. You know, it's not something that has to take three or four or five months, six months to a year.

We can work together immediately to get digital scales, with digital readouts, computer-assisted documentation so that we can immediately clean up whatever problems there are in the weigh-in and weigh-out procedures, and we need to do that yesterday.

And I think a big part of that is -- a concern in this 10-pound equipment issue relates to whether or not there's inaccurate weighing-in and weighing-out going on.

That may be the answer. I candidly don't think it is personally, because I think we ought to be looking for ways to reduce the weight of the equipment and find good safety vests and good helmets and lighter whips so that we can reduce the amount of equipment the horse carries and allow the jockeys to ride at higher

weights. But I think that's something we all need to work on very carefully together.

And finally, a very important part of this is the development of a nutritional and educational counseling program and not just for the riders. It starts for the riders. It also extends to the trainers, owners, and everyone in this business. So that we understand the risks and the health implications for riders carrying low weights, first of all.

But secondly, what we can do to either allow them to maintain a healthy lifestyle at those weights or ultimately increase the weight standard and still have the industry advance.

That's essentially the proposal. A lot of this thought behind us candidly started with -- I was referred by Robert Coltin (phonetic) who was formerly with the Jockeys Guild to the NCAA Rules and the NCAA Sportsmen Handbook. And while I was reading the section on body composition analysis, I saw an acknowledgment to a Dr. Dan Brenerdon (phonetic) who drafted those provisions, and I read them, and they sounded very intelligent and in many cases contrary with some of the testimony that I have heard from certain sources in the conduct of these rules.

So I called Dr. Brenerdon. I actually sent

him an email, and he answered me within several hours. He said he thought this was a very interesting question. He is the co-director of laboratory for the Lead Athletic Performance in the Georgia State, nutritionist for the U.S. Olympics gymnastics teams in Atlanta and Athens. He's written a book. He handed me a book this morning with the forward that he had written with two other people, with a forward that comes from Arnold Schwarzenegger. So he comes with high recommendations and qualifications.

Tom Robbins and Drew and I had dinner with Dr. Brenerdon last night. My head is candidly still spinning, and Drew and Tom and I are all going to eat about eight meals today so we can live up to some of the education we got.

But I asked Dr. Brenerdon to be available so that he can maybe present his thoughts on the purposed rules and a little education and background on these things.

DR. BRENERDON: Thank you. It's nice to be here.

Commissioners, before you, Craig gave you something that I wrote up. I don't know if you have had an opportunity to read it or not. You are welcome to contact me after you have read it and ask me additional questions beyond today.

One of the first things I did, as I think any scientist would do, is to look at the existing body of knowledge on jockeys, and there's precious little information. I did a comprehensive med-line search, and I found seven studies that were published that were on jockeys having to do with injury rates and having to do with body composition and dietary habits.

These studies, except for one that was published from the United States Jockeys, dealt primarily with injury risks. I found, by the way, that there are 606 injuries per 1000 jockeys a year. That is another way to put it: For every year that a jockey spends riding, there's a 60 percent chance of a serious injury.

Except for those, the New Zealand study and Australian studies and the one study from England, I found that eating disorder patterns are rampant, injury frequency is high, and may be related to a certain extent to the dehydration and eating behaviors of these athletes. And often these injuries take these athletes out of the sport for four or more months because of the seriousness of the injury.

There are a lot of weight restriction modalities that involve dehydration which are very common. These don't just involve the taking of

diuretics, but involve putting on rubber suits, as Craig mentioned earlier. It involves taking certain drugs which may assist in weight reduction and so on.

Body composition levels in a study on New Zealand jockeys, I felt, was very interesting. The average body fat level for the male jockeys in this pool of jockeys was 11.7 percent, the minimum.

If you look at the standard, it was as low as 8.8 percent with a high of 14.6 percent. The female jockeys in this pool, the average body fat percentage was 23.6 percent, with a minimum 19.8 and a maximum of 27.4.

I read these numbers to you for one main reason, and that is to tell you that when I look at minimum values of 5 percent, they are dramatically low, unrealistically low. They're so low, they really fall within the standard error of estimation of most methods that would determine body fat percent. And given the standard error of estimation, you may put people in the minus numbers of body fat percentage, which, of course, is not possible.

The newer methods for body fat percentage, the criterion method is based on DEXAC duel energy extra absorbed calories. And just to give you an idea of some standards, there are healthy females about 30 percent

body fat; a healthy male is about 25 percent body fat. United States women's gymnastics team in 1996 on DEXAC, the average body fat percentage was about 15 1/2 percent. This is a very lean group.

I currently work with USA track and field. We've got marathoners and long-distance runners in my lab all the time. We expect numbers on the DEXAC somewhere in the area of 12 percent, 13 percent, for both the male and female runners. Perhaps the male runner is slightly lower.

So in my opinion, anyway, is that those are really quite low. Although, I also have to say that because I've only seen one survey that actually assessed body fat percent in the jockey population, I don't think we can accurately tell what that reality is. I think we'd have to, as Craig said, do a good survey using multiple methods to really get a realistic idea of what this populations body fat is.

I might also say that given the restrained eating patterns that we see in jockeys, which we talked about extensively, that the opposite occurs of what I believe people believe occur. And that is, when people go on restrained eating patterns, it's not body fat percent which drops; it's lean body mass that drops. Body fat percent actually increases.

If I can give you an example of this, this is an extreme example, but I think you'll get the point. When somebody dies from an anorexia nervosa, if you look at the autopsy reports, what you see is somebody who has had a terrible loss of the lean body mass, a tremendous loss of muscle mass. The weight of the heart is 50 percent of normal.

But if you were to calculate body fat percentage on these anorexia nervosa fatalities, they have a very high body fat percent. That is a percent of total body weight. Body fat doesn't change very much when somebody goes on a starvation syndrome.

What changes is the metabolic mass, the body's attempt to adapt to an inadequate caloric intake by lowering the metabolic engine, by lowering lean mass, not the fat mass.

So there's a general misunderstanding of that, and I think by establishing the rules of which are really so low in body fat percentage, it's really missing the point.

Perhaps what the rule should be is that for a given height of a jockey, there should a minimum of lean body mass. A minimum fat mass really doesn't help us understand what the health status of that jockey really is.

I believe the goal here is to create a healthy situation for jockeys and their mounts, actually, because an unhealthy jockey, I think that puts the horse at risk as well, and to make changes that will be perceived by the public as being less problematic.

To achieve this, I think there are certain steps which are necessary. I think a good survey that's done not just in California, but around the country of jockeys that is a representative sample of the jockey population as a whole. And there are survey techniques which are available to us to help us understand what the power of analysis would be in order to achieve this.

And in doing this, I think we'd understand what the normal values are for the jockey population, and only when we know what those normal values are, can we make rational recommendations on how we perceive what a jockey should look like. What values are out of the normal range for human population? What should the body percent really be?

So, I think a survey that looks at biometric, anthropometric, psychometric data to get an idea of eating disorder risk and body measurements and blood values, I think that would be very useful, and from those, to develop a set of recommendations that all parties would agree on would be fair and, most

importantly, achievable.

I think the worst that could happen is to set recommendations that nobody could achieve, that are unrealistic, as Craig said.

I think, an education program is critical here because there is a general population misunderstanding of what happens when people don't eat right and what we could expect the body composition values to look like in those populations. So some nutritional and health education program for those involved in horse racing would be important.

And other stuff would be to work with an oversight group, such as your own, to phase in the probable rule changes that might be needed to help jockeys achieve the required goals.

In fact, the weights which are proposed here may or may not be realistic because at the moment we really don't know what a healthy weight and height for this jockey population is because there isn't enough out there to understand that.

I can't emphasize enough how important it is to understand that some of these very, very low body fat levels that are terribly unrealistic in this population. The methods that jockeys currently use to achieve weight loss are counter-productive for them.

One of the things that in general people should understand is sports nutrition. I really shouldn't say this, because I am a professor of sports nutrition. So I don't want to belittle my field. It really involves just two things: (1) when somebody exercises, the rate of energy expenditure goes up, and because we're only about 30 percent efficient at converting energy burned mechanical force, about 70 percent of the energy that is burned is lost in the heat, so body temperature goes up.

The only way to control temperature is by sweating. So the act of being physically active really involves two things: An increase in energy expenditure and a decrease in fluid loss.

In the surveys that I've seen, jockeys and other athletes who are in weight-control sports, they don't eat enough, and they don't drink enough to support optimal physical activity.

There are ways, however, to achieve an ideal body composition and an ideal weight that would make the jockeys better athletes, more resistant to health problems, and have better endurance and fewer injury risks. If they went about achieving weight in a more rational way -- and some of the information that you have before you explains some of those methods. I know

Ingrid read them, she mentioned them earlier.

A lot of this has to do with energy balance. That is, calories in, calories out. But it's not that simple. It's how you take in the calories and how they're burned. And one of the things we've learned is that the dynamics of energy intake and the dynamics of energy expenditure should be closely matched in order to achieve what they want.

Ultimately, jockeys who are dehydrated and underfed really can't perform up to their conditioned ability, and they represent a danger to themselves and the industry as a whole.

I'm happy to take your questions.

COMMISSIONER MORETTI: Doctor, thank you very much. I just have a basic overall question.

In our experience, in terms of the time necessary to collect some of the research that you're talking about, looking at the jockey colony, what kind of time are we talking about? Are we talking about a multiyear study? How long are we talking about? How long would you anticipate to get the basics so that we could make an intelligent decision?

DR. BRENERDON: There has to be a certain amount of planning, and there has to be a research group in each area, and in this case, it would be in each state.

We could work through medical associations or statewide medical associations to garner experts to help in obtaining the data.

Once a survey like this is initiated, it probably takes a matter of a couple of months to get the information that you need, an additional two months to analyze the information, but more importantly than that, it takes perhaps three to four months to have an expert make a good determination for this population.

"What are the critical items that should be garnered and how best to gather the information?"

Just to give you an example, there's an eating disorder inventory called EAT. It's an Eating Attitude Test. But EAT would have a number of versions. And we would have to actually talk with some -- a psychiatrist to decide which of those versions would be best for this particular population.

There are a number of those types of contingencies that would have to be resolved in order to have a really solid publishable survey that everybody could buy into, both safe for the athletes and collecting the data, where we could guarantee confidentiality of all the athletes who are being assessed and where everybody who looks at the data understands that they were collected in a way where they

are valid.

So setting up that kind of system perhaps takes longer than collecting the data itself. I would say from the time of initiation, perhaps one year from the time we start the planning process, and from the time we finish analyzing the data in a cross sectional one-shot data collection, perhaps one year.

COMMISSIONER SHAPIRO: Dr. Brenerdon, it's my understanding, and speaking with Dr. David (inaudible) also, that he prepared a memorandum which he sent to me, which was actually a copy of what was sent to you, which outlined the various tests that he was recommending. Am I to assume that he would be working with you on this study?

I mean one -- I think -- goes to Commissioner Moretti's comment is I'm in full favor of what you're suggesting, and I think this is the right approach to get to the bottom of this problem. The issue is time. Is there any way in which to expedite this?

I know that the Northern California jockey colony was willing to participate in a study with a precursor study of that colony now where we have a group of jockeys that are willing to participate. Would that allow us to expedite this so that we could get to an

answer sooner than later?

DR. BRENERDON: What you're proposing is a pretest to a larger test, and that's a standard protocol for large surveys is to actually test the instruments to make sure that they actually work.

But it's also very important to understand that a pretest is exactly what it is. They tend to not be representative of the population as a whole. And I think if you try to say that this is a small population which may be collective in Northern California, if that's where it is, is representative.

I think you could get in trouble because people would say, "Well it's not representative. So your data are not valid."

However, I would recommend a small pretest mainly for the purpose of testing the protocols to make sure that what we would intend to do nationally actually works and for getting the kinds of information that I think we need to get.

I have had some very fruitful conversations with Dr. Seftel (phonetic). He has some excellent ideas. He has some very good insights on the jockey population. I have every confidence in him and with several others who are researchers -- we come together and really put together a good protocol for gathering

data.

I have not been asked to do such a study. I'm just giving my opinion. One of the things that's important to understand is that I have an NIH study, an American Cancer Society study, two patents, and several other projects outside of my normal university teaching, and most other researchers are the same. That is, they tend to have things lined up. And to ask somebody to take on a whole other layer of studies has to be put in the context of where can I fit it in. We would have to find researchers who are ready, willing, and able to do the kind of work that's necessary.

Perhaps a conference on jockey health that would draw physicians and others from which we could draw population around the country that could participate in a nationwide representative sample survey. And I'd be more than happy to give my two bits with that as well. I have not been asked to do such a survey.

COMMISSIONER MORETTI: When you looked at the wrestling rules, was that done strictly on a national basis, or was that done on a state-by-state basis?

DR. BRENERDON: The NCAA has some level of control leverage over all NCAA institutions, in that when they establish rules, they, in effect, become the

standard for all NCAA participating agencies. I personally was not involved. I was a reviewer for the wrestling rules but wasn't involved in putting them together.

They were put together exactly the same way I'm talking about. Groups of scientists getting together taking surveys, looking at the data available, and making the determinations on the best way to assure of wrestler's health. They could not have made those recommendations without first knowing clearly what the wrestling population looks like and what their current state of affairs is.

EXECUTIVE DIRECTOR FERMIN: I got a question.

Craig, you mentioned other states are interested, or have you talked to other people?

MR. FRAVEL: No, I haven't talked to anyone. Candidly, everything I have is just out of the newspapers. And Barry can answer this more fully than I can. There were presentations made, I believe, in Kentucky and Illinois. And the response, that I read just in the paper from both was that "we'd like to address this problem, but we want to address it on a national basis because if we did it in Kentucky alone or Illinois alone, it would put us in a difficult, competitive position and not really accomplish the

goals."

COMMISSIONER SHAPIRO: I might be able to add to that. I did -- last week when I was at the RCI in conference, I did bring this up at a board meeting of the RCI meeting, and I spoke with a variety of commissioners in other jurisdictions, including Illinois, Ohio, Kentucky, and New York, and all of them are interested in this issue. All of them, I think, recognize this is an issue that racing needs to address.

We need to address it on a national level, and I think that they would all be willing to participate. I received a letter, an unsolicited letter dated April 25 from the TRA, expressing desire and willingness also to participate in addressing this issue on a national level.

So while, obviously, very concerned by California, I think we could garner support, and I do agree that RCI is a forum to bring in the regulators to help address this problem.

MR. FRAVEL: What we're suggesting here is not a status quo. It is an increase in the scale. Immediate or as soon as that can be adopted. In fact, we've already done it. It's had a very positive impact so far. And the other stuff and the purposed resolution are very proactive, but I just think it's vitally

important that whatever we do, if you're going to get people to accept it and buy into it and adapt to it and have the business thrive, it's got to be based on good science.

And what we have in front of us right now is not based on good science. And I can't urge you more strongly to consider what you've heard and consider the proposal that the tracks and the horsemen and fairs have put in front of you.

CHAIRPERSON HARRIS: We should hear from the Jockey Guild on this.

MR. BROAD: Barry Broad on behalf of the Jockey's Guild. Well, there's the old statement that "justice delayed is justice denied." And I appreciate Dr. Brenerdon's knowledge and expertise in this area, but this is an occupational safety and health crisis you have on your hands. It's not merely an academic subject. This is a sick jockey population, and I've looked at the proposal.

I talked to Mr. Ravel. I believe Mr. Fravel's one of the smartest people in the industry, and I appreciate his involvement because that means some real brains are getting put into this thing at this very late date.

I think the intent is there. The proposal

that I saw is unconstitutional on its face. It gets in the middle of doctor-patient relationships. It would have the state determine what is excessive food content or consumption. It would prohibit the use of diuretics. Diuretics, for example, are prescribed for high blood pressure. I don't think that you can get in the middle of the doctor-patient relationship. That's unconstitutional on its face.

The weight standards proposed here are entirely arbitrary. They are not based on any scientific study. They're just lower or what these guys think they can live with without changing very much.

Now, I might be prepared to amend my bill to say that the weight shall be the standard by which 95 percent of the current California jockey population will meet -- will be in total complete health, and we'll just force you guys to adopt whatever meets the standard that he's suggesting. We can make it 11 percent body fat. Whatever is proposed, that's fine. They just may have to weigh a minimum of a 128 pounds to meet that standard.

If what we're talking about the optimum health of these workers, I think that might be okay with us. I think Dr. Brenerdon misunderstands the proposal in front of you, which is that -- we're not saying a

jockey should have 5 percent body fat, but they can't go lower than that. They should have a higher body fat.

We agree. We agree. However, I do believe there's a danger here of studying this to death, and there's a couple of other dangers. One, I think it's a little bit dangerous to have Dr. Brenerdon -- and I think he may be the right guy along with Dr. Seftel to continue to study this matter -- so he should be in the employ of the state, not in the employ of the industry -- that any discussion of this and study of this should include experts in Occupational Safety and Health, not just experts in sports medicine, because this is a worker's safety issue, and that's an entirely different field -- sports medicine from occupational safety and health.

Frankly, there's nothing that I've seen here or heard today that suggests to me that you shouldn't adopt the proposal before you. The NCAA sports and what not, these are people that are doing this for a period of years. It's not their occupation. They're not driven by the same pressures that exists for jockeys. And frankly, maybe this discussion was something that should have been started a while ago.

I think you should think about adopting the regulation. You should vote on it today, up or down,

one way or another. If it's going to be put out of its misery, then put it out of its misery and move on to whatever you think is the right thing.

There are some parts of this that I think bear discussion. I think it probably is sensible to talk after a regulation is adopted whether some supplementary practices need to be dealt with, including the prohibiting of certain dangerous practices.

But if the weights are too low, then objectively, for human beings to make -- and we contend that they are, and I believe everybody knows that they are -- then people will continue to do what they can to earn a living, and there comes a point where it's just time to do something.

And what I've heard today suggests to me -- I mean sort of a recipe of what we call in the lobbying business of "loving something to death," which is, we're going to massage this and love this whole thing, and we're going to send it to RCI, and who is that but a group of you guys who get together once a year in convention, and maybe something will happen. And then in Kentucky, they'll decide that they don't like what it is, and nothing will happen.

And at some point, and I don't know what that point is, our patience is going to run out, and

when our patience runs out, we're going to pull the trigger that we have, and the trigger that we have is to invoke OSHA'S jurisdiction over this sport. And we'll let the folks who deal with Occupational Safety and Health determine whether the general safety and health of jockeys is being protected, and whatever will come of that will come of that.

I'm not sure that it will be -- I think there could be a shocking problem for the industry if we pull that trigger. So, you know, I've tried to work for a year and a half to deal with this. We got a bill in the legislature to deal with this.

I don't know how long it takes to study, how sick a hundred jockeys are in California. I don't know why we have to study all the jockeys across the United States. I don't know how long it takes to figure out that this is a sick population. I don't think it's very difficult to figure out what the -- what the minimum body fat content -- if we want to add lean body mass ratio to it, that's fine. But I do believe that a process that slows this down to some kind of death crawl towards nothing is not going work for us because the fact of the matter is, you've got a sick population today, and the responsibility of this Board is to that jockey population today.

Nothing is perfect, but I think our proposal or the proposal that you have before us, which, frankly, we have concerns about the weight is not high enough. That proposal that you have before you at least begins to deal with the issue, and it deals with the issue of transparency, and it deals with the issue of the way weighing is done, and it needs to be adopted.

Thank you.

CHAIRPERSON HARRIS: We'll take a ten-minute break.

(BREAK IN THE PROCEEDINGS.)

MR. COUTO: This issue has been in front of the Board since, I believe, July of last year. Despite the fact that Mr. Broad may have been working on it for a year and a half, it was presented to the industry in July of last year, and I commend Mr. Broad in bringing our attention to this serious health issue.

But it is serious, and it deserve more than simply the setting of an arbitrary weight. That will not correct the serious health issues that Dr. Brenerdon explained to the Board today.

Sort of anecdotally, I would be uncomfortable if I were to go to a doctor and tell them that I had a problem and asked the doctor what to do, and that doctor recommended a cure without ever

preforming any tests on me to figure out what my problem is.

This is a complicated issue. And the health of riders, as Mr. Broad said, is an issue of health -- Occupational Health and Safety. While health is key here, we've been told in order to set a weight that is sensible and healthy for riders, there is much more to do then simply the establishment of an arbitrary number.

Unfortunately, solving difficult questions takes time, and this is a very difficult question. A moving ahead because it's expeditious to change a weight to make someone happy is not going to protect the riders. And as we've said throughout, many of our owners have relationships with the riders, and we've supported weight increases in the past, we support looking at the health issues. We'll do whatever is necessary. But we don't think it is appropriate to just set an arbitrary weight in which you've had no medical information to support that 118 or 116 is the appropriate number.

All the information in front of you has been confirmed repeatedly that the factors relate to lean body mass, body fat, hydration issues, that are not being addressed by this regulation. TOC is asking the Board to take a patient, measured view. That doesn't

mean to love it to death, to deny dealing with it. It means to take a rational, learned approach to solving what is a serious complicated issue.

You have a commitment of Mr. FRavel on behalf of Del Mar. I know you have the commitment of the other Racing Association. You have the commitment of TOC that we will work together with the Board, with the Guild, with others in the most expeditious manner possible, but in a reasonable measured means that eventually produces a rule that ensures the safety of the riders, their health and safety, not simply put a cosmetic increase in weight that wouldn't do the things that have been laid in front of you as necessary in coming up with the solid health program.

So you have TOC's commitment that will work with whomever in a very expedited fashion, and we'll come up with a solution. But we ask you not to adopt or move this rule forward, which is an incompetent rule that will not solve the problem.

Thank you.

MR. HALPERN: California Thoroughbred Trainers. I was disappointed that after hearing the doctor's presentation, the Guild was not able to come forward and say, "We really care about our members and our jockeys, and we would like to see that they be done right by, and

that we use science to solve the problems that we perceive."

What they did instead is, they came back with the hysterical claims that were made a couple of months ago or a few months ago, that we don't weigh enough, that we have 1 to 3 percent body fat -- if you recall, this is the science they presented to you so far -- and we have a sick and unhealthy population, again, without any specific examples, without any jockeys coming in and saying, "I have this problem and this problem and this problem." So that they've made these hysterical claims, and if they felt that you were not going to accept these hysterical claims, they've threaten you; they've cajoled you; they've threatened your nominations; they've threatened to go to the legislature, now threaten to bring in OSHA and the CIA and the KGB and God knows what's next.

The truth is that this is not really, at this point, with the Jockey Guild, a health issue. It's a weight issue. They don't want to look at the science. They just want to show their members that they can get something done.

But you have a higher duty than that, and we all as an industry have a higher duty than that. That is to find out how we solve the perceived problems. To

find out if there's a real problem and do something about it.

Raising the weight to 116 is not going to solve any problems. It doesn't show -- we have no evidence that at 116 they'll be any healthier than they are now, assuming that they're unhealthy.

One other thing we want to consider when we talk about an unhealthy population here, as I understand it, and I'm not exact on these figures, but I think at about 160 jockeys, well more than half, and probably with a 100 of those jockeys, I believe, ride less than a hundred mounts a year. That's two a week.

Well, if you're riding two a week and you're not taking care of your physical health by either having a full-time riding job in the morning and going to the gym in the afternoon, you're probably going to have a health problem or a problem getting down to the required weight. But if you're only riding a couple of races a week, and I believe with about 50 of those jockeys, it's less than one a week, it's not really an occupation; it's an avocation.

So that -- I don't believe that if we're pointing our efforts towards that segment of the population, we ought to be doing things that will take a chance on decimating our horse population and further

destroying the industry as we now know it.

I've talked to a number of trainers about this issue, and you've seen them before. You've heard their opinion. I've talked to Bradford, Lucas and Mandella and the opinion is unanimous. If we adopt this increased weight, you will not see young horses in California. They will run their horses somewhere else.

John Saddler is here. And I'm sure he'll be glad to confirm that, and maybe we'll take a minute to do so when I'm finished.

What I would ask that you do is to take the short time that was asked to put together a real program, not to be bullied, and to take the time to stand up and to say that we're not going to be intimidated and that we're going to do what is right for the population, and we're going fulfill our duty as a Board that's familiar with the industry to take care of the people in the industry in the correct manner.

Thank you.

MR. SADDLER: John Saddler, trainer, owner, TOC Board member.

I think we're very well represented by Ed Halpern. He's expressing the sentiment of all the trainers in California, and I just kind of wanted to reinforce what he said and tell you that this is the way

most of the -- all the trainers feel.

Also, we had a couple of good meetings at Santa Anita with the jockeys, and it was not my impression that this was as much of a crisis as Mr. Broad states it is. They seemed to be pleased with the way things work, how we've been working with them, how we've already increased the scale. They understand the situation we are in here in California with horses leaving the state. And actually, quite a few riders are leaving the state because there's no horses for them to ride here.

I strongly recommend that you don't adopt the 1616.

CHAIRPERSON HARRIS: Comments from the audience? We need to move along here.

My thought is that we really want to protect the health of the jockeys. And it is of concern with the eating patterns and dehydration and all these things are contributing to injuries and also contributing to the jockeys that are performing to their peak abilities. But I don't personally feel that carrying a few more pounds would be that big of a problem for the horse.

But I think a lot of the evidence has been brought out today, and a lot of the dialogue does indicate that we haven't really given this whole matter

the study that it needs.

I'd hate to delay it, but I think we need -- if we do pass this, we would be the first state to do something. I think if we do that, we have to be prepared to feel that whatever we do really has a lot of substance to it.

COMMISSIONER SHAPIRO: I'd like to make a few comments. First of all, I personally have a very strong commitment, and I think that everybody here does have a very strong commitment, to see if we need to revise the jockey weight and health issues. It's time that we found out. I agree with Mr. Broad that if there's a problem, we need to deal with the problem.

But the question is -- and the only way I believe we can figure that out is to do a study. I certainly do not want to see a death crawl to nothing. I don't believe that's the way the industry feels, and I don't believe that's the way this Board feels.

I don't believe this is a Jockey Guild issue. This is an issue about the jockeys. And we care about the people in the room. This should not be an issue where it's tracks versus the Guild or any other segment.

These riders are people that we need in this industry. They're great people. And we need, want to

find out what is in their best interest. And to do that, I think we do need a study. We certainly want to stop the health practices.

I do believe that while we perhaps can conduct a study, we should move forward and eliminate every known health practice that is unhealthy as soon as we can.

I think that any facilities or racetracks that are encouraging -- flipping or any other things should be taken out and should be eliminated. That's something that we can do today. I also believe that we have to protect ourselves here in California in terms of the horse population.

I originally voted in favor of the 1616. But upon further discussions with people in the industry, I came to realize that part of horse racing involves weights, and weighing is done to handicap races. And there are situations where we cannot put horses of different ages, 3- and 4-year-olds racing against each other starting at 116 pounds and go up.

Though to create the weight of differential, you have to be able to go down. And I don't believe that one size fits all. That means that there may be jockeys that can ride light, and there's some that can't ride light. In those situations where weights are less

than 116, the light jockey is going to have an advantage over the heavy jockey.

I don't believe every jockey has to weigh the same. And trainers will have to decide where they put their horses. But we can't continue to hurt our field size by forcing people into races with weights that are disproportionate to the rest of the country.

In the material given to us by the TOC and the various tracks, there was approximately ranging from -- other than for the meet that we're currently at -- I said the Hollywood Park spring, summer meet, those races which are less than a 118 pounds only account for 7 percent down to 1 percent of the races.

So the problem is really one of fulfilling races. Now, I certainly believe the jockey's health is more important than the horse's health, but I think that it behooves us as a Board to look to adopt, moving forward on an immediate basis, the Racing Secretary's proposal which is contained in this report and in all instances save one that I could find, increases the minimum weight by approximately 2 to 4 pounds.

By doing that, we will at least be adjusting upwards, and the charts in here are very illustrative that weights have increased over time.

But to reflect that issue and maintain our

commitment, I think that we should adopt the Racing Secretary's proposal for minimum weights as contained in this report. I think we should mandate a study done pursuant to what Dr. Brenerdon illustrated to us and to try to move this along as quickly as possible.

CHAIRPERSON HARRIS: Comments?

UNIDENTIFIED SPEAKER: Just to clarify --

CHAIRPERSON HARRIS: -- has already passed the proposal regulation as the Jockey Guild originally proposed California Board in July of last year. They adopted it verbatim. It also -- conversation with two other states that are interested in the adopting the proposal as the Jockey Guild.

Quite frankly, I can't name those states. The Racing Secretary over in Colorado have been getting calls on a daily basis from the Racing Secretary, Racing Associations here in California, badgering them for in fact passing the scale of weights, and they are getting hammered by these racetracks over in California saying "Hey, what are you doing? Don't you know that we got to a system?"

So we are moving forward with protecting our jockeys. It is a Jockeys Guild issue. That's what we're there for, to protect the health, safety, and welfare of the jockeys in the United States.

MR. BROAD: I just wanted to ask a question of Mr. Shapiro, if that's okay. Are you proposing adopting verbatim the document that I saw?

CHAIRPERSON HARRIS: I think anything we put out would have to be part of a rule process.

COMMISSIONER SHAPIRO: What I intended, Mr. Broad, was that in the book here, they are making recommendations which are increased weights, similar to what has been implemented already to date. So they involuntarily moved it up.

I'm trying to at least mandate that rather than it be just voluntary, that we mandate at least these weights move up to the extent that's in this book initially.

MR. BROAD: I understand that. The question I have then, if you'll recall, I don't know whether their proposal assumes that we're weighing the jockeys nude and adding 10 pounds equipment or that's a weight in which you add 5 pounds of equipment, in which case the objective nude weight of the jockey is 5 pounds less than what they propose.

MR. FRAVEL: Let me clarify that.

What I suggested to you was to leave the current rule on the equipment, that is, to include the current way it is listed in the program, but that we all

sit down immediately and talk our way through that.

It might be better to have 7 pounds equipment. Maybe we could find a safety vest that weighs less and is safer. And I'm not going to concede that that is the magic number. But I think we all ought to sit down, work together and nationally try to find -- It's important that when a jock races in New York, it be done in the same way in Southern California.

We've been trying to do that in virtually every area of this business. And to go off on our own and to explain to everybody now California has got one -- 10 pounds more. It includes all these things. It's just a nightmare.

I'm suggesting essentially -- and I hate to say this because it will get turned around on me, but we're talking status quo in the way current weights are currently listed. And the equipment is included, but we're raising the current scale. So he's correct, it would be 5 pounds. The jock would weigh essentially 5 pounds less than the program weight.

COMMISSIONER SHAPIRO: I personally would prefer to see that if the weight in the program, which is one -- let's call it 120, and we know, we in this room know that doesn't include 5 pounds of equipment. I would prefer to see that we listed the weight in the

program and the weight horses carry which is 125.

Now, what I understand is that if I'm understanding what was presented here -- let's say the weight has moved up two pounds pretty much on average throughout this proposal, then I would prefer to see that we adopt that moving forward for the rest of the year rather than 116 flat across the board.

And I would prefer to see that we implement the bettor weigh-in and weigh-out proceeders and published to the public what the horses carry.

I find it ridiculous that we have this 5 pounds we don't identify to the public.

MR. BROAD: I understand that.

Again, I think we could probably -- I think it's important that it be done nationally, and I think there's ways where we could put notations in the program on what equipment is listed or not listed.

To clarify what I wrote -- and obviously if you decide to go along with some parts of that, you need to go through rule making. And it's not like I can make the rules. So obviously that's something to consider.

COMMISSIONER MORETTI: I would agree with Commissioner Shapiro. I think that we should -- my point of view is that I have not changed my mind at all about the core issue.

I think it's imperative that we make a move on this issue for the jockeys' health and safety. I also actually think we have no problem with California being a little different from the rest of the United States, with all respect -- due respect, to the fact that this industry, like so many others, needs to have some balance with across the states, but I don't think that that's the core issue here either.

Also, I'm also disappointed that you all waited so darn long to get into this issue. I think that Mr. Broad should be applauded for bringing this up, and being antagonistic toward the jockey field is not going bring people to the table.

So I would offer to you that if you come with open minds, and on this issue which is extremely important, we have a potential -- I don't know If we have the crisis that you say. We don't have those numbers. I haven't seen those numbers. But I do believe that it is a health and safety issue.

And I would like to just raise the issue as to whether or not we can bifurcate this in some way so that we can talk about establishing the health and nutrition programs that you all talk about.

Both sides are talking about that and include discussions about making the program public,

having a more transparent program. Let's get real with the numbers. Most of us were shocked finding out the real numbers are not being published in the programs.

It just doesn't make any sense. Just because the rest of the country does that doesn't mean we have to do it that way. But I think that the new material that we got, albeit late, does raise a number of questions in my mind, that before we just institute a rule that may not be the best, most thoughtful, scientifically based rule, that we step back and not go for another year. I'm not willing to do that.

But I'm certainly willing to postpone a decision today so that we can have a greater level of confidence that we're doing this in the most intelligent manner to really help our jockey colony while not doing anything to detriment the greater industry, or we won't have jobs for the jockey. That's my opinion.

COMMISSIONER SPERRY: Well, I basically agree with the two commissioners. But we can study these things to death. One of the things we need to do is set up the parameter of what the study is going to be, try and get it with the guidelines that we need to have and go forward with it so that we can come back within a reasonable time and feel comfortable with the fact that we have a solution to the problem.

Whether or not the country will accept it or not, we have to set some guidelines, I believe, to try and make it where -- if Mr. Bieri is correct, if there is a problem with the jockeys, we need to take care of that problem.

MR. BAEDEKER: Rick Baedeker, Hollywood Park. I would just like to make a comment about listing the full weight in the program. It has implications beyond California. If a horse here in California today is currently listed at 120 and a horse in New York is listed at 120, that is apples to apples.

As a matter of fact, in both jurisdictions there's 5 pounds approximately that is not counted in the program weight. If we change it and make it 125 in California, then when the California horse runs against a horse from another jurisdiction, it's going to be misleading to the public, the betting public. The betting public is going to say, "Well, this horse is carrying more weight" when, in fact, he is not.

So this is one instance. We need to put the betting public first in this regard and keep it equal with the other states until it could be changed across the board. And I would suggest as an interim solution that we begin publishing tomorrow an explanation in the program that says that the program weight does not

include five pounds of equipment and list that equipment, and so notify the public, that as a matter of fact, there is a differential there.

But I would be very reluctant to make that change in our program before the rest of the country does the same thing.

COMMISSIONER SHAPIRO: Mr. Baedeker, I have to disagree with you. We're perpetuating a fraud. And the truth is that people are going to realize those wackos out in California have been out in the sun too long. They do it different. And people will learn that they should get on the ship with us rather than our staying on the ship with them.

They should be publishing the true weight. We should be publish the true weight. You can put a note in the program. The racing form can make a different designation somewhere that says they will figure it out.

I just don't understand. Why mislead the public?

MR. BAEDEKER: I respectfully disagree with that. We're going put the onus on the back of a player sitting in a parlor in New York to figure out what we've done in California, to figure out that even though both horses --

COMMISSIONER SHAPIRO: How's it done in Europe? Horses come over here from Europe, and you'll see these wacko weights, 133, 143, and you say, "My God." Well, they do it differently over there. Why is that different?

MR. BAEDEKER: Well, I think it's different in that very few horses actually come over from Europe and compete here as opposed to going from state to state. I thought it was an interim solution that we could take immediately and not mislead the public.

The other thing I think that we should point out is that the Jockeys Guild has bought this up since last July. As a matter of fact, all the racetracks in California agreed to make this voluntary change in January, understanding that it was an interim measure, but that it was a step in the right direction.

And so we haven't been, I don't think, you know, purposely delaying this. We have taken action, and I think it's just evidence that we do want to cooperate, and we do want to reach a final solution to a serious problem.

UNIDENTIFIED SPEAKER: I think that this is the first time I actually come up here in agreement with Mr. Shapiro on this issue of notifying the public of the true weights.

It is a deception, and it goes beyond just the racing program. It goes to the workouts. Nobody knows what those exercise riders are weighing when they get on a horse, and the industry publicist work out a time. And who's to say that exercise rider doesn't weigh 200 pounds and that affects the time of the workout. So to suggest that horses come in from another state, the betting public is going to be at a disadvantage when they try to handicap the races is only going halfway to telling what the problem is with regards to weight.

COMMISSIONER MOSS: What we're involved in is regulating a sport that's been around for almost 200 years, and we're all understanding that to survive and do really well, we have to reach some sort of national conception. That as a state, we can look after our own, but we realize it's the sport itself will move ahead only on a national level. And we suffer from not dealing on that -- with national practices. And yet I believe as an (inaudible), we're moving forward and trying to do that.

I don't think California in its isolated situation should take a chance on making grave changes in something that doesn't speak well for us. We're all occupied with trying to do right by the jocks. We all

have friends, and we all want to make sure they're healthy and well.

I think for us to step out as major racing state and do this without some sort of national involvement is a mistake. And I think we do need to study this as a great project with more intensity and come to some understanding as soon as we can, but certainly to give it a little more time.

Thank you.

CHAIRPERSON HARRIS: I'd like to move forward of some version of a jockey weight rule.

COMMISSIONER SHAPIRO: I don't know if procedurally we should vote on the rule that's before us or we can amend it based on comment. If we can amend it by comment, then I would amend what is before us today. I guess it goes back out for further 45-day comment. It would be to amend the scale of weights to reflect the weights that are contained in the proposal made by the race's secretaries, based on the race's secretary's proposal.

I would also want to have us institute a new weigh-in and weigh-out procedure that is verifiable and ensures that the jock's weights are, in fact, the jockeys are being weighed, and it is verified.

I would also suggest that the racing

association each employ a nutrition counselor to provide counseling services to the jockeys, and I think that we should amend it to reflect that in the exact writing to be determined.

CHAIRPERSON HARRIS: As part of the weight, and we would also go to the item (inaudible) --

COMMISSIONER SHAPIRO: And that the rules also reflect that we shall publish either the weight being carried by the horse and jockey plus 5 pounds plus the total weight carried by the horses is published in our program and in other publications.

COMMISSIONER SPERRY: Commissioner, to me you're going too far. I can support everything up until presenting in the program anything other than a notice that they've carried additional 5 pounds and weight enlisted as -- UNIDENTIFIED SPEAKER: As President of Hollywood Park, I suggested that it might be done in the program.

CHAIRPERSON HARRIS: I don't really care if it's 5 pounds or 7 pounds or 10 pounds or what it is. If I was convinced that it was absolutely 5 pounds, it would make it simpler, but I think we would have to look at the whole issue.

One of the things that I would like to see get into a rule is their 1515-A which talks about a

comprehensive medical exam program and those things. Do we have a current medical exam?

EXECUTIVE DIRECTOR FERMIN: They do have an annual exam. In Southern California is at the beginning of the year in Santa Anita, and it's required also. They do have an examination once a year. And, probably, I would safely say not as thorough as the examination that you're talking about.

CHAIRPERSON HARRIS: Right. I think we should also address how comprehensive that is and what would be more than adequate. But also, I think any jockey returning from an injury should have some type of examine to ensure that they're fine to ride again.

EXECUTIVE DIRECTOR FERMIN: That's mandatory. They need to have a medical clearance.

CHAIRPERSON HARRIS: And we need to look at those standards to make sure they're adequate. When it's 1515-B, we're talking about laxatives, diuretics, and all this. I agree with what we're trying to do. I don't know if we could really do that or not. I guess we could just put it out for comment and see what we get back.

COMMISSIONER SHAPIRO: I think we should also -- and I should have included that we should mandate each track to remove any facilities that would encourage or

are specifically designed for throwing up and doing those types of things. I'd like to see all the tracks remove those. I don't think that we should condone that type of behavior, and I don't think anybody would argue that that's unhealthy -- if they exist.

CHAIRPERSON HARRIS: I think we need to put it out. And getting the track to do it voluntary at this point -- but if that's going to be a rule, we need to get some comment back on it.

MS. WAGNER: I would think that you're discussing would be an amendment to the proposal before you. Our options right now in terms of rule-making procedure, what we have before the Board is a proposal that has gone out for 45-day comments. From the discussion, it would appear that we're not ready to make a decision on that.

That would be something that the Board would need to do. However, I do want you to understand that any amendments that we make to this proposal will initiate another rule-making process, usually starting the procedure over again to give an adequate comment period time to the public. So I just want you to understand that anything we do that's different than what we have before will trigger a new procedure.

CHAIRPERSON HARRIS: That's the idea. We want to

put those rules out for that process to get comments back on them. We might end up with something -- combination of both of them.

MR. BIANCO: I'll go along with John Sperry. The additional safety equipment that's being carried, but I don't know if it's 5 pounds or 7 pounds. But I think we ought to let the public know and to print it in our programs.

CHAIRPERSON HARRIS: I don't know if it's cleaner, if we just table what we have out and put out for comment these suggested rules amended by some of the things that you suggested.

COMMISSIONER SHAPIRO: That's fine with me. That's fine with me except and apart from that, though, is that I hope that we hear back at our next board meeting from those people that are proposing this medical study analysis and move forward. I'd like to hear back from them by the next meeting that it will in fact -- is going to be undertaken and proceed forward.

CHAIRPERSON HARRIS: That has been a frustration, this whole thing that we've been talking about for a long time. Quite a bit has happened in the last week or so, but if we're going to move forward and do something, we need a commitment from the industry that they're going to pursue these studies and get them done.

COMMISSIONER SHAPIRO: We need deadlines. It's not fair that this issue has gone on and on. So we need to move it forward. So I'll make that in a form of a motion of everything I said with the exact language to be refined.

COMMISSIONER MORETTI: I would second that.

CHAIRPERSON HARRIS: These need to go so that we'll make --

MS. WAGNER: In terms of procedure, it may be -- I just wanted to let you know, we do not want to adopt what's before us. We do not have to take any action on this proposal. You can just not take action on it, and then based on the discussion that we have had thus far, we can go back and amend the proposal as we have discussed, start the process again, and do the 45-day comment period.

COMMISSIONER SHAPIRO: That's fine.

CHAIRPERSON HARRIS: We also need -- I know in a former motioning -- have a commitment from the various parties that our CHRB meeting -- they will come -- give us a plan of exactly how they are going to do some of the studies that they have and how they're going to fund those and what the timetable is.

MR. FRAVEL: Craig Ravel. I'll put my incredible brains to work with Barry on that and see if we can come

up with a program that is reasonable and realistic, and to the extent Dr. Brenerdon is able to guide us, even though he is not personally able, we'll certainly ask him for his help.

COMMISSIONER SHAPIRO: Mr. Ravel, will the Guild be able to play a role in this study? I hope that --

MR. FRAVEL: I would hope so. I have no interest -- I'd rather somebody else do this.

COMMISSIONER SHAPIRO: But you're hooked. You said you're smart.

MR. FRAVEL: I was there the other day and said whatever we did, we would work with them and other jockeys and jockeys who weren't members and whoever has an interested role in this.

MR. BROAD: Because I represent so many unions and I have a lot of understanding on how occupational health studies are conducted, and I have organizations that put them together, and I don't think there would be any problems in setting up a study that is beyond criticism of anybody. And not only that, I will vow to bring my friends in the CIA into the matter, if it's necessary.

COMMISSIONER SHAPIRO: We really want you to be involved because then we know you won't criticize it.

MR. BROAD: There's no guarantee there.

CHAIRPERSON HARRIS: We all motion to table. We are taking no action on the proposed document we saw today, but we are moving forward with the rules as proposed. Any discussion on this?

COMMISSIONER MOSS: I second the motion.

CHAIRPERSON HARRIS: All in favor.

(Ayes.)

ASSISTANT EXECUTIVE DIRECTOR MINAMI: Roy Minami, Horse Racing Board Staff.

This is an issue that's come up before the Board a number of times, so I won't go into the background, although it's written in the staff analysis.

The last board meeting, the Board directed the staff to facilitate a meeting between Local 280 and the various ADW facilities. That meeting was held on April 18 at Santa Anita. Present were representatives of Local 280 as well as the 380-W facilities, UB Express Bet.

Local 280, surprisingly, at this meeting was very conciliatory toward the ADW facilities. Basically, what their goal was, was to present several ideas on how to employ Local 280 members at the ADW facilities Mr. Rosenfeld (phonetic) representing the Local 280 presented three ideas of proposals on what the Local 280 thought that might be feasible for the ADW facilities to

employ the Local 280 members.

They didn't ask for any kind of decision at that time. I think that the only thing that Local 280 asked for was for them to give serious consideration to those proposals. Each of the ADW facilities did give that commitment. They received the suggestions given by Local 280, and also they also indicated that they will consider other alternatives that weren't mentioned.

So in essence, this meeting was a pretty solid meeting. It was basically to present their proposals to the ADW facilities, which was received, and a commitment was given by the ADW facilities to give serious consideration to those proposals.

We will have a follow-up meeting. I was proposing some time early June to have a follow-up meeting and have the ADW facilities come back to the table and give their opinions to what they thought the proposals were and perhaps even give alternative proposals.

And I think everybody agreed that we would have a second meeting, and I would think that that's where most of this discussion will be held as far as where we're going to get or if there's going to be any progress as far as employing Local 280 members at these ADW facilities.

CHAIRPERSON HARRIS: Any comments on this? No?

Move along. Next item, Item 7.

SENIOR MANAGEMENT AUDITOR REAGAN: John Reagan, CHRB staff. Item No. 7, you might say this is the residue of several items we've had on here the last few months regarding Capitol Racing and proper distributions.

This one, very specifically, deals with a very small portion of the handle referred to sometimes as promotion funds pursuant to 19605.7C. Very simply, there's been this dispute for some time as to whether there was a written agreement that allowed Capitol to take these funds and spend them on promotion. If there was not such an agreement and therefore the horseman should have received their half and so on and so forth, ad nauseam.

Since this item has been on the agenda here, and just this morning, I had numerous information dumped on me, and of course, I haven't plenty of time to read it thoroughly and understand it. So unfortunately, I really can't -- but it appears to go on to many other subjects besides this subject.

We're talking about international funds all kinds of things. So the item here on the agenda has to do with this small piece of promotion funds, and that's

what we have for you.

COMMISSIONER SHAPIRO: Mr. Chairman, I would like to make a suggestion that this matter be deferred. And I'd like to have it deferred to an ad hoc committee. I would like to see this matter be deferred to perhaps an ad hoc committee that are not only this component of the issues, but some of the other components that come before this Board. They're rather complex. They deal with different components of handle and revenues, and I think that to get our arm around it, we'd be better served to defer it to an ad hoc committee.

CHAIRPERSON HARRIS: I think that's an excellent idea because this whole issue is pretty complex. It's all these different buckets of money. I'd suggest that we get an ad hoc committee of two people that would be Richard Shapiro and John Sperry to get into it. They can report back to the Board what their different recommendations are, and it will be the Board's job to make a final recommendation.

But I think that there's just so much data here, that if we take up a long time at these meetings here, we're not serving any purpose.

So without objection, we'll do that.

COMMISSIONER SHAPIRO: Okay.

MR. ENGLISH: I'd like to make a comment, please.

My name is Richard English, C.P.A. The item of the ad hoc committee is a good idea.

What I'd like to point out, every delay, things deteriorate so far as Capitol is involved. And during the time, the last board meeting in Los Alamitos more and more rapid pace. Capitol is drawing money out of the stock at surplus of about $800,000 so far this year.

I respectfully request that we stop and be directed not to make any more distributions of Capitol and ask you to put a cap on this Capitol history and to take the cash and make distributions out of the company and to stop any subsequent distribution. Stop the funds until the ad hoc committee reads their report.

COMMISSIONER SHAPIRO: Mr. English, the issue that's agenda on the promotion fund, I'm not sure would even cover that issue.

MR. ENGLISH: But if you keep deferring it, the situation gets worse. All I'm doing is asking you to stop the ability of Capitol from depleting their assets. What will happen? It's conceivable, that after the end of their race meet, funds are depleted. They'll be in under payment of persons (inaudible). There'll be a large impact fee to Los Alamitos and the unfunded union benefits.

Where is the money going to be if that money comes out of Scotland, comes out of Scotland, and goes to Capitol and then be distributed by Capitol.

COMMISSIONER SHAPIRO: Well, I can only speak for myself. Quite frankly, I don't have enough of a command of all those issues. And that's why I'm suggesting this be sent to an ad hoc committee with Commissioner Sperry and I. At that point, hopefully, we can get our arms around this, and if there are any measures that need to be taken on an expedite basis to prevent anything bad from happening, we can do that.

But what's before us today is an issue having to do with the corruption of funds, of which there is debate whether or not they acted properly or not. And frankly, I think it's going to take more in-depth understanding, investigation for us to get our arms around this and all those issues.

The reason for the ad hoc committee is so that we can take the proper steps. We recognize that this Racing Association is going to be out of business at the end of July, and there are various funds that are involved. There's the 612 money. There's promotion fund. We're trying to find the methods to get our arms around all of this.

MR. ENGLISH: I understand, and I am sympathetic

to all the complexities that surround the issues. My point is that since December Capitol has received $800,000 in distributions mand that money goes out of the company not there for employees or the horsemen --

COMMISSIONER SHAPIRO: Let me ask Mr. Reagan.

Has any money been taken that is improper to have been taken? I mean, it's -- I don't know how it --

MR. ENGLISH: Mr. Reagan cannot make that decision. He doesn't have that information. Isn't that the purpose of the ad hoc committee?

COMMISSIONER SHAPIRO: Yes. So what you're telling us to do is to stop the association from doing something that may be done in the ordinary course of business of any Racing Association. Why should we do that?

Because you believe that there may be a shortage of funds. I don't think it's proper for us without doing the due diligence and having a good understanding to stop anybody from doing something that they may have the right to do.

And that's why we're forming this ad hoc committee. If there's a problem, we'll certainly take steps to address that problem, but first we have to identify if there's a problem.

MR. ENGLISH: Thank you.

MR. BARD: Chairman, my name is Chris Bard. I want to address the issue of the ad hoc committee. The ad hoc committee suggested that they look at other issues. I want to bring it upon the Board's attention that I sent out this format to the Board two months ago because I thought we were going to address these issues a month ago.

And I thought we could address them today, and I would like to make sure that these issues are on the ad hoc committee.

COMMISSIONER SHAPIRO: Mr. Bard, as you know, I have looked at that, and I have looked through other issues. One of the purposes of the ad hoc committee is designed specifically to look at all the issues, including the issues that you have raised that exists that all revolve around Capitol Harness, Los Alamitos and all of these issues. It's trying to identify and get to the bottom of all of the issues, not just one little piece which was on our agenda.

So I assure you that you will be welcome at that ad hoc committee, and we hopefully are going to address all of those issues.

MR. BARD: I would appreciate that. And I would ask you to do that as expeditiously as possible because there's a serious problem within the industry. I would

ask that you add to that ad hoc committee the mutual funds that have not been paid from the state to the State of California 8 percent out of Canada as well as the amount of money not paid to the horsemen.

I wrote you folks a letter. I included in that a complaint that was filed identifying those issues, but I would like to see that addressed. I would also like to see the issue addressed that you have a 30 percent deduction in personal. You have a $800,000 withdraw from funds $400,000 from the horsemen's account. You have a contract that the horsemen has that basically says we're going to pay whenever we receive. And right now they are $500,000 underpaid, and that can't go on. I mean, if you wait two or three months, the meet is over. You got this underpayment.

COMMISSIONER SHAPIRO: Mr. Bard, I think Commissioner Sperry and I spoke about this, and I believe that we're both committed to do this as expeditiously as possible.

I suggest that you provide to the staff -- and I'm not sure what staff person it will be. I don't know if it will be Mr. Reagan -- that we try to identify each of the issues without pleading a case. Let's try to identify the issues so that we can get to what the facts are and get to the bottom of it.

MR. BARD: I appreciate that.

COMMISSIONER SHAPIRO: Okay.

MR. BARD: I will be more than happy to do that. I just want to remind you that two months ago you had that same conversation with me, and I rushed ahead and got the information, and SENIOR MANAGEMENT AUDITOR REAGAN -- I'm sitting here today, and I hope I'm not sitting here two months from now discussing these same issues.

I hope within 30 days to discuss -- they're apparently obvious, and they should be done immediately. They should have been done four months ago, five months ago. I'm not a keeper of the funds. You've been neglecting to get 8 percent of the money coming into (inaudible) association, and I don't think it's behooving upon me to bring that to your attention.

COMMISSIONER SHAPIRO: Mr. Bard, we will do it as quickly as we can. And I assure you, we will listen to every issue that you wish to discuss.

MR. BARD: Appreciate it. Thank you.

MR. VEROLA: Hi, I'm Tom Verola with Southern California on Track Wagering. And this morning I received a letter from the Harness Horsemen Association regarding the $800,000 that we disbursed to Capitol, and I'd like to ask the Board -- I heard what you said

earlier. You said that you can't make that recommendation. But what do we do if they come back and ask for more disbursements? I would like a little guidance so that I'm covered.

COMMISSIONER SHAPIRO: Frankly, we need to -- I'm certainly not equipped to address that issue. And I guess we need you to speak with staff and find out. And I don't know what the procedures are for getting release of that money. I do want to get to the bottom of it. I don't want to deprive a racing association of what they could be entitled to receive.

And yet on the other hand, we want to look at the whole situation fully. So at this point, I would tell to you to act in the normal course of the business, but please talk to Mr. Reagan, and we plan to convene as soon as possible to try to address all of these issues.

SENIOR MANAGEMENT AUDITOR REAGAN: Mr. John Reagan. Has spoken with me on this issue. Also, I have been having regular meetings with the Controller, CFO at Capitol, and we do know what's going on to some degree, and we will certainly explain that to the ad hoc committee, but we're not unaware of these issue. And the Controller CFO at Capitol is very much aware that the end of his corporation or doing business in California will end in July, and we have had many

discussions about board meeting, the flow of funds, so that everything is pretty much as even as possible at that time.

And even discussions about when we can't even something out, do we carry this over -- whatever. So we're certainly aware of all these issues and we're trying to work on them as we go on, and we're happy to see the ad hoc committee bring it forward.

CHAIRPERSON HARRIS: There's the one issue of exported races where you're exporting them, basically selling the signal for so much a night.

SENIOR MANAGEMENT AUDITOR REAGAN: Yes, we actually spoke to the (inaudible) a couple of weeks ago, and we did find $55,000 in funds received that had been distributed at that point. We indicated to them 8 percent would go to the State of California; the rest would be split to (inaudible). So we're talking a grand total of $55,000.

COMMISSIONER SHAPIRO: Was it done?

SENIOR MANAGEMENT AUDITOR REAGAN: Yes, it has been done. I'd like to say, when I return to Sacramento, I expect to see the check, and I'll certainly follow up to make sure that it was done, but I was told it would have been last week or early this week as I was proceeding at these meetings. So, yes.

MR. HANKINS: Kim Hankins, California Harness Horsemen Association.

I'd just like to urge Chairman Shapiro and Mr. Sperry to -- as earlier said to move along expeditiously. But right now, we feel that we're due a purse increase immediately. There's been $800,000 advances to Scottwing (phonetic) the TV's turned back on at Los Alamitos and we've been told many times by Capitol leadership that as soon as they turn on the TV, it can go back up. Well, it's back on. We need to the money now.

We don't need to wait until two months, three months down the road and saddle up. These horsemen are having a state fair meet coming up that they are trying to promote our industry with. And we've got an opportunity to do that. But we've got to have product. We're asking for an immediate purse increase.

MR. SHELL: David Shell, S-h-e-l-l, past president of CHHA, Board Member from 1999 to 2002. And I would request, Mr. Chairman, that the ad hoc committee expand what it's talking about, and I heard you say Los Alamitos.

But it's my understanding that while we raced at Los Alamitos under LAHRA, not one dime of the promotion fee was (1) negotiated for the horsemen or (2)

spent on promotion of the racing.

I would like that looked at to see if, in fact, that money was spent. I have not -- provided Rick English where it indicates that none of the money would have from -- been one half promotion fee ever went to, first of all, LAHRA up to 2000. I would also like as part of the ad hoc committee to look into the overpayment/underpayments that may have occurred at Los Alamitos during 1999 to 2002.

I can't speak to anything before that, but after that I can. Based on that document from Rick English, there was an underpayment that we have not been able to find. So if we raise the issue with you, you'll look into it? That's what I want to know.

COMMISSIONER SHAPIRO: Well, you're now expanding this to not just deal with Capitol Harness. Now you're talking about something with LARC (sic) as I understand it. It's totally unrelated.

MR. SHELL: No, harness we raced there in 2000.

COMMISSIONER SHAPIRO: You're talking about harness racing at Los Alamitos?

MR. SHELL: Yes, under LAHRA.

COMMISSIONER SHAPIRO: That's fine. I don't have a problem with that.

MR. SHELL: That's all I'm speaking of. Is that

all right with you?

COMMISSIONER SHAPIRO: Okay.

MR. SHELL: Okay.

MR. BIERI: Steve Bieri, Capitol Racing.

Let us know when the first meeting is. We'll be there.

There was some aspersions towards Capitol Racing today that I would love to have cleared up. In the past, you had allegations made toward us that you checked out and you found to be inaccurate. You will find all of those other things that are coming to your ad hoc committee to be inaccurate also.

We are looking forward to something like this because we want to be exonerated, and we want to have our name cleared up. This has been too long to go this far. I applaud what you're doing and will be there with bells on.

CHAIRPERSON HARRIS: Move on. Next item is implant microchips for the identification of horses that regulate restricted area of horses shipped in and out of racetracks.

EQUINE MEDICAL DIRECTOR DR. JENSON: Dr. Ron Jensen, Equine Medical Director for the Board.

Microchips are a method of electronic animal identification. We've had discussions about this in the

past, so I won't go into the actual use of the microchips other than to say that these ongoing discussions are not only taking place in California; they are also going on nationwide. The national movement is going forward.

The United States Department of Agriculture has initiated what they call the National Animal Identification System, which deals with all livestock in the United States. It came about because of the outbreak -- one case of mad cow disease, where they'd, like, have a method of tracking all livestock in the event of an outbreak of an infectious disease.

The American Horse Council has a working group which represent the entire industry in this undertaking. The first step of the national program is going to be a premises identification. Each premise that raises livestock will have to have an identification system. This is a national initiative. It is apparent that it's going to be administered by the State Department of Agriculture.

So I inquired of the Veterinaries of California Department and NAG if they would consider racetracks as being a premises, and indeed, they responded that California racetracks would be considered a premise and would have to have a national ID number.

Also, Jockey Club, the American Quarter Horse Association, and the United States Association are seriously looking at microchips as a method for identification.

There's been a type of a chip that has been recommended. It's been approved and recommended by the International Standard Organization and consists of a microchip that contains 15 numbers. The first three numbers will be a country identification; the next three numbers will be breed identification, and the final nine numbers will be randomly selected by the National Standard Association and assigned so as to avoid any kind of duplication of a number.

Also, the Jockey Club through its encompassed racetrack management or racetrack office software is developing a method whereby they could utilize part of that system to develop a database to accept and to store the numbers so that they will be able to record and display microchip numbers.

In other words, when you scan a horse that has a microchip implanted, they'll be able to join up the number with the name of the horse.

So the technology is available, and there is a movement going forward on a national basis. So I think what has to be determined here is whether the

Board wants to begin such a program in California and realizing it will be the first racing jurisdiction to do so and realizing it will be a pretty big undertaking.

It's been done in other countries, 12 European countries. And as a matter of fact, the European Union has mandated that all horses will be using this recommended 15-character chip.

COMMISSIONER MORETTI: Does that mean that an American horse would have to have that chip implanted prior to racing over there?

DR. JENSON: I don't know that. I know that the -- what I read is that it has been mandated for all horses. It doesn't say domestic or foreign. My sense would probably be domestic. That could very well be.

COMMISSIONER MORETTI: My understanding is that it is a minimal cost and also a minimal health risk to the horse.

DR. JENSON: It's minimal, yes. It's the size of a grain of rice. It's implanted in the neck of the horse utilizing a device, and the cost of the chip is a price break if you buy over 5,000. From 1,000 to 5,000 chips for a standard chip is $8.25 cents per chip.

In addition they have a chip that can record the temperature when you scan it, and you get the reading of the temperature, and that comes to $10 per

chip.

If you buy between 5- and 10,000, the standard chip is 7.50 per chip. $9.40 for what they call a micro thermal chip, and that will read the temperature.

They also have some readers, some scanners. The price of those which are the -- in quantities of more than 10, that's $390. If you buy 20, it's $380. If you buy 30, it's $370. The cost of implanting, I'm not sure what it will be.

COMMISSIONER SHAPIRO: And after the horse is implanted, I'm assuming that there's no recovery time; there's no adverse effects?

DR. JENSON: It would be very similar to getting an intramuscular injection.

UNIDENTIFIED SPEAKER: Doctor, is there any other states that are looking at it?

DR. JENSON: Well, Kentucky is looking at it.

CHAIRPERSON HARRIS: If a farm wanted to start, how would you know what numbers to use or what chips to start with?

DR. JENSON: I think there's -- although I must confess, I'm not sure what that system is.

But since there is a central body, this International Standard Organization, which has

recommended the chip and they're going to assign the numbers, I would assume that you could do that.

COMMISSIONER MORETTI: Doctor, a few years ago we had a meeting which talked about the chip not simply for identification purposes, but that could keep records of the horse's health, and it also, essentially, could be used for clocking purpose, for more accurate records and to make sure that we know who's really out there running.

DR. JENSON: They are being developed, what they call interactive chips. And I'm not quite sure who has access to enter that data and how that data is changed on the chip. The ones that I'm familiar with are the ones that just identify the horse and record the temperature.

However, in addition to simply identifying horses going from the racetrack, it is helpful in accurate identification and rapid identification, be very helpful in the event of an infectious outbreak, or it would be very helpful in lost or stolen horses or getting good accurate population data.

COMMISSIONER MOSS: Is there anything the Board can do to expedite the implementation of these microchips as soon as possible?

DR. JENSON: Well, I think you can make a

requirement. My suggestion would be that there be some sort of an organized effort with the industry, would be the best way to go about it, and establish some sort of a timeline for implementing it and some sort of a timeline as to how soon it would be a requirement. The procedure is simple. The chip is available. When you implant the chip, of course, you have to be certain that you're putting it in the right horse, and then you have to be sure that the system is up and running.

The folks at the Jockey Club are moving on as well, and I guess I'd be remiss to say their position is not that it's going to do away with the tattoo. It's going to be in addition to the tattoo, but it is very possible to do.

I guess my suggestion would be a working group to try to determine what's the best way to go about it and how we are going do that.

CHAIRPERSON HARRIS: I think the Jockey Club has got to take the lead on it.

COMMISSIONER SHAPIRO: Is there any harm in a chip -- let's say we take Chip A. At our last medication security meeting, I believe this issue was brought up, and it seemed -- at least to be my understanding -- that there was a preferred chip in technology that was out there. So if we moved ahead and

worked out the procedures and how we could implant each horse and work with our horse identifiers to identify the horse and make sure it was accurate and moved ahead with one chip and then the Jockey Club went off and picked a different chip that isn't necessarily readable by the methods that they use, is there any harm in that horse to have two chips in him?

MR. JENSON: Not that I know of. And again, my conversations with the Jockey Club, they're supporting the use of this chip that I mentioned. It's called the ISO 1184, 1174, 1175. There are readers that will read multiple chips, but I think you'd want to try to have a system that would be compatible with what's going to be recommended by the Jockey Club. I think that's possible

COMMISSIONER SHAPIRO: Well, I think we learned a lesson lately that we don't know sometimes when horses are coming and going out of our own premises. And I think we should move forward to try and take the initiative because if the Jockey Club is investigating it, it could take so long. And I would like to see that we move forward to implement a system once and for all.

It's not very expensive. I think that we could start at our racetracks. We have horses and have a program where if we can implement all of the horses into the system and start to use it in a concurrent

capacity with our tattoo, I think we should move forward on this.

EXECUTIVE DIRECTOR FERMIN: It would be good, and I think we should move forward on this.

COMMISSIONER SHAPIRO: Can we establish a deadline for this to be included and when this comes back to
us -- and kind of have a deadline?

EXECUTIVE DIRECTOR FERMIN: We have a medication meeting for June; is that correct?

COMMISSIONER SHAPIRO: And I'd like to make sure there are sufficient meetings. That it's presented at our June meeting, a plan to implement a microchip program. You know, let's start with the thoroughbreds and then from there move to the quarter horses and go to the harness horses thereafter. In the interim, I would like to see us review our stable gate procedures, though.

CHAIRPERSON HARRIS: And I think what we need to do is see how fast we can move, what we can do to be a leader, but still have someone want to follow us.

MR. BIANCO: Was it Scott from UC Davis that already got us the information?

UNIDENTIFIED SPEAKER: They have used implants, microchip implants in their horses. They have 250

horses. So they use them, that I recall.

Also they're engaged in study to find out the reliability, if you will, of the chip that records the temperature in addition to the identification. But if you'd like, I'll continue to work on it.

And I'll perhaps contact the DOC and try to get some preliminary data to see the best way that we can go about implementing such a project.

EXECUTIVE DIRECTOR FERMIN: In the interim, we made a list of some suggestions. We just got ours right now, and I regret that.

Jackie, has associations or the horsemen or anybody else seen anything?

MS. WAGNER: I've emailed the suggestion procedures to TOC, and I did get a response at this point. We're still in the process of venting this out right now.

EXECUTIVE DIRECTOR FERMIN: I'd like to suggest going to review, if this is realistic, and see if we can't tighten things up as soon as possible.

COMMISSIONER SHAPIRO: I don't know that these Board actions can implement them, and would simply want to direct that you and our staff work very quickly to try to implement these procedures here so that we know at all times which horses are on the grounds and which

horses are not on the grounds and we have a clear record.

CHAIRPERSON HARRIS: I think we just need to make sure that these procedures are workable, but I agree we need to move on.

COMMISSIONER MOSS: Thank you. We heard some excellent suggestions fro NTRA Bettor Policy Committee, and they came up with some interesting suggestions. I would say that the idea of going to the favorite -- once there's a scratch -- is going to be changed in the near future. We're working on it. It seems the bettors are appreciative of that. There's also going to advances regarding to alternative wagers, regarding Pick 6, regarding Pick 3, and Pick 4 as well. There also might be some consolation payoffs.

Now there's papers being developed. We're going to present them to everyone when they are developed, and some of these changes might be in place by Del Mar Meet. So we're encouraged by that, and we appreciate, certainly, the suggestions made by Bob Charles and Mr. Quinn.

There's also been a discussion about the minimum wager amount. I've done some research on this and discussed it. It has been positive. And so far as allocating even the dime betting and in these areas we

think that this is something we will go ahead with as well in the near future. Insofar as we had the statement from the equipment people, scientific games talking about making greater investments in technology we feel good about that. I think that's kind of it. Thank you very much.

CHAIRPERSON HARRIS: Probably some rules or some things have been put in the rule-making process already.

COMMISSIONER MOSS: John recommended two items that are in the rule-making process, and that was one to, I believe, the Pick 6. When the race got changed from turf to dirt, that became an all win situation. Also, that's moving toward being accepted. And the other one was that -- I believe that after five races, Pick 6 had been done that we can publish what could happen in regard to Pick 6 and publicize that and make it more exciting for the fans, and that's on its way to being put into law as well. Certainly by Del Mar, these could be happening, and I think it will be a more exciting time for the bettors.

SENIOR MANAGEMENT AUDITOR REAGAN: It's my understanding that the current tote contract will be expiring, I believe, this September. So there's a process already in place here in California where the racetracks, I'm sure, are being courted by Scientific

Games and the other tote companies.

And it's during these time frames that I have always, in the past, laid low so that we are not involved in any contract. We are not seeming to push one way or the other. We are always neutral.

It's up to the racetracks to make their choice, and they have. They have no qualms about that. So we can always discuss this issues. I always become a little more careful during these time frames.

CHAIRPERSON HARRIS: It's up to them to make a choice. Everyone's got the same interest to have a system that is the very best system.

SENIOR MANAGEMENT AUDITOR REAGAN: And we are so limited in choices. It's not like we have a hundred competitors.

CHAIRPERSON HARRIS: Three big ones.

SENIOR MANAGEMENT AUDITOR REAGAN: Three, maybe 2 1/2. Still, not a whole lot of choices, you know. The racetracks can certainly investigate it and do whatever they have to do to make those choices.

CHAIRPERSON SHAPIRO: And, also, Chairman Harris's point that we are involved in as we looked at new types of wagering and new bets, I think it behooves us to be involved in a process to help the racetracks, you know, interface with us as they -- so I think we are

not going to have a case of certainty until we have it demonstrated to us.

CHAIRPERSON HARRIS: Okay. Let's move on the Race Date Committee.

COMMISSIONER SHAPIRO: The Race Dates Committee met yesterday, and the only issue on our agenda was to look at revisions to primarily -- Northern California fair to convert their dates to night Harness Racing. At that the meeting there was a general consensus, and the Race Dates Committee moved and approved a proposed rearrangement of the calendar.

It would be my recommendation that this Board is going to hear this at the next meeting. It will be presented and hopefully approved at that time.

Now, as of this morning, I think it was Humboldt County Fair was not present yesterday. They had a concern with one date, but other than that, the dates were pretty much worked out.

MR. TITUS: Sturt Titus, General Manager of the Humboldt County Fair. I was in fact at the meeting, but things are happening in somewhat of a different order as far as racing dates for this summer are normally concerned.

I've been following Cal-Expo issue since it first rooted three months ago. There are some concerns

of what that configuration looks like, and not having the opportunity to look at the calendar until after the meeting was over, I apologize; I was not able to make any comments on it yesterday.

But essentially, we will address the overlap -- essentially takes away what we are anticipating on opening day, on August 11, and we're way beyond the point where we can even think about that in terms of our obligations and from a legal standpoint with that request to reconsider that one day.

CHAIRPERSON HARRIS: I guess it wasn't opened. So we just switch those days. I don't -- hopefully, there will be no objections to that.

COMMISSIONER SHAPIRO: I don't think this is an issue that can be worked out. The calendar essentially -- it created less overlap, which was part of our goal. And then it had several less association fair overlap days, and it had four less fair overlap dates and 12 less cards. This may result where there is just one less of the non-overlap days, and I don't think that there would be a problem.

UNIDENTIFIED SPEAKER: Thank you

CHAIRPERSON HARRIS: Do we need to read in the record what the new schedule is?

COMMISSIONER SHAPIRO: Well, we're not taking

action on the schedule. It's not on our agenda today. So our next meeting we will take action.

And I think the only other race dates that mattered was having to do with Fairplex.

UNIDENTIFIED SPEAKER: Thank you, Commissioners. The 2005 Race Dates Committee granted Fairplex 17 consecutive days of racing this year, September 9, through September 25, and we are asking for a one-year experiment to amend that to go to a 16-day race meet, covered over the period of September 9 through September 26th is Monday and go dark Tuesdays. Again, this would be a one-year experiment.

We want to test this out. We go from 17 days to 16 days. We race on a Del Mar time schedule where we go Wednesday through Monday. We think that this is more typical of the racing calendar. And we would ask your approval to go ahead with this plan. We have talked with (inaudible), and he's here to address that, if you wish, and the TOC. Drew is at another meeting right now, but I believe he would support this as well.

CHAIRPERSON HARRIS: I would think -- can we act on it today, though it is not on the agenda?

UNIDENTIFIED SPEAKER: Commissioner, it's not on the agenda. Certainly we could put it on the May

agenda. We'd have to do separate items, one for L.A. County and one for the Northern Fairview arrangement.

CHAIRPERSON HARRIS: I think it's a step in the right direction.

COMMISSIONER SHAPIRO: That brought up a point that because it wasn't on the calendar today and the fairs want to get going, we couldn't -- we can't take an official vote on it, but we told them that we would try to get an indication from the Board on a nonformal vote basis.

Correct me if I'm wrong as to the calendar that was being proposed. Is there any problem that anybody has?

CHAIRPERSON HARRIS: Audience, have any problems?

COMMISSIONER SHAPIRO: Okay. Great. I think we fulfilled our obligation.

CHAIRPERSON HARRIS: Appreciate everyone being here. We'll adjourn.

(THEREUPON THE CALIFORNIA HORSE RACING BOARD MEETING ADJOURNED AT 12:54)

CERTIFICATE OF REPORTER

I, CAROL MATHER, a hearing reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Horse Racing Board meeting was reported in shorthand by me, Carol Mather, a hearing reporter thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this day of , 2005.

CAROL MATHER, Hearing Reporter