

0001

01
01
02
02
03
03
04
04
05
05
06
06
07
07
08
08
09
09
10
10
11
11
12
12
13
13
14
14
15
15
16
16
17
17
18
18
19
19
20
20
21
21
22
22
23
23
24
24
25
25
26
26
27
27
28
28

BEFORE THE CALIFORNIA HORSE RACING BOARD

STATE OF CALIFORNIA

ALAN LANDSBURG, CHAIRMAN

In the Matter of:)
)
The Regular Board Meeting of)
the California Horse Racing Board)
_____)

TRANSCRIPT OF PROCEEDINGS

Los Angeles, California

Wednesday, June 26, 2002

Reported by:
DIANA E. CONSTANCIO
CSR No. 12592
Job No.:
CHBL904

0002

01
01
02
02
03
03
04
04
05
05
06
06
07
07
08
08
09
09
10
10
11
11
12
12
13
13
14
14
15
15
16
16
17
17
18
18
19
19
20
20
21
21
22
22
23
23
24
24
25
25
26
26
27
27
28
28

BEFORE THE CALIFORNIA HORSE RACING BOARD

STATE OF CALIFORNIA

ALAN LANDSBURG, CHAIRMAN

In the Matter of:)
)
The Regular Board Meeting of)
the California Horse Racing Board)
_____)

TRANSCRIPT OF PROCEEDINGS, taken
at 5985 West Century Boulevard, Los Angeles,
California, commencing at 10:00 a.m. on
Wednesday, June 26, 2002, heard before
ALAN LANDSBURG, Chairman, reported by
DIANA E. CONSTANCIO, CSR No. 12592, a
Certified Shorthand Reporter in and for
the State of California.

0003

01 APPEARANCES:

01

02 Chairman: Alan W. Landsburg

02

03 Vice Chairman: Roger H. Licht

03

04 Member: Sheryl L. Granzella

04

05 Member: John C. Harris

05

06 Member: Marie G. Moretti

06

07 Member: John C. Sperry

07

08 Executive Director: Roy C. Wood, Jr.

08

09 Deputy Attorney General: Thomas A. Blake

09

10

10

11

11

12

12

13

13

14

14

15

15

16

16

17

17

18

18

19

19

20

20

21

21

22

22

23

23

24

24

25

25

26

26

27

27

28

28

0004

I N D E X

01
01
02
02
03
03
04
04
05
05
06
06
07
07
08
08
09
09
10
10
11
11
12
12
13
13
14
14
15
15
16
16
17
17
18
18
19
19
20
20
21
21
22
22
23
23
24
24
25
25
26
26
27
27
28
28

AGENDA ITEM NUMBER:

PAGE

1 - Discussion and action by the Board on the request to change the site for the allocated race dates for the Los Angeles County Fair (LACF) from LACF's Fairplex Park to the Santa Anita Race Track. 6

SPEAKERS:

PAGE

Jim Henwood 9
Bob Forgnone 10
Jack Liebau 12
Richard Crane 13
Craig Fravel 14
Sherwood Chillingworth 14
John J. Collins 17
Mace Siegal 18
Chris Corby 22
Peter Channing 29
Ron Liccardo 35
Richard Baltazar 36
Richard Silverstein 37
Cesar Dominguez 38
Ed Halpern 39
John Johnson 49

0005

I N D E X (Continued)

02	SPEAKERS:	PAGE
03	Melvin Stute	52
04	Elio Amato	54
05	Barbara Dutton	58
06	Eric Weissman	59
07	Warren Stute	59
08	Jack Van Berg	60
09	Robert Beam	61
10	Clifford Cyrus	62
11	Charlene Colbert	65
12	Liz Houser	65
13	Anthony Scott	67
14	Bob Lewis	70
15	Ward Flemming	74
16		
16		
17		
17		
18		
18		
19		
19		
20		
20		
21		
21		
22		
22		
23		
23		
24		
24		
25		
25		
26		
26		
27		
27		
28		
28		

0006

01 Los Angeles, California, Wednesday, June 26, 2002
02 10:00 a.m.

03

04

05 MR. WOOD: Good morning, ladies and gentlemen.

06 This is a regular meeting of the California
07 Horse Racing Board. It's being conducted on Wednesday,
08 June 26, 2002, and we're in the Crowne Plaza at L.A.X. on
09 Century Boulevard in Los Angeles, California.

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

14 Before we go forward with the business of
15 this meeting, I would respectfully request if you give
16 testimony in front of the Board, that you please state
17 your name and your organization for our court reporter.
18 Additionally, it would be helpful to the court reporter
19 if you have a business card to provide her with your
20 organization and your name on it.

21 With that, I will turn the meeting over to
22 our Chairman, Mr. Alan Landsburg.

23 MR. LANDSBURG: The agenda for today is one item.
24 Discussion and action by the Board on the request to
25 change the site for the allocated race dates for the
26 Los Angeles County Fair, LACF for short, from LACF's
27 Fairplex Park to the Santa Anita Race Track. That is our
28 goal and only goal on this agenda today.

0007

01 And there are a number of things I'd like to
02 give to set the table for this meeting if we can. An
03 administrative note, some of the material that you have
04 presented which arrived on the 19th, may or may not have
05 been able to be distributed to the public because of the
06 arrival at the cutoff date when we had to send out
07 packets to all those interested. So if it is not in
08 there, it's because of -- it's the lateness of its
09 arrival.

10 Before we begin our review of the request
11 from Fairplex officials to move their allocated race dates
12 from Pomona to Santa Anita Race Track, I'd like to point
13 out that instead of a swaddling baby, we have before us a
14 tradition-bound segment of California racing. It wants a
15 new home, and we're being asked to make a somewhat
16 Solomonesque decision.

17 We have before us and beside -- we have
18 beside us a rally meeting of salesmen for the Best Buy.
19 The cheers that you will hear have nothing to do with what
20 I am saying or any of you will be saying as you present
21 your opinions to this group. Just bear with the
22 cheering. It is not personal.

23 We have before us legal opinions assembled by
24 associates and principals of very fine law firms. They
25 raise matters of significance to clients who have pro or
26 con dispositions in this matter. We do not need a review
27 of each and every point. The arguments are a part of the

28 public record of this meeting. The Board has been given
0008

01 petitions signed by individuals seemingly track workers,
02 horse owners, trainers and patrons; but not displaying
03 any other identification, so it's hard for us to weigh
04 their merits.

05 The petitions fall on both sides of the
06 question. A rough count is less than 500 signatures. I
07 personally received 20 emails, lettering impassioned
08 pleas generally urging the Board to view the past
09 traditions. We also have the text of arguments presented
10 at the last Board meeting. What I'm trying to do is
11 isolate this meeting down to one issue. The goal of this
12 meeting is to be sure that the Board has heard all points
13 of view. Commissioners will have an opportunity to ask
14 questions of the petitioners and their supporters. We
15 will expect those questions to be answered in brief,
16 succinct statements. Please, let's not be here until
17 midnight.

18 If there are new points to be made pro or
19 con, register them today. Let's not retread discussions
20 made at our last meeting unless the Board requests
21 clarification. The Board can vote yes or no on the
22 Fairplex request. If yes, we may further determine that
23 approval be for a limited term, a trial period to
24 determine its real effect on -- into any racings. That's
25 a possibility. But there are others inherit in this
26 meeting, and I'd like to ask our resident A.G. to outline
27 the board's legal obligation in the wake of this meeting.

28 In effect, Mr. Blake, what are we obliged to
0009
01 do?

02 MR. BLAKE: Mr. Chairman, the Board's legal
03 obligation or duty is simply to vote on application for a
04 horse racing meeting when that application is presented
05 by the Los Angeles County Fair Association. At today's
06 meeting, the Association has not yet presented an
07 application and the Board is free to take testimony and
08 formulate its opinions, but no vote is required today.
09 What will be required is action to either approve or
10 disapprove the Los Angeles County Fair application when
11 it's presented, which my understanding is it will be at
12 the next meeting.

13 MR. LANDSBURG: Thank you. One of the questions
14 raised is whether or not Magna, or LATC as it is
15 preferred to be called in this resume, or Fairplex have
16 been given a financial interest in each other's racing.
17 I would like to hear pro or con and the information for
18 the Board on that question. Is there a commingled
19 financial interest involved in this proposed switch of
20 venue? Is there someone from LATC or LAFC to make a case
21 for themselves?

22 MR. HENWOOD: Good morning, Mr. Chairman,
23 Commissioners. My name is Jim Henwood, President of the
24 Los Angeles County Fair. And with me is our counsel,
25 Bob Forgnone, who represents the Los Angeles County Fair
26 Association in a variety of racing matters. I would like

27 to hand this question to Bob to begin the discussion
28 of -- because one is we have some confidential issues

0010

01 concerning our agreement with the LATC. I know that we
02 have supplied the agreement in total to the CHRB for
03 discussion among commissioners. But to the extent that I
04 can't totally respond to the question, I need to defer to
05 Bob for that.

06 MR. FORGNONE: Good morning, Chairman Landsburg
07 and Commissioners. Bob Forgnone, F-o-r-g-n-o-n-e, for
08 the Los Angeles County Fair.

09 You do have or each of you should have seen
10 by now a copy of the proposed L.A.T.C. signed lease
11 agreement between Fairplex, Los Angeles County Fair, and
12 Santa Anita.

13 That provision -- and I'm going to talk about
14 a few of the terms -- does not, in my judgment, give
15 Fairplex any interest in any race meeting run by Santa
16 Anita or the reverse. What it does is establish the
17 formula to determine what the rental payment will be to
18 Santa Anita for all that it does under the terms of that
19 agreement.

20 The rental formula could have been written in
21 any manner of forms and arrived at the same financial
22 consequences. It is written in the way that it is
23 written because, in fact, it is the simplest one to
24 administer; and the one least likely to result in any
25 arguments over time and testimony of accountants and all
26 of those sorts of things that can happen when one gets
27 into creative accounting and that standard.

28 So a formula was adopted that would rely upon

0011

01 numbers that were audited by the board and subject to no
02 legitimate debate. And with respect to those amounts, a
03 formula was derived whereby that rental portion would be
04 calculated and paid to Santa Anita for all that it does
05 under the terms of the agreement, which is namely to
06 provide a race track and provide some of the support for
07 the race track and provide areas at the race track for
08 the Los Angeles County Fair to conduct fair activities.

09 I trust that answered that question. If not,
10 I'd be happy to answer any questions. The problem here,
11 of course, is the confidentiality contained within the
12 lease agreement.

13 MR. LANDSBURG: Given that answer, is there any
14 argument or debate to that answer as to -- the Board, I
15 think, will want to entertain it now rather than wait for
16 a later point. Is there among commissioners or --

17 MR. LICHT: I have a question first for Tom. Is
18 the confidentiality proposal by the Magna and by the
19 County Fair enforceable or do we have to keep that
20 confidential?

21 MR. BLAKE: No. It's our opinion that if the
22 party chooses to submit the lease agreements or their
23 contracts, that they become public records; and they hand
24 that to the Board and would therefore be subject to a
25 request to the Public Records Act for a copy.

26 MR. LICHT: And is there anything that's any kind
27 of agreement -- additional agreement between you and
28 Magna that's not contained in that lease agreement or the
0012

01 entire agreement within the four corners of that
02 document?

03 MR. BLAKE: Well, there are actually three
04 documents that form the entire transaction. One is the
05 lease agreement which has been filed, there is a
06 memorandum of lease which will be recorded. And there is
07 a non-disturbance attornment and agreement as well to
08 ensure that in the event that Santa Anita ceases to be a
09 lessee of Santa Anita Company, which is the wholly-owned
10 subsidiary of Magna, that the lease will be made; in
11 effect, the successor lessor will be required.

12 MR. LICHT: As far as the financial point, that's
13 all contained within the four corners of that document?

14 MR. FORGNONE: You have seen what there is.

15 MR. LANDSBURG: Mr. Liebau.

16 MR. LIEBAU: Jack Liebau, Los Angeles Turf Club.
17 I'd like to direct my question to attorney general --
18 assistant attorney general, associate attorney general --
19 whatever they call him.

20 Mr. Blake, in the regulations that are
21 promulgated by the California Horse Racing Board, there
22 are certain matters that are set forth and that are
23 confidential having to do with social security numbers
24 and things of that nature. Based upon --

25 (Laughter)

26 MR. LANDSBURG: We warned you about it, Jack, so we
27 all have to live with it.

28 MR. LIEBAU: -- based upon what you just said, are
0013

01 all other documents filed with the commission subject
02 to the information act; and public and specific reference
03 to your prior ruling with respect to the TVG agreements
04 in which Bay Meadows, Golden Gate Fields, and Santa Anita
05 have a direct financial interest in, and to which you
06 have ruled that we are not -- that they are not to be
07 made available to us? Thank you.

08 MR. BLAKE: The rule in question, and it's the
09 CHRB 1497, and it provides that -- among another
10 information that may be kept confidential are statements
11 of personal worth and financial data used to establish
12 the applicant's personal qualifications for a license.
13 And that is the standard that the Board staff will or
14 should apply in determining what remains confidential and
15 what doesn't.

16 In the matter that's before the Board today,
17 it doesn't appear that the leases and memorandum that
18 Counsel spoke of qualify under 1497.

19 MR. LANDSBURG: Can we come back to the question
20 now of commingled interest and hear points of view on
21 that particular question?

22 MR. CRANE: Mr. Chairman, my name is Richard Crane
23 with the law firm of Musick, Peeler, and Garrett,
24 representing Hollywood Park.

25 What I just heard is that the rental fee is
26 based on a formula that relies on numbers. If the
27 numbers are attached to the handle, realizes
28 discretionary under 19483 and 19484 with this Board; but
0014
01 if the handle affects the contract, then we feel that
02 this violates the 17-week rule which is not discretionary
03 in giving to Magna additional race stakes which are not
04 allowed under the statute.

05 MR. LANDSBURG: Are we discussing commingled funds
06 or not? That's the question that this Board has got to
07 try and assay. So I'm asking for further clarification.

08 MR. FRAVEL: Mr. Chairman, Craig Fravel, Del Mar
09 Race Track.

10 Unfortunately, no one else in this room has
11 any ability to respond to that question because we don't
12 have this document. And for us to sit here and argue pro
13 or con with respect to terms of that agreement is a futile
14 exercise. And, you know, I think that just points out
15 the unfairness of the situation and asking everyone else
16 in the room to give an intelligent response to a proposal
17 without having been provided the document. And I'd love
18 to give you an intelligent reason to answer with respect
19 to your question, but I don't have any information.
20 Nothing.

21 MR. LICHT: I'd like to ask Oak Tree because it's
22 my understanding that Oak Tree has a lease where Santa
23 Anita participates also in the -- in the gross
24 commissions that are earned. If Santa Anita participates
25 in commissions earned by Oak Tree, what would be the
26 difference between the county fair doing that?

27 MR. CHILLINGWORTH: Well, Mr. Commissioner --

28 MR. LICHT: Identify yourself.
0015

01 MR. CHILLINGWORTH: Sherwood Chillingworth,
02 Oak Tree Racing Association.

03 THE REPORTER: I'm sorry. Repeat that again.

04 MR. CHILLINGWORTH: Sherwood Chillingworth,
05 Oak Tree Racing Association.

06 We have a lease with Santa Anita in which
07 even our own accountants are sensitive about a
08 description; however, we are perfectly willing to make
09 that document public. And all of you can take a look at
10 it and see the ramifications of it. Part of the -- I
11 mean, there is an expense reimbursement provision that
12 depends on handle. There is also a thing called a "sweep"
13 which in effect affects part of the net profits. So it's
14 a very difficult document to describe in a five-minute
15 dissertation here, but we'd be very happy to waive
16 whatever rights we have to confidentiality to make this
17 document public.

18 And I agree with Mr. Fravel. It's very hard
19 for us to respond to a document that we haven't even seen.

20 MR. LICHT: You need to answer my question. Does
21 Santa Anita participate in the revenues from Oak Tree?

22 MR. CHILLINGWORTH: Yes, they do.

23 MR. LICHT: It's not a fixed --

24 MR. CHILLINGWORTH: It varies. There are four or
25 five factors that affect what their participation is.
26 Is that satisfactory?
27 MR. LICHT: Yes. Thank you.
28 MS. GRANZELLA: Excuse me. Is your agreement
0016 based upon the handles?
01 based upon the handles?
02 MR. CHILLINGWORTH: Well, our agreement is based
03 upon -- sorry, I didn't see the voice over there. Yes,
04 it's -- there is a reimbursement based upon -- we
05 reimburse them for management, use of their management
06 which is based upon handle. There's also a thing called
07 the "sweep" which takes into effect the -- what we pay
08 them in the way of the handle and then they get part of
09 the net profits. So we're at risk as well as they are at
10 risk. The more we make, the more they make. So it's not
11 a gross lease.
12 MR. LANDSBURG: I think what we are trying to
13 determine as a Board is a basis for making decisions.
14 The question before the Board, if it cannot be answered
15 now, may have to be answered at some later date; but at
16 the moment the only answer the Board has is that
17 apparently, according to LACF, there is no commingling of
18 funds per se.
19 Is that an accurate description or not?
20 MR. CHILLINGWORTH: That is accurate.
21 MR. HARRIS: I'd like to also ask -- it seems to
22 me that clearly without the period of confidentiality of
23 the agreement, that the L.A. Turf Club does have a
24 financial interest in that the better the meeting does
25 the more you are going to make. And the worse -- it's
26 tied. It's not a flat rent situation where it's
27 immaterial to you how the success of the meeting is. So
28 I don't see how you can really say you do not have a
0017 financial interest when success or failure of the meeting
01 is rewarding to you.
02 MR. FORGNONE: Well, of course the fair has a
03 financial interest in its race meeting. And if it's a
04 profitable meeting -- if it hasn't started being
05 profitable, it will be in the future, we suspect. Sure
06 it has a financial interest. But what we're talking
07 about is how do you decide what amount of rent you are
08 going to be paid? The leases are always written --
09 commercial leases -- with a rent and percentage rent
10 triple net leases. Everybody is familiar with that type
11 of transaction. In this case, the better the race
12 meeting does, yes, the better each of the participants
13 will do.
14 MR. HARRIS: That's the part of the thing that's
15 logical. That's the way it should be. As I understand
16 that creates a problem as far as a race --
17 MR. FORGONE: If it does, Commissioner Harris, it
18 creates a problem for a lot of organizations that have
19 operated under leases; because I have yet to see a lease
20 in California that does not have that feature. And I
21 have seen many.
22

23 MR. COLLINS: Mr. Chairman, for the record, my
24 name is John J. Collins. I'm the attorney for Oak Tree.
25 And I adopt the comments of Mr. Crane and Mr. Fravel and
26 Mr. Chillingworth. Thank you.

27 MR. LANDSBURG: Then given the fact that there is
28 very little, if any, response to the commingling of
0018 funds, which we are trying to determine as part of this
01 entire process, I would have to say that at the moment
02 the only answer the Board has in front of it is no; and
03 that we may have to put it over to a later time depending
04 on the activities and actions of other people to find out
05 whether we have a true answer to that question.

06 Let me move on to other points that we would
07 like to hear discussed. One of them is a matter of map
08 registration, I guess. We're trying to determine how far
09 Fairplex is from Santa Anita? And how do you measure
10 that properly and where does the final word -- where does
11 the measurement start? Where does it end? Since the
12 20-mile limit is apparently a point of question in many
13 of the statements that were made to the Board in the last
14 meeting, so I welcome commissioners and/or audience to
15 comment on this.

16 I'm sorry -- Mr. Siegal, identify please.

17 MR. SIEGAL: Mace Siegal, GOC Director.

18 We have a lot of experience, Alan -- excuse
19 me, Mr. Commissioner, with that in the real estate
20 business, and restrictive clauses where you restrict a
21 tenant from opening a store within a certain distance.
22 And that distance has been adjudicated, and it is
23 measured as the crow flies merely with a compass on a map
24 of the area.

25 MR. LANDSBURG: That's still -- the question is
26 since the 20-mile limit is so vital in determining -- I
27 don't know that the Board has a map or the crow to
0019 measure it.

01 (Laughter)

02 MR. SIEGAL: Any civil engineer for less than a
03 hundred bucks will answer the question.

04 MR. LANDSBURG: With our budget, that's hard to
05 find.

06 MR. SIEGAL: I'll advance the money.

07 MR. FRAVEL: Mr. Chairman, Craig Fravel, Del Mar
08 Race Track.

09 In one of our submissions, we included
10 several publications from Mapquest. And I realize the
11 internet is not the final authority on everything; but I
12 went to the Mapquest web site, which some of you may be
13 familiar with, and dialed in the two addresses, which I
14 got off the respective two entities, and came up with
15 doing the shortest route as opposed to the fastest route;
16 came up with anywhere between, I think, 18.7 miles and
17 19.98 miles on Mapquest. And I believe those are in your
18 packets.

19 I also went to the Santa Anita web site which
20 conveniently enough -- and I commend them on their
21

22 efficiency -- has a "get directions" function on it. So
23 I went in and dialed in the directions from the address
24 for Fairplex and went to Mapblast!, which I didn't even
25 know existed; and came up with something less than 20
26 miles as well, 18.98 again or something along those
27 lines, both of which are driving directions. And if you
28 look at those maps, you'll see they squiggle around all

0020

01 over the place. And I would tell you, you don't need an
02 engineer or a compass to figure out as the crow flies is
03 shorter than those driving directions.

04 If you want to take regulatory notice, if you
05 will, of Mapquest and Mapblast! on the Santa Anita web
06 site, I think you can come to a pretty rational
07 determination that it's less than 20 miles. Thank you.

08 MR. CHILLINGWORTH: More importantly, because of
09 the closeness issue, I drove it and followed the
10 circuitous pattern recommended by one of the map web
11 sites, and I got 18.98 miles. And I tried to make it as
12 generous towards LATC and Pomona as I could. If I could
13 drive it under 19 miles following the crooked path, it's
14 obviously -- as the crow flies, if you got an aerial
15 photograph on it and measured the distance on a finely
16 graduated scale, it would be well under that distance.

17 MR. LANDSBURG: That's Mr. Chillingworth.

18 MR. LIEBAU: Jack Liebau again. Maybe if we can
19 have just a little humor, maybe we could have a CHRB
20 investigator check out his speedometer whether it
21 actually measures in hundredths. If so, that's going to
22 be somewhat new.

23 (Laughter)

24 MR. LIEBAU: In any event, I take it that -- just
25 so we all understand what's going on about the 20 miles,
26 I take it that if by chance the Board in its discretion
27 had deemed it appropriate to approve the transfer of the
28 venue from Fairplex to Santa Anita, that the opponents

0021

01 here are arguing that the satellite at Pomona would have
02 to be shut down. And it's very difficult for me as a
03 person who is in racing as an owner and breeder and
04 operated a few tracks, that anybody would get up here and
05 argue that a satellite, especially a satellite of
06 Pomona's magnitude, should be shut down. And I guess
07 that's where we are here today.

08 MR. LANDSBURG: Mr. Chillingworth.

09 MR. CHILLINGWORTH: Sherwood Chillingworth,
10 Oak Tree Racing.

11 In a more modern age, I convert my things to
12 a decimal system. And I could do that aeromagnetically.
13 However, I mean, now the argument is -- was originally
14 that the distance between the two tracks was more than 20
15 miles. Now that it's -- I think it's pretty well
16 demonstrated that it's less than 20 miles. The argument
17 now becomes, well, we really need the satellite. I mean,
18 we're kind of winding this thing around in a circle.

19 MR. LANDSBURG: It's an important part of the
20 Board's need to make a decision to understand what the

21 rule is that we're dealing with, what the law is that
22 we're dealing with, and how important is it that the
23 satellite be in operation or not in operation and whether
24 or not this is a basis for denying to LAFC what it
25 requests.

26 MR. CRANE: Richard Crane, again, representing
27 Hollywood Park.

28 We're not here to rewrite the law. We're
0022

01 here to interpret the law. This is a nation of law and
02 state law. The law is 20 miles. If it's less than 20
03 miles, then that's it. And that's the position of my
04 client.

05 MR. LICHT: There is in the statute -- Jack Liebau
06 and I had a discussion about this before.

07 Maybe you could explain to all of us in more
08 detail what this pending law is with respect to Vallejo
09 and that satellite situation.

10 MR. LIEBAU: Unfortunately, I have to admit I
11 haven't read the law; but I think that Craig Fravel is
12 probably very familiar with it because he's a lobbyist
13 and has been active against the law. Maybe Craig can say
14 what the law is.

15 MR. LANDSBURG: I think Chris --

16 MR. CORBY: Chris Corby, Executive Director of
17 California Authority of Racing Affairs.

18 I believe the bill to which you are referring
19 is a bill which would assure that a fair that has
20 conducted live racing, and for whatever reason chooses not
21 to conduct live racing any longer, can be assured that
22 they have a satellite wagering facility that continues in
23 operation. Is that --

24 MR. LICHT: That -- yes. That sounds about the
25 essence what Jack told me.

26 MR. HARRIS: Does it address the idea that you
27 don't conduct -- you continue to conduct live racing, but
28 at a different place -- but you still want to have your

0023
01 satellite?

02 MR. CORBY: Yes. That's my understanding of the
03 bill.

04 MS. MORETTI: Do you what the bill number is,
05 Chris?

06 MR. CORBY: I'm sorry. I don't know it off the
07 top of my head.

08 MR. LANDSBURG: It's a little hard trying to find
09 the rationales for either side of this argument. Go
10 ahead, Chris.

11 MR. CORBY: I would just like to represent our
12 longstanding understanding of the requirements for
13 licensing a satellite facility is that the facility have
14 been a fair -- that it has been conducting fair
15 activities for the requisite number of years. And that
16 the applications to the Horse Racing Board be endorsed by
17 the Department of Food and Agriculture.

18 MR. LANDSBURG: Again, I'm still not sure where
19 that leads us.

20 MR. FORGNONE: Bob Forgnone on behalf of the
21 Los Angeles County Fair.

22 Two points. First is that there is no
23 question that as the crow flies, the location of the
24 satellite facility at the Los Angeles County Fair to the
25 satellite facility or grandstand at Santa Anita is less
26 than 20 miles. There is no question about that. The real
27 question is the one that you raise. What does the
28 statute mean?

0024

01 When he says 20 miles, indeed, the opposition
02 to the Los Angeles County Fair in road miles is the
03 barometer by which to determine whether the 20-mile
04 perimeter as it is or is not violated.

05 As a practical matter, if you do that, it
06 requires where you measure from. What has happened is
07 the road distances used by Mapquest turn on the address
08 of the fair which is located on the street, not by the
09 satellite perimeter. If you add the distances from the
10 satellite perimeter at Santa Anita and at the Los Angeles
11 County Fair, you come up with about 21.1 miles; so it's,
12 you know, it's how are you going to measure this?

13 More importantly, in a letter that I wrote to
14 your Deputy Attorney General, Mr. Blake, I believe it was
15 on the 19th -- it doesn't matter, because the application
16 of 19605(b) is prospective. You have to remember -- you
17 have to go back -- that the original satellite wagering
18 law was enacted in 1987. Was checkered 12/87 the statute
19 is 1987. That there was a bill that so many of us in
20 this room spent so much time developing and dealing with
21 Senator Ken Maddy to get enacted so we could have indeed
22 satellite wagering in California.

23 Three years later -- the original bill which
24 was then 15 -- 15696.6 of the Business and Professions
25 Code, did not contain any 20-mile limitation, but
26 nonetheless, many satellite facilities were built. Funds
27 were expended to build this network since the enabling
28 legislation was passed in 1987. The L.A. County Fair, in

0025

01 fact, spent money building a satellite facility at Santa
02 Anita and many, many others -- Del Mar.

03 But if you read 19605(b), it talks to the
04 future. It talks about the locating of a satellite
05 facility within 20 miles of an existing satellite
06 facility. The Los Angeles County Fair's facility was
07 existing in 1987, and it was existing in 1990 when
08 19605(b) was enacted. The purpose of that statute -- and
09 there were discussions at the time -- was to protect the
10 existing satellites from the incursion of new satellites
11 within a 20-mile perimeter.

12 So it doesn't matter with respect to L.A.
13 County Fair whether it's 20 miles or 18 miles or 22 miles,
14 because the statute was not intended and is not written
15 and the words do not speak to by doing away with the
16 license of a satellite -- of a satellite that existed in
17 1990 when section 19605(b) was enacted. To do otherwise,
18 would be to deprive the L.A. County Fair and others from

19 property without due process of law.

20 So really it doesn't matter. I don't think
21 that the issue is really, really important to us. While
22 it might apply to other satellites, it certainly does not
23 apply to Los Angeles County Fair because it existed when
24 that statute was enacted.

25 MR. CRANE: Mr. Chairman, may I read for the
26 record the language of the statute. Section 19605,
27 subsection B,

28 "Not withstanding any other
0026

01 provision of law, no satellite
02 wagering facility except the facility
03 that is located at a track where live
04 racing is conducted shall be located
05 within 20 miles of any existing
06 satellite wagering facility or any
07 track the Racing Association conducts
08 a live racing meeting.

09 "However, in the northern zone"
10 -- this is obviously the intent of
11 this -- "in the northern zone a Racing
12 Association or any existing satellite
13 wagering facility may waive
14 prohibition contained in this
15 subdivision and may consent to the
16 location of another wagering facility
17 within 20 miles of the facility or
18 track."

19 And I'm Richard Crane representing Hollywood
20 Park.

21 MR. LICHT: This whole line of argument to me
22 really bothers me because if we were to grant the right
23 for the fair to move to Santa Anita, I can't believe
24 there is one race track in the state that would like to
25 see Fairplex's off track facility shut down, not one.
26 And that everybody -- the opponents to this move are
27 trying to use this as a sore to some way maybe put the
28 fear of God into Fairplex, and that if they were to move

0027
01 they would lose their satellite facility.

02 Craig, are you telling me that if this is
03 shut down, you would like to see -- if this is allowed to
04 move, you would like to see the Fairplex --

05 MR. FRAVEL: No, Mr. Chairman. And I do think you
06 are probably right that this is, to some extent, being
07 used as a weapon, if you will. And the fact of the
08 matter is that this Board has the obligation, as has been
09 pointed out by Mr. Forgnone's comments, to determine what
10 is in the best interest of racing.

11 The issue of whether they can continue
12 legally to operate that satellite seems to me to be a
13 fundamental component to that decision. And I personally
14 think that if you go ahead and grant it, for us to say,
15 "Well, you are going to have to close it down" is probably
16 shooting ourselves in the foot. But I do think we all
17 have an interest in this Board following the law.

18 And I also believe that -- Mr. Forgnone is a
19 much better lawyer than I. If I was as good as he is, I
20 wouldn't be in the racing business probably. I would
21 have kept being a lawyer. But what we have here is the
22 situation where he is saying on the one hand, you know,
23 Fairplex is no longer a fair. Santa Anita is now a fair.

24 And by the way, for purposes of satellite
25 wagering, Santa Anita is not a fair. The race track is
26 actually at Pomona now.

27 We all have an interest in these laws being
28 followed. And one of the reasons we have interest in
0028

01 that is because we all cut deals when these things were
02 passed. I mean, they were based upon certain promises,
03 assumptions. And you know, dirty as the legislative
04 business is, yeah, I have an advocate up there. I'm
05 sorry. They advocate a position for us; but, you know,
06 as tough as that is, there is a lot of give-and-take that
07 takes place in these things.

08 Now they are asking for a radically different
09 situation than those Mr. Forgnone referred to in 1987.
10 So, yeah -- and I understand it sounds illogical that we
11 would be arguing that, but I do think you guys have to
12 take into account the overall good of the business, and
13 whether or not they are legally entitled to continue
14 that.

15 You know, it may be of interest to the
16 San Bernardino satellite. I don't know how close they
17 are, but they may pick up business. You never know what
18 kind of self-interest may play out in these things. And
19 people have a right to expect laws to be followed. I
20 don't think that's illogical. I think it all factors
21 into whether this ultimate transaction is in the best
22 interest to racing.

23 MR. LANDSBURG: We have to follow the law. The
24 law is the -- what permits us to do our work. And we
25 have to follow it in the best interest of racing. This
26 is a question of are we legally within the 21.9 or 18.6
27 that you found? And I'm not sure that I have the answer
28 to that, whether or not as the crow flies is the

0029
01 standard. We're wavering between two points of view,
02 each of which is being used to justify a position. And
03 I'm not sure which one legally is correct because there
04 are two different positions being taken legally.

05 So we have still more to be determined from
06 this discussion. And it is a vital part of this
07 discussion because it will come into being in a second
08 framework, which is numbers of racing dates in the central
09 zone, which also has a mileage contingent to it.

10 These are not easy questions you are putting
11 before the Board and asking for a determination here.
12 And I'm not sure that we can, in fact, in this second
13 hearing reach a determination because we don't have an
14 official documentation of the request as part of a racing
15 license.

16 Let me move on from the -- from the --

17 MR. CHANNING: Peter Channing (phonetic)
18 representing the Magna Entertainment Corporation. Just a
19 point of information for Commissioner Licht.

20 The bill is the Strickland Bill, Tony
21 Strickland. He's a member of the TOC and a good member
22 of the TOC it's his bill 2554, which is coauthored by
23 Assembly Members Briggs of Fresno, Pat Wiggins of Sonoma.
24 And that bill is out of G.O. and on the senate side, and
25 it's on its way or sits in the Committee for
26 Appropriations on the senate side now. It's Assembly
27 Bill 2554.

28 MR. LANDSBURG: So we may have to wait for another
0030 determination; is that correct, Mr. Blake?

01 MR. CHANNING: And, Mr. Chairman, when I stepped
02 out in the foyer and some of the Good Guys asked if we
03 could keep it down in here.

04 (Laughter)

05 MR. LANDSBURG: I hope you gave them a warning on
06 our behalf.

07 Mr. Blake.

08 MR. BLAKE: The Board's obligation is to follow
09 the law as enacted. And what the meaning of the law is
10 doesn't actually (inaudible) illustrated by or eliminated
11 by what the legislature may be considering now.

12 MR. LANDSBURG: Thank you.

13 MR. HENWOOD: Mr. Chairman --

14 MR. LANDSBURG: Identify --

15 MR. HENWOOD: I'm sorry. Jim Henwood, L.A. County
16 Fair.

17 On this Strickland bill, I had the
18 opportunity of being up in Sacramento yesterday. And part
19 of the discussion with one of the fair managers that is
20 involved with this bill was subject matter dealing with
21 the subject we're here today to talk about. And in the
22 concept of this bill, the suggestion was from some tracks
23 here in Southern California that Fairplex be excluded
24 from this bill specifically, and that the bill be split
25 from a Northern California just to a Northern California
26 bill and specifically exclude us.

27 And I think that is the concept of the
28

0031 pressure that you are talking about in the waving of the
01 sword. And there are these discussions going on outside
02 this room, and it is part of the political game that we're
03 in. But, again, I think we all need to be constructive
04 here to what is in the best interest of the industry, and
05 we view our satellite wagering facility as important to
06 the industry at large.

07 MR. LANDSBURG: If there is any more discussion at
08 this point, I welcome it. If not, we can move on.

09 Is LACF racing at Santa Anita or is LACF
10 racing at a fair? It's a fair question to put in front of
11 you because it will determine some of the legal grounds on
12 which this will be decided.

13 Can we have comment from those in attendance
14 or Board members who wish to pursue that further?
15

16 MR. LIEBAU: Jack Liebau, Los Angeles Turf Club.

17 I think that the commission could take
18 administrative notice of prior interpretations by
19 other -- by their predecessors, in that the San Mateo
20 County Fair, for instance, races at Bay Meadows, has
21 never been counted as anything other than a fair and has
22 never impacted the dates that could be allocated to
23 either Bay Meadows or Golden Gate.

24 In the Southern Zone, I think that there also
25 have been two instances when the fair -- the Orange
26 County Fair ran at Los Alamitos that was considered to be
27 a fair by your predecessors. And way back when -- I can
28 vaguely remember, but I do know that this -- the States

0032

01 are here and I'm sure they could recall too -- that there
02 once was either a San Diego County Fair or a Del Mar
03 County Fair, or something of that nature, that was a fair
04 meet that was run at the conclusion of the Del Mar race
05 meet. And it's my recollection that the running of those
06 dates did not impact in any way the 43 days at Del Mar.

07 All I'm doing is pointing out that the past
08 interpretation of the section has been that when a fair
09 runs at a Racing Association that -- that there has never
10 been any thought that running of those dates impinged the
11 number of days that a fair association could run. And
12 that is the present interpretation going on in the
13 Northern Zone right now, the past has been in the
14 Southern Zone

15 MR. CHILLINGWORTH: Sherwood Chillingworth,
16 Oak Tree Racing.

17 I believe -- I can't give the section, but
18 my recollection is that there's a special statutory
19 revision for allowing the San Mateo County Fair to run at
20 San Mateo. And it was -- if you have to have a statutory
21 provision for that particular instance, then the opposite
22 would seem to apply; unless you do have a statutory
23 exemption, you can't do it.

24 And to say that a fair was run at Del Mar
25 after the Del Mar races, or you had something the Orange
26 County Fair ran at Los Alamitos -- if there was a mistake
27 made before, there's no justification for perpetuating a
28 mistake. Now, what I think people think of fairs, they

0033

01 think of a fair as I think of a fair -- L.A. County Fair
02 which has always been a great fair, and not transporting
03 two bales of hay and a wine tasting operation to a track
04 to say that that's a fair. I mean, any commonsense
05 interpretation of what a fair is, it's not that.

06 MR. HARRIS: It seems to me that there is some
07 flexibility on the part of the Board to allow a fair to
08 run someplace else; but the case needs to be made that
09 there is a compelling need to do so. For instance, at
10 San Mateo in San Mateo County and that's the only race
11 track in San Mateo County that they can run at. So
12 that -- that's what creates the need. But in this case,
13 I just haven't heard the case made -- a compelling need
14 not to run at Pomona, but rather run it at Arcadia.

15 MR. LIEBAU: Jack Liebau again. I don't mean to
16 pick on Mr. Chillingworth because I've already picked on
17 him about his speedometer. But I really am unfamiliar --

18 MR. LICHT: Odometer.

19 MR. LIEBAU: Odometer.

20 MR. CHILLINGWORTH: You don't make mistakes.

21 MR. LIEBAU: That I do. I think that perhaps
22 Mr. Chillingworth does also because I'm unaware of any
23 special exemption for the San Mateo County Fair over the
24 last -- since 1992, since I've been there was specific
25 authorization.

26 MR. FORGNONE: Bob Forgnone on behalf of the
27 Los Angeles County Fair.

28 Mr. Landsburg, I read these regulations like
0034
01 love letters. I've lived with them for 20 years. I can
02 tell you that Mr. Chillingworth is wrong. There is no
03 such provision in the law that exempts the San Mateo
04 County Fair from any requirement that it states be county
05 or not county (inaudible) California.

06 The fact of the matter is the statute uses
07 the word "at the fairs." That's what we're talking about.
08 It has historically been interpreted by this Board to
09 mean "by fairs." Otherwise, you could never have
10 approved the applications of San Mateo to run at Bay
11 Meadows without reducing the dates of racing up there
12 from 44 weeks to 42. You could never have approved the
13 applications of the Orange County Fair to run at Los
14 Alamitos. So historically this Board has interpreted
15 those words to mean "by fairs."

16 And it would be injudicious and probably
17 unlawful for this Board to change its interpretation of
18 these words which is historically -- historically used
19 when it comes to deciding a case of for or against the
20 Los Angeles County Fair in deciding the same, and then
21 differently for San Mateo or Orange County.

22 MR. LANDSBURG: The Board --

23 MR. FORGNONE: One other thing. With respect to
24 Commissioner Harris's comments, there is no requirement
25 of the statute that a compelling case be made, only that
26 this Board find that such a move is in the public
27 interest. Maybe we're saying the same thing.

28 MR. HARRIS: I think pretty close to that. I just
0035
01 haven't heard, from your comments, the case is in the
02 public interest.

03 MR. LANDSBURG: I think that -- Mr. Laccardo, if
04 you give me one moment.

05 I think that one of the -- one of the
06 arguments that I have found missing in all of these
07 discussions is, is this an advantage for racing in
08 California or is it a disadvantage?

09 Here's the scale. I have heard a lot of
10 bickering over law, but I have not heard compelling
11 reasons -- as Commissioner Harris has not heard a
12 compelling reason -- why this should or should not be an
13 advantage to California. That's our goal. That's our

14 charter, and that's where we're headed. If we continue
15 this piecemeal swordsmanship, I don't think we're going
16 to find the answers to the most important question before
17 this Board.

18 Mr. Liccardo.

19 MR. LICCARDO: Ron Liccardo, Parimutuel Employees.

20 I probably should have spoken a little
21 earlier. As you know, our position has been neutral of
22 this because of ADW. But if this outcome affects the
23 satellite closing all year-round, we reserve the right to
24 change our opinion.

25 Thank you.

26 MR. LANDSBURG: We have heard from you. Thank
27 you.

28 I'm sorry. Identify, please.

0036

01 MR. BALTAZAR: Richard Baltazar (phonetic), horse
02 trainer in California.

03 I was called by the TOC a while back about
04 this whole situation. And there is a lot of reasons I
05 disapprove of moving the meet to Santa Anita because I
06 think what's in the best interest of the horse itself
07 is -- a lot of these horses get a rest from DelMar and
08 all the racing when the fair opens, and horses need a
09 rest.

10 I don't think there is no necessary reason
11 for turf racing in -- at a fair meet. I think the horses
12 need a break, I think they stay sounder. And also I
13 think a lot of people look forward to going to the fair,
14 you know. There is a lot of horses that can't win 10,000
15 and go to the fair and win races. I really don't think
16 that -- that at Santa Anita there needs to be any racing
17 there during this time.

18 A lot of people also look forward to Oak Tree
19 opening up, and that break from Del Mar to Oak Tree is
20 what -- it's like three or four weeks. And when Oak Tree
21 opens up, and they have 30-, 45,000 people there, they
22 are looking forward to the Oak Tree meet.

23 That's basically what I wanted to say.

24 MR. LANDSBURG: Thank you for the comment. It's
25 always welcome from people who are day-to-day involved in
26 the actual movement of horses around the track, so we are
27 interested in hearing it. If you have more to say or a
28 point of view to produce, please do so.

0037

01 MR. SILVERSTEIN: Richard Silverstein, independent
02 jockey agent.

03 I want to speak for many of us who are in the
04 trenches on a day-to-day basis.

05 348 days a year we are on a playing field,
06 it's supposed to be an equal playing field and we come out
07 and play; 17 days a year we go to Pomona. Personally
08 speaking, 20 percent of my annual income comes in 17
09 days.

10 Many agents -- Ron Anderson started at
11 Pomona. He now rides Jerry Bailey. Bob Millboro
12 (phonetic) started at Pomona; Kenny Jones and Frank

13 Oliveras. Craig O'Brien (phonetic) started at Francisco
14 -- met at Pomona and on and on. As far as jockeys, they
15 showcase their talent in Southern California. If it
16 wasn't for Pomona, we would have never had the emergence
17 of David Flores. Victor Espinosa, Ben Garcia, and Joe
18 Valdivian and Cory Black, who is now retired, all got
19 their starts -- got a chance to showcase their talent in
20 Pomona.

21 As far as horsemen go, I've seen stables come
22 and go. I've seen Fat Apple, Billy Caeser, and Stanley
23 Huff, and many trainers come and go through Southern
24 California. A group of owners, trainers like Juan
25 Garcia, Alfredo Marquez, Jeff Mullins and many others
26 have come to Pomona; they have been successful and they
27 have stayed.

28 And 15 years ago, I used to see a hundred
0038
01 races -- a hundred horses, excuse me, and a maiden 25 or
02 32. Now I see sometimes six, eight horses. We need
03 horsemen to come to Southern California. We need
04 horsemen to be able to compete and make money. And 17
05 days a year these horsemen who choose to race at Pomona
06 have that chance to make money. Thank you.

07 MR. LANDSBURG: Thank you.

08 MR. DOMINGUEZ: Cesar Dominguez, thoroughbred
09 trainer.

10 What Rich just said is very true. Pomona is
11 for the little people. And like you guys said, it's for
12 the industry; and without the little people, we won't have
13 an industry. We got to have the purses that can come to
14 the races and have the cheap horses win a race, make a
15 living because they've been broke, they haven't paid their
16 bills; and Pomona gives them that chance.

17 The big guys will take their vacations. I
18 mean, we don't need them; but what's best for racing?
19 What's best for a fair? Santa Anita? Santa Anita is not
20 a fair, it's a rate-one track. We need Pomona. Pomona is
21 for the little guys that need that one win to get them by
22 over the hump.

23 Thank you.

24 MR. LANDSBURG: Thank you Cesar. I just want to
25 point out that --

26 MR. DOMINGUEZ: Oh, another thing. People say
27 that we need -- we need Santa Anita for breeders cup
28 prep. That's bull. How many horses have you seen go out

0039
01 of California in the month of September for a prep?
02 Never. Thank you.

03 MR. LANDSBURG: Cesar, thank you. I just want to
04 once again point out that there are lots of opportunities
05 for racing even at Santa Anita. And how many trainers
06 would rather have a picture at Santa Anita than have a
07 picture at Fairplex? Just a winning picture? That's a
08 curiosity on my part, not a comment that is meant to put
09 down what you are saying.

10 Mr. Halpern.

11 MR. HALPERN: Ed Halpern, California Thoroughbred

12 Trainers.

13 Mr. Chairman, Commissioners, those issues
14 that were being discussed as I walked in -- the technical
15 and legal issues such as propriety of percentage rent,
16 distance of satellite facilities, are all of great
17 importance to this Board, no question, and within the
18 purview of what this Board should be listening to. But
19 from what I hear, and from what I'm sure we all heard,
20 those issues will at some point probably be determined by
21 a court of law.

22 What I would ask is that this Board consider
23 the very broad implications of the action you take here.
24 Included in your powers is the decision to make a
25 determination that's in the best interest of the entire
26 industry. So that in looking at the factors that are
27 presented to you, you must also or should also consider
28 the precedent that would be set for movement of race

0040

01 meets and sales of race meets, or things that may equal
02 or be similar to sales of race meets that are being done
03 at a time different from the decision of how we allocate
04 race meets.

05 There are many nuances to consider in
06 determining where a race meet should be held, and given
07 the number of people here and the different points of
08 view you heard -- and I won't repeat all the points that
09 are made in all the letters that have been submitted to
10 the Board about those nuances; but there are multiple
11 nuances that must be considered, such as the possible
12 future loss of Pomona as a training facility.

13 Are we enhancing that possibility by letting
14 them get rid of their race dates? It's certainly not a
15 certainty either way but it is a consideration in the
16 nuances. The effect that a move would have on the influx
17 or the exodus of trainers and horses, the introduction of
18 the new fans to racing, et cetera, et cetera, all of
19 those have been outlined in the many communications.

20 The issue before you should be decided when
21 dates are assigned; otherwise, the market for those dates
22 is thrown wide open. And every time this commission has
23 a hearing about race dates, it should be open to an
24 application from anybody who thinks they would like to
25 get those race dates, and then determine what to do with
26 them. If we take the facility and the location of the
27 meet that's been offered out of the determination of race
28 dates, we change the whole equation. And that, I don't

0041

01 think, is the way that this Board wants to operate. And
02 it certainly is not the way I would prefer to operate as
03 a trainer.

04 I would just close by saying that if the
05 consideration is what is in the best interest of racing,
06 and that this move of Pomona is in the best interest of
07 racing, why is every other segment of this industry
08 against it? You'd think one of us who walk on the high
09 moral plane would have got up and said, "You know what,
10 we think this is in the best interest of racing." Yet,

11 not one other segment of the industry has done so.

12 Thank you.

13 MR. LICHT: Has your Board taken a formal vote --
14 the CTT Board?

15 MR. HALPERN: Yes. Our Board's position was
16 that -- as was stated in our letter -- this Board should
17 leave Pomona at Pomona this year, and take up this issue
18 when there is proper time to give full consideration to
19 all the implications.

20 MR. LANDSBURG: I'm afraid time is pressing on us;
21 but I would like to ask, have you polled your membership?

22 MR. HALPERN: We have polled our membership. And
23 the results of our membership were three to one in favor
24 of leaving the meet at Pomona this year. And that's not
25 a hundred percent poll. We polled about, my guess, is
26 about 60 members; but it was a random sample.

27 MR. LANDSBURG: A random sample of 700 trainers.
28 I find that hard to equate, that's all, as a direction of
0042
01 your group.

02 MR. HALPERN: Well, I understand your concern and
03 that's why we did do the poll; but one must consider that
04 as in any democracy, you elect people to represent you,
05 and hopefully they reflect your views on the overall
06 scale of things.

07 MS. MORETTI: And may I ask you, what is your
08 definition of what you would consider proper time? What
09 would be proper time for you?

10 MR. HALPERN: Well -- time for consideration of
11 this matter? I think race dates, when you are
12 considering the whole picture of where racing should be
13 and how the -- that movement interacts with the total
14 industry, so it should be done at the time those dates
15 are assigned.

16 MS. MORETTI: My understanding is Fairplex is not
17 asking to change its dates. It's asking to change its
18 venue; correct?

19 MR. HALPERN: Right. And my point is really that
20 the venue is part of the consideration in the race dates
21 assignment discussion.

22 MR. HARRIS: One question, Ed.

23 When we originally did the dates in 2002, we
24 gave Pomona 17 consecutive days because that was the only
25 time that they could run days at their meeting at Pomona;
26 and also, that coincided with running the fair there.
27 Now, if you move to Santa Anita, how would the
28 trainers -- the trainers like the idea of 17 consecutive
0043

01 days, or the trainers and the owners prefer more
02 traditional five- or six-day weeks?

03 MR. HALPERN: Commissioner Harris, I remember that
04 discussion. And there was a lot of discussion about how
05 that affected the whole calendar and when we take breaks
06 and how we take breaks, and everything sort of revolved
07 around the fact that we need this segment right here for
08 Pomona because that's when they run their meet; which
09 reflects back on my argument about why this should all be

10 done at one time when we do race dates.

11 The answer to your question directly is,
12 without polling my members I think I can say that you
13 would find almost 100 percent uniformity in the idea that
14 racing 17 straight days is a bad idea. It's difficult on
15 the help. It's -- without going into all the factors,
16 there is no question that it's something that people would
17 not favor.

18 MR. LANDSBURG: To what extent -- to what extent
19 is changing the venue of this Pomona meet going to change
20 the number of races available to trainers, the number of
21 starts available to trainers? And I see --

22 Sir, I direct this to you as well. Are you
23 going to lose starts for your horses? Are you going to
24 lose opportunities to prove people, whether it be in a
25 bull ring or in a mile track? It's a question that I
26 have.

27 I keep hearing we should stay at Pomona
28 because it has Ferris wheels. I'm not sure that that is
0044

01 in the best interest of racing. We should stay in Pomona
02 because it gives more people opportunities. Is that
03 what's going to have happen here? Do we have a
04 Nostradamus who can tell us whether that is what's going
05 to happen if we move -- if we allow this move? And I
06 don't know that we'll allow the move.

07 And I want input that says, "Here is racing
08 and here's what we are going to lose if we don't race at
09 Pomona." I don't see it. It's the same calendar of
10 races, a few extra turf races I saw in the book; but
11 that's about all. Most of it is the same races I would
12 have seen in Pomona on a somewhat more traditional and
13 important track.

14 MR. HALPERN: Well, to answer your question in a
15 Nostradamus fashion, if we have a Nostradamus he is not
16 standing at the mike right now. I think what you do is
17 you raise very complex issues that do need full
18 discussion; and I don't know the answers, but certainly
19 there are differences in racing on the mile track than
20 racing on the five-eighths mile track.

21 There are -- just off the top of my head --
22 certain people that would race on the five mile --
23 five-eighths mile track, but not -- or will not race on
24 the five-eighths track, but would race on the mile track
25 at Santa Anita. So there are some subtle differences
26 that are going to make the composition of the fields very
27 different. I personally believe they will be very
28 different, but I don't have either the time or ability to
0045

01 give you those differences.

02 MR. LANDSBURG: We have someone else --

03 MS. MORETTI: Sorry. I had -- not for you, but to
04 follow up on a point.

05 Mr. Henwood, could you address Mr. Halpern's
06 concern about the potential future loss of the training
07 facility? How do you view that?

08 MR. HENWOOD: Yes. Thank you very much,

09 Commissioner. It's Jim Henwood with the Los Angeles
10 County Fair.

11 First and foremost is the industry -- I'm
12 hearing and I'm complimenting them about their
13 viewpoints -- in this room has said much about the
14 tradition and pageantry of our race meet. Thank you.
15 Thank you very much for saying that. We love to hear
16 that.

17 More importantly, part of the tradition of
18 our race meet is predicated on the ability for us to have
19 a unique training environment, as was suggested in
20 testimony just a few minutes ago, because we do create an
21 opportunity for trainers that wouldn't have a more
22 challenged ability to make revenues otherwise. Training
23 at Fairplex is vital, in our opinion, to our race meet
24 and to the industry. We do not have training at Fairplex
25 today. The reason we don't have training at Fairplex
26 today is because the industry, those who are here who are
27 testifying, felt in their best wisdom that it would be
28 good to cut our training in half.

0046

01 Our trainers, we know about a hundred of them
02 are sitting over at Santa Anita. The rest we don't know
03 where they're at, and we don't know how long they are
04 even going to be in business. But we need training at
05 Fairplex, and we at Fairplex are vitally concerned about
06 the ability to continue that in the future. We need
07 industry support. We need the composition of our
08 training restored. And we need our Pomona horsemen back
09 at Fairplex.

10 Either way we go, whether we run our race
11 meet at Santa Anita or you decide it's in our best
12 interest as to the industry -- interest of this industry
13 to have our race meet run in Pomona, we need training at
14 Fairplex. And we are very committed to that.

15 MR. HALPERN: I don't know that I want to argue
16 with Mr. Henwood, but I would say that my -- my feeling
17 is that it's another -- it's another nail in the coffin
18 of that facility. And the less tie they have to the
19 racing, the more likely is that someone somewhere down
20 the road comes out and buys out the Berrett's interest
21 therein and builds a shopping center.

22 MR. WOOD: Mr. Chairman --

23 MR. LANDSBURG: Yes.

24 MR. WOOD: Mr. Henwood, could you explain a little
25 more detail why there is no -- you said there's no
26 training there now. Would you explain to the Board how
27 that came about? Why there is no funding or how that
28 works?

0047

01 MR. HENWOOD: Yes, and I will make my best stab at
02 it. But training at Fairplex has been an issue for the
03 last five years. And it has brought itself to the
04 surface in a variety of ways.

05 It's chiefly around the industry's interest
06 to provide training at San Luis Rey Downs in San Diego.
07 And ultimately, this past year the industry wanted to

08 provide assurance of about a million-and-a-half dollars of
09 support for San Luis Rey Downs. And I -- San Luis Rey
10 training facility -- I came to the conclusion it would be
11 to the best interest of racing that Fairplex Park and its
12 Pomona horsemen and its training facility should be cut
13 in half to support that funding need.

14 Our training requirements at Fairplex run
15 about \$3 million per year, which is funded through
16 SCOTWINK. SCOTWINK handles the Banning stabling
17 responsibilities for the State and they took half of that.
18 They took a million-and-a-half dollars and gave it to the
19 San Luis Rey Downs. They did it at our objection, and
20 they did it unanimously. Their effort -- and that's a
21 difficult issue to follow.

22 And I know we have Pomona horsemen in here
23 that have great difference with me because I'm not
24 attaching this whole subject matter in this concept of --
25 in lieu of our race meet, but it is vital. We do need
26 training. And our interest is to have that training
27 restored because it's part and parcel about what we do. I
28 can't tell you, nor can anyone in our organization tell
0048

01 you when we didn't have training at Fairplex. We have
02 always been a training center. And it's still very
03 shocking that the industry stood up and said, "We don't
04 need you anymore."

05 MR. HARRIS: Well, I think it's important to
06 realize though that that was the industry's money from
07 the tracks and the horsemen and it's really their
08 decision on how to spend it. But I don't know if the
09 Board can really intervene and -- in how they spend their
10 money.

11 MR. HENWOOD: Yes, Commissioner, I agree with you.
12 I think that that's the nature of how a democracy is
13 working at play. But here today, we are hearing many,
14 many people talk about the importance of our Pomona
15 horsemen and they don't have that strong a voice as other
16 industry leaders out there. And I'm hearing very
17 passionate pleas about the quality of our race meet and
18 very, very passionate pleas about our training. And I
19 think this is a very good subject matter for the CHRB to
20 hear testimony on because it's, in part, part of the
21 reason why we have had to make this choice.

22 MR. LANDSBURG: But it is not really the Board's
23 choice in this respect --

24 MR. HENWOOD: I understand.

25 MR. LANDSBURG: -- it's that of the horsemen.

26 MR. HENWOOD: I understand.

27 MR. LANDSBURG: Other than that --

28 You've been waiting patiently.

0049

01 MR. JOHNSON: John Johnson on behalf of the C.O.C.

02 Mr. Chairman and Commissioners, if I can just
03 talk about initially -- I can comment a little about what
04 Mr. Henwood is talking about.

05 Yes, SCOTWINK has a stabling banning fund and
06 he is correct that the board, SCOTWINK board, elected to

07 spend \$3 million this year for banning stabling. That
08 comes one-half from purse money, one-half from track
09 commissions, but otherwise not of that. And we elected
10 to give one-and-a-half million to Fairplex for the
11 trainers over there.

12 And I believe Jim indicated that about half
13 of that training was cut out. Well, that wasn't quite --
14 not correct. They did cut out some of the day's fees.
15 The trainers got together and figured out the best way to
16 handle that, how we could -- what days to eliminate.
17 They arrived to a satisfactory conclusion. But we are
18 spending the one-and-a-half million and that goes to
19 Fairplex at their daily rates, which have just 7200
20 around to 7300 a day now. They've gone up continuously
21 over the years. It might be shift in on some of that if
22 they wanted to continue training there to -- that would
23 help out. That isn't what I was really here to talk
24 about. I just wanted to briefly talk on the --

25 MR. LANDSBURG: I agree, Mr. Johnson, that we
26 are -- that we are off track. Can we come back on track
27 and find TOC's point of view about this? And may I begin
28 with a question just asking you if you polled your owners
0050

01 or your Board for its answer on the position you are
02 taking?

03 MR. JOHNSON: My position I'd say will be the
04 Board's position.

05 MR. LANDSBURG: Thank you.

06 MR. JOHNSON: First of all, I believe some of the
07 proponents of this move have indicated, well, let's try
08 it this year; and if it's isn't good, well, we'll forget
09 it and we'll go back and do something else. But I think
10 it's the feeling of many of these present that let's try
11 to make the right decision the first time. To do that,
12 you might have to run a 64 at the Fairplex meet. I gave
13 you a run at 63, why not run a 64th and take this
14 additional time and figure out what the best way is.

15 And our Board -- because we believe in the
16 Fairplex meet, but we also believe there may be a better
17 way to go and a better way suggested today. Maybe those
18 days -- those 17 days might be better used if they were
19 reallocated among other major racing meets in Southern
20 California. That might be a better solution. I'm not
21 going to suggest those dates.

22 You have a letter from us that's dated June
23 19th. It talks about the reallocation of dates. And
24 that isn't set in stone or anything, but that might be
25 something for this Board to consider if that was the
26 feasible way to go. And so you're asking -- or heard Ed
27 saying if we are all supporting, you know, another year
28 to consider this Fairplex year, run the meet at Fairplex.

0051
01 I just want to note to you what the current TOC board
02 position is. That's it.

03 MR. LANDSBURG: Just out of curiosity, would
04 owners -- having been an owner and still having interest
05 in horses, are owners better off with racing at -- which

06 is really the question before this Board -- better off
07 with racing at Pomona or racing at Santa Anita, or
08 Fairplex than Santa Anita? Where do owners stand to make
09 the most gain?

10 MR. JOHNSON: I don't know the -- that formal
11 position on that. I think many owners believe the best
12 interest is to race at major racing associations; but not
13 maybe 17 days preceding the Oak Tree meet. As to whether
14 suggesting possibly reallocation where Del Mar could open
15 a few days earlier and move Hollywood Park around a
16 little bit, you have to consider that and study the
17 allocation.

18 MR. LANDSBURG: With all due respect, I don't
19 think we're talking about reallocation. This allocation
20 has been made. It's where these dates are going to be
21 run. And this is the Board's consideration, and we will
22 not at this moment talk about reallocation.

23 MR. JOHNSON: I don't believe you should. It
24 would only be if you were not to make this move to Santa
25 Anita, you could reconsider that issue if you so desire.

26 MR. LANDSBURG: I don't know whether we are going
27 to make a move or not. I don't know whether it will even
28 be decided today, but certainly not on a basis of
0052

01 reallocating dates as a basis for judgment.

02 MR. JOHNSON: Thank you.

03 MR. SPERRY: Mr. Chairman, a question that I would
04 have would be, which owners? The big, big, big owners
05 that generally have large stables or the small owners and
06 trainers that you have at the fair?

07 MR. LANDSBURG: If you want me to give you a
08 definition, I think I can, John. I know that --
09 Commissioner Sperry -- I just feel that when owners or
10 when -- as somebody pointed out, this is a good vacation
11 for trainers. Vacations for owners are never profitable,
12 big or small, because the only way we come out in the end
13 of the day as owners is when our horses are racing and
14 earning purses. So I respect the trainers' need for
15 breaks and the horses' need for breaks; but I also
16 respect the owners' need so that they can earn income.

17 MR. HARRIS: It seems like it comes from all
18 parties to bring that to our kitchen. And I've gotten a
19 lot of correspondence from owners opposing the move, but
20 I haven't gotten any from the owners suggesting the move
21 to be prudent.

22 MR. LANDSBURG: I'm just questioning it, John --

23 MR. HARRIS: We need to get that on the record.
24 If it is a fact that the owners want to move, somebody
25 needs to say so.

26 MR. MELVIN STUTE: My name is Melvin Stute. I
27 have been training at Pomona since 1947, I believe.

28 (Applause)

0053

01 MR. MELVIN STUTE: I haven't gotten rich there,
02 and I want you to know that; but I enjoy it and I still
03 enjoy it. I think it's a tradition. Something that
04 horse racing needs to do is carry on more tradition, and

05 Pomona is a tradition to me. And Cesar was right. Are
06 you going to run a \$2500 claiming race at Santa Anita, a
07 mile and a half? It's just going to belittle Santa Anita
08 to do a thing like that. So I believe we better stay at
09 Pomona where we have our little old-fashioned horses
10 running around the track two or three times. Sometimes
11 we have a jockey that forgets how many times around.

12 (Laughter)

13 MR. MELVIN STUTE: And, Mr. Henwood, I don't know
14 how you could represent -- I have. 50 years. I know
15 every one of those guys along with their little stands.
16 If you close horse racing, how are those people going to
17 survive? I mean, everybody goes in the races goes by
18 their stand. Now with no racing, what's going to happen
19 to all those little guys? I'm sure they are going to
20 sell their spots, and Molly is going to want to know
21 where the money is.

22 Thank you very much.

23 (Applause)

24 MR. HENWOOD: Mr. Commissioner, Mr. Chairman, if I
25 might, Mel -- Mel is --

26 MR. LANDSBURG: Please identify.

27 MR. HENWOOD: Jim Henwood, Los Angeles County
28 Fair.

0054

01 You just heard from the winningest trainer at
02 Los Angeles County Fair and a person who is a great
03 friend of the fair. The individual that Mel was
04 referring to is Molly Johnson, a Board member emeritus.
05 And we take great heart to every comment that Mel
06 indicates. And I think he says that with also an
07 interest to say, "Hey, Industry, let's get behind the
08 fair and support it if you, in fact, want that to
09 happen."

10 Thank you.

11 MR. LANDSBURG: Go ahead, please.

12 MR. AMATO: Elio Amato, President of Fairplex
13 Owners and Trainers Association, an organization formed
14 in the later part of last year. May I approach and give
15 the commissioners this?

16 MR. LANDSBURG: We can't -- Elio, we've said it
17 and said it so many times. We cannot accept material for
18 judgment or consideration in this meeting that's not
19 presented seven days in advance.

20 MR. AMATO: I wasn't made aware of that. My
21 fault. I'd like to make one -- two comments here.

22 Mr. Halpern has stated the possibility of
23 Berretts being sold and therefore possibly the demise of
24 racing and training if the racing dates are moved. I've
25 just been made aware -- and I believe the "L.A. Times"
26 printed it in today's paper, I believe they talked to
27 Mr. Henwood -- I stand to be corrected if I'm wrong --
28 yesterday that he struck a deal with the other partner to

0055

01 buy them out. And if that is the case, then that would
02 put him in a position to where if he were to move the
03 dates from Pomona to Santa Anita or anywhere else, that

04 would leave no other contractual agreements that would
05 force him to keep the track open; therefore, it would be
06 very easy for him to tear down the grounds and do what
07 they please.

08 If I'm not mistaken, they are not interested
09 in malls or theatres or ice rinks. Well, it's interesting
10 because they may not be interested in it now; but when I
11 spoke to the mayor a week ago or so at his office, he
12 said that they were turned down for all three of those
13 permits. And certainly my concern here is I don't think
14 that we have a C.E.O. that is interested in horse racing
15 whatsoever. I do believe that his interests lie
16 elsewhere. I do believe trying to move the dates is just
17 a ploy to further his desires which are not the desires
18 of the horsemen. Once the meet is moved, I really
19 believe he does have carte blanche if, in fact, he does
20 or will own the other half of Berretts. And I think that
21 will be the end of that.

22 The one last comment. Commissioner Moretti
23 had made some comments at the last meeting that I wasn't
24 at up north in regards to labor. I don't recall their
25 names, but two people -- one representing -- both
26 representing the unions had stated that basically they
27 probably wouldn't be affected. Well, who would be
28 affected, not from just the move; but if the move were to

0056
01 be made and Berretts were to be sold or whatever
02 Mr. Henwood decides to do with it, then we would lose all
03 the trainers, all the people that go with that, all the
04 people on the back side. I mean, it would just snowball.

05 I think that's basically our position, and
06 the horsemen hope that you make the best decision for us.
07 Thank you.

08 MR. LANDSBURG: Mr. Henwood, I'd like to reserve
09 an answer to the future -- whatever future planning we
10 can be assured of in terms of Fairplex in whichever
11 direction the Board moves. But I do believe we've been
12 here an hour and a half. There are a lot of people that
13 need a break, and so we're going to take a break. In 10
14 minutes, please come back.

15 (Recess)

16 MR. LANDSBURG: Ladies and gentlemen, may I have
17 your attention, please. Will you please take your seats.

18 MR. WOOD: Thank you very much.

19 MR. LANDSBURG: It is the intent of this Board to
20 finish this meeting no later than 1:00 o'clock. Let us
21 try to keep our remarks down that otherwise we will be
22 going long.

23 Mr. Henwood, I believe you are next because
24 we asked you to comment on the question of whether --
25 wherein lies the future of Fairplex as a race course.

26 MR. HENWOOD: Yes, Mr. Chairman. Jim Henwood,
27 Los Angeles County Fair.

28 I am on record to talk about the racing
0057
01 track, the grandstand area, the stabling area, and the
02 Berretts facility. And in that record, I have said that

03 it's our interest predicated on industry support to
04 continue to utilize those facilities for training and for
05 the auctioning of horses on a year-round basis. If it is
06 the discretion of this Board that we run our race meet
07 there, we will run our race meet there as well.

08 And at record, that is my testimony.

09 MR. LANDSBURG: We'd like you to go one step
10 further, just for the record, which is would that mean
11 this year and next year and the following year? Or is it
12 limited to this year's racings?

13 MR. HENWOOD: No. The dealings we have regarding
14 training and the functioning as centers of Berretts
15 Equine Limited, which is the thoroughbred auctioning
16 facility, we are looking to do this in a long-term
17 nature. This is not a short-term discussion. This is a
18 long-term discussion.

19 But again, I might be mindful to everyone in
20 this room, the concept that the Los Angeles County Fair
21 Association has stated the capacity to underwrite
22 training, you might even take that right off the table.
23 We don't even have the financial resources to do that.
24 We just like Mike. In order for us to be a training
25 facility, we need to have the industry support for
26 training at Fairplex.

27 MR. LANDSBURG: Thank you.

28 That is the record and that's where it stands
0058

01 right now for those who are concerned at Pomona. It is
02 not a full enough answer, but I take your answer for what
03 it is worth at this time.

04 MS. DUTTON: My name is Barbara Dutton. I'm a
05 horse owner.

06 I believe one of the commissioners asked how
07 larger owners feel about this. I consider myself a
08 larger owner. I either own or own part of 132 head of
09 race horses, thoroughbred race horses. I am very
10 concerned about Pomona closing down. We have stake
11 horses, we have claiming horses, and we have very cheap
12 horses. And we need some place to run your cheaper
13 horses.

14 If Pomona closes down, we will have no place
15 down here to, except ship out of state or -- where?
16 Because even at Bay Meadows and Golden Gate, some of
17 these horses do not fit. And then also if you take and
18 put all of the horses over at Santa Anita, where are you
19 going to house all of these trainers that come in with 5,
20 10 head of horses from Arizona, Golden Gate Fields, Bay
21 Meadows? There are not enough places to house these
22 horses.

23 So all I have to say, I'm against it. I'm an
24 owner, and I'm against it.

25 MR. LANDSBURG: Thank you.

26 MS. DUTTON: And as having my picture taken,
27 Mr. Landsburg, I don't care where I got my picture taken
28 as long as I have it taken.

0059

01 (Applause)

02 MR. WEISSMAN: Eric Weissman (phonetic). I don't
03 have no official standing. I'm just a fan.
04 I've been going to Pomona since 1947,
05 although not in Mr. Stute's capacity. I saw this
06 organization when the Pomona handicap -- captured a lot of
07 memories there. I would hate for that tradition to go.
08 And many new fans come to the races because of the
09 exposure to Pomona. The main tracks are overraced. The
10 first two races at Hollywood Park, there's a race with six
11 horses, a race with five horses. I don't think we need
12 more big track dates.

13 We are in an -- big companies are swallowing
14 up small companies with the current disastrous results of
15 the stock market. I just hate for another event of
16 something big swallowing something small and costing
17 small people's livelihoods and costing fans their
18 pleasure of going to Pomona.

19 Thank you.

20 MR. LANDSBURG: Thank you.

21 MR. VAN BERG: Age before beauty.

22 MR. STUTE: Yeah.

23 (Laughter)

24 MR. WARREN STUTE: My name is Warren Stute,
25 thoroughbred trainer. And I have a sentimental feeling
26 for Pomona because in 1939 I won my first race there as
27 an owner. I was too young to have a trainers's license.
28 But I think what a lot of these people are missing is

0060
01 that we need people to be exposed to racing. And I think
02 that Pomona, a lot of people who don't go to the races
03 are exposed to the races. And maybe if they see it, they
04 may come back. And we need to expose racing one way or
05 another. And I do believe that we should keep racing at
06 Pomona.

07 Thank you.

08 MR. LANDSBURG: Thank you, Mr. Stute.

09 MR. VAN BERG: I'm Jack Van Berg, horse owner and
10 trainer. Chairman of the Board, Horse Racing Board.

11 Ladies and gentlemen, I think that we have to
12 take into consideration that when you stop Pomona, you
13 are going to stop a lot of the little people. And
14 anytime whatever business you are in, you put out the
15 little people.

16 I've trained some of the best horses in the
17 country. I've trained a lot more of the worse ones in
18 the country, but you have to have a place for your horse.
19 And we're getting so much competition from the people in
20 the east that have slot machines. I was on the phone
21 this morning with Mountaineer Park, a \$4,000 claiming
22 race, \$17,000 purse, and these people -- two, three of
23 them every week -- five of them every week trying to buy
24 our horses. And when you eliminate these, you are going
25 to end up with Santa Anita, Hollywood, Del Mar, you are
26 going to end up with three or four steals.

27 There's more of this than you see. So I
28 think you have to weigh into consideration to keep the

0061

01 little people. And like Warren says, if we get young
02 people coming to Pomona, they get attached to the fairs,
03 and every good horse player started at the race track when
04 they were young, not when they were 16. Because then
05 they were chasing the girls and the girls chasing the
06 boys. So you got to get them young, if you are going to
07 start.

08 Thank you.

09 MR. LANDSBURG: Thank you.

10 MR. BEAM: Mr. Chairman, Board, my name is Robert
11 Beam (phonetic). I'm an owner, breeder, and a trainer.

12 I agree exactly with what Jack said. My
13 horses in particular that I raise and breed, I always end
14 up somewhere in July and August of having horses that will
15 do at Pomona. So I keep them in training just to go to
16 Pomona that won't do at Santa Anita. And generally
17 seldom after Pomona meet to go out of state.

18 I'm stabled at Santa Anita right now. And
19 I'll guarantee you that once or twice a week I have people
20 from Colorado, from Chicago, from New Mexico, and from
21 Mountaneer Park saying do you have any horses for sale?
22 Well, I have horses that I'm saving for Pomona right now,
23 and I'll be selling my horses if there is no Pomona.
24 These are the kind of horses that have an advantage at
25 Pomona because they are small horses and they may be
26 quick horses and they don't do as well at Santa Anita.
27 So I'm really in favor in keeping Pomona open.

28 Thank you very much.

0062

01 MR. LANDSBURG: Thank you.

02 MR. CYRUS: Clifford Cyrus, trainer, owner,
03 breeder.

04 What Pomona puts out for the small person is
05 money. That's what keeps the game going. And -- like if
06 you are at Del Mar, and you got a horse that should
07 really go up north; and you say, we got Pomona coming so
08 let's run them one more time at Del Mar so it benefits
09 Del Mar.

10 And then you run him at Pomona and he wins.
11 And then the owner says, oh, let's try him at Oak Tree.
12 So he runs okay at Oak Tree. So then you go, oh, we got
13 the fall meet at Hollywood. So now, you've kept that one
14 horse around for about five more races which we need
15 desperately down here because there's a shortage of
16 horses. And it keeps the little guy alive in this game.

17 It's a very important meet. Everybody enjoys
18 it. We all have a good time. The benefits just don't
19 point to Santa Anita having the meet. And Pomona also,
20 like Warren said, people get in for free -- people who
21 have never seen a race horse. Because they're in the
22 fair for free, they mosey up and watch horse racing. All
23 of a sudden they might bet on a winner and we get another
24 horse player.

25 So I think to all of us horsemen, Pomona is
26 very important. Thank you.

27 MR. LICHT: Cliff, I want to ask you a couple of
28 questions. When you say "in free," and the other side of

0063

01 that coin is that regular horse players have to pay way
02 more to get into Pomona than they have to do to get into
03 the regular or Santa or -- so I think that -- I don't
04 know if you have any kind of feeling about that.

05 MR. CYRUS: How do they do that?

06 MR. LICHT: You can't pay to just get into the
07 race track at Fairplex. You have to pay fair admission
08 which is significantly more than the admission to the
09 race track.

10 MR. CYRUS: Well, that's true. But they always
11 figure out a way to get in.

12 MR. LICHT: I don't know if you had an opportunity
13 to look at the book -- the proposed book for Fairplex at
14 Santa Anita. It does include a lot of the lower level.
15 So is it the track itself that you feel is important or
16 is it the purse structure here?

17 MR. CYRUS: Not so much -- like Barbara said,
18 where do you -- okay. All of the sudden you are at Santa
19 Anita. Now you're going to tell the guys who are going
20 to come and run the Pomona meet at Santa Anita, you got
21 to go to Santa Anita. So Pomona, you got to ship over
22 the day of the race.

23 Well, you know how hot it is that time of the
24 year. And they lose a little edge by shipping over
25 because there are -- just isn't enough stalls to house
26 all these horses, especially the ones that are getting
27 ready to run the Oak Tree meet. Plus it keeps the Santa
28 Anita meet from not being worked on 13 times a day.

0064

01 Keeps that track a little livelier for the upcoming meet,
02 the horse is a little sounder, and a little more relaxed
03 atmosphere for three weeks before Oak Tree starts.

04 MR. WARREN STUTE: Excuse me. Warren Stute again.
05 I forgot something.

06 What I'd like to say is I'd like to say
07 something for the mom-and-pop stable which I was a jip
08 for years and years before I got a bigger stable.
09 They're all up at the fairs now trying to eke out a
10 living and none of them -- the only ones you have heard
11 from are the trainers here at Hollywood Park and Santa
12 Anita. I think you should consider the fair people who
13 are the backbone of Pomona racing, and I'm sure that they
14 want to see Pomona go on. It's next to the last fair in
15 the circuit. And I believe a lot of them would say
16 something if they were here.

17 Thank you.

18 MR. LANDSBURG: Thank you.

19 MR. NASH: Christopher Nash. I'm a trainer and
20 owner.

21 I would like to echo what all the trainers
22 have said and make an additional comment. I also think
23 Pomona offers something else to the horse, and this is
24 above the public and the owners.

25 A lot of horses are trained -- when they are
26 initially trained are trained on farms. They're broke on
27 farms. They're trained on smaller tracks. And I think

28 we all agree that horses are creatures of habit. I think
0065

01 there are a lot of horses that get ahold of the track at
02 Pomona differently on the tight turns, bigger turns --
03 sweeping turns at Hollywood Park and Del Mar and Santa
04 Anita.

05 So I think it offers something different to a
06 horse that may not get ahold of the track on the big
07 tracks, that they get ahold of the smaller tracks and the
08 tighter turns that Pomona has and offers that horse a
09 chance to improve his wind line and his breathing line
10 for his owners, that may not offer that horse at the big
11 tracks at Santa Anita and Hollywood.

12 MR. LANDSBURG: Thank you. I think we --

13 Oh, please. I didn't mean to cut you off.

14 MS. COLBERT: My name is Charlene Colbert
15 (phonetic), and I'm a SCIU member and I also work at
16 Fairplex year-round.

17 A question was asked about the admission as
18 far as coming into the fair for the race fan. We do have
19 a program that's all year. We sign people up all year,
20 when they get in at a discount rate, which is not
21 included as part of the fair entrance. I think it's \$4
22 or \$5 to come in. And this is for the horse player, and
23 we sign people up all year. We signed up quite a few
24 people last year during fair time and all year.

25 MR. LANDSBURG: Thank you.

26 MS. HOUSER: Good afternoon, Mr. Commissioner,
27 members of the Horse Racing Board. I'm Liz Houser. I'm
28 the Director of Fairs and Expositions with the California
0066

01 Department of Food and Agriculture. I oversee the
02 network of California fairs. We have 80 fairs, including
03 9 live racing fairs and 23 satellite wagering facilities.

04 I wanted to make sure that the Board was
05 aware that CDFA has been aware of the negotiations that
06 the L.A. County Fair has been taking to look at
07 opportunities, to strengthen their race program by
08 perhaps running their racing dates at a different venue.

09 Our first choice is to have fair horse racing
10 run at racing fairs. Through all of October, November,
11 December, and January, I strongly encouraged Mr. Henwood
12 and Mr. Tim Fennell, my CEO of the San Diego County Fair,
13 to work together to see if there was opportunity to run
14 these dates at the San Diego County Fair location.
15 Unfortunately, they were unable to reach an agreement
16 that could benefit both parties.

17 So here we sit before you today looking at
18 opportunities to strengthen this fair's horse racing
19 program. We are strongly encouraged to see the Board
20 spend a whole day on fair horse racing. For us, the
21 fairs are to horse racing as the schools are to the
22 lottery. We are the greater good that allowed gaming on
23 this sport in 1933. We do not want to lose the
24 connection to horse racing. And we stand ready to work
25 with the horse racing industry to seek opportunities to
26 strengthen the sport. It benefits both the horsemen, it

27 benefits our fairs, and it benefits our state.

28 Some of the things that we have put together

0067

01 -- that I put together as the director is a set of goals
02 that I am sharing with my nine CEOs of live racing fairs
03 and my 23 satellite wagering facility fairs to put
04 together a program that will ensure that all of our
05 racing fairs' backstretches meet the CHRB requirements by
06 December 31, 2003.

07 We want to develop and implement a live
08 racing program that assures quality horse fields, improved
09 infrastructures, and increases the total handle generated
10 on horse racing. And we would like to determine the
11 appropriate role for California fairs in delivering the
12 horse racing product. Our bottom line is we want to work
13 with this industry to strengthen the entire industry.
14 And whatever the Board sees fit to strengthen the L.A.
15 County Fair horse racing program, we stand ready to
16 assist you in that venture. Whether it be to strengthen
17 the program where it sits or strengthen the program at
18 another venue.

19 Thank you.

20 MR. LANDSBURG: Thank you.

21 MR. SCOTT: Good afternoon, my name is Anthony
22 Scott. And I'm a small-time horse owner.

23 My experience with Fairplex began when
24 probably I was four or five years old. And back in those
25 days, you didn't get to get in free to the racing, so my
26 experience was looking through the hedges and the fence
27 when the horses would go running around.

28 I'm a thoroughbred owner now because of the

0068

01 fair. I just can't for the life of me understand why we
02 would even be proposing taking racing away from the
03 world's largest county fair. That's where the people
04 are. We need new people in racing. We need younger
05 people in racing.

06 If you move the fair dates or the fair venue
07 over to Santa Anita, those young folks aren't going to go
08 out there and drive to Santa Anita to watch racing. I'm
09 a small-time owner. Sometimes we run the horses at the
10 fair because it's a lot of fun and because there is
11 opportunities, but also sometimes we win \$100,000 races
12 like we did last year at the fair. And I'm grateful for
13 it, and I hope they stay there.

14 Thank you.

15 MR. LANDSBURG: Thank you.

16 MR. SILVERSTEIN: Richard Silverstein. Just one
17 more quick point.

18 Horses at Hollywood Park, Del Mar, Santa
19 Anita, are pretty universal mild tracks. Horses that are
20 worth \$25,000 at one race track are usually worth \$25,000
21 at another, et cetera. I'm very experienced with
22 two-year-old racing. And two-year-olds a lot of times
23 break their maiden so they cut off for their claiming
24 prize maybe 50- maybe \$62,500.

25 Talking about the owners -- well, at Pomona

26 at Fairplex, these become stake horses. You get a chance
27 to participate at stake races. Not only two-year-olds,
28 but older horses, what we consider 25,000, 32,000 claiming
0069

01 horses year round. They are stake races at Pomona. And
02 when Fairplex is open, we're not exclusive. We invite
03 all the owners to come and play, not those that just race
04 exclusively at Santa Anita, Hollywood Park, et cetera.
05 All owners are welcome. Their trainers ought to -- to
06 race at Pomona. And I do believe that horses that are
07 running for claiming races year-round, they have a chance
08 to run a little better races.

09 What's happening right now, it's 12:00
10 o'clock noon and we haven't drawn the races yet at
11 Hollywood Park. We're out of horses. And I think what
12 happens if we move this racing venue, we'll lose horses
13 and by the end of the year we are completely depleted.

14 MR. CORBY: Chris Corby, Executive Director of
15 California Authority Racing Fairs.

16 Before I get to reason for coming up here,
17 I'd like to publicly acknowledge in this forum the support
18 from the Department of Food and Agriculture's secretary
19 Liz, who just testified before you, the support that
20 they've rendered to the fairs that conduct racing and
21 fairs that conduct satellite wagering. We're grateful
22 for that. It's allowed us to undertake many needed
23 improvements.

24 I did want to note for the record, our board
25 of directors did meet on this subject and voted to take no
26 position on this issue. I wanted the Board to know that.

27 However, I would like to note that we hope
28 that the discussion about fair racing has helped sharpen
0070

01 the focus on the deep connection between horse racing and
02 fairs. Horse racing generates license fees that go to
03 the support of over 80 fairs in California; that's
04 critical funding for them. Horse racing is a long
05 historical tradition at fairs, and we appreciate the
06 Board's review of the important connections between horse
07 racing and fairs.

08 Thank you.

09 MR. LANDSBURG: Are there further comments from
10 the Board or questions from the Board?

11 We do have one from the audience, Mr. Lewis.

12 MR. LEWIS: Chairman Landsburg, commission --

13 MR. LANDSBURG: Will you identify yourself.

14 MR. LEWIS: Bob Lewis, a horse owner, member of
15 the Board of Directors of the Thoroughbred Owners of
16 California. A 35-year member of the Los Angeles County
17 Fair Association, not Board of directors now, but
18 association. And in their bylaws at age 70 you become an
19 ex-officio member. I guess I'm really an ex-officio
20 member at this point in time.

21 MR. LANDSBURG: Oh, you don't look it, Bob.

22 (Laughter)

23 MR. LEWIS: But you just heard the very capable
24 remarks of one horse owner who classified himself as a

25 large horse owner. And I certainly have a great deal of
26 respect for Barbara Dutton and her compatriots. I, too,
27 have a number of horses, about half that number.

28 And, Barbara, I own all of mine and therefore
0071 don't have -- some 60 in number.

02 But I would like to make it known to the
03 Board that I feel very strongly with respect to tradition,
04 tradition throughout the thoroughbred industry. And
05 certainly Fairplex Park is one of the great traditions as
06 we know in the state of California. As a matter of fact,
07 I have been an attendee at Fairplex Park every year since
08 the mid '30s when racing was legalized in California.

09 And back to an earlier remark made by Mel
10 Stute, I too have been on the fairgrounds every year since
11 1947. The difference between Mel and myself, among various
12 things, Mel was a horse trainer and I'm a beer driver.
13 So there's a bit of difference, but we were both trying
14 to make the finish line. And I think both of us have
15 accomplished that.

16 But I am in great support as a member of TOC
17 and one who has abstained from any votes within the
18 Thoroughbred Owners of California with respect to
19 advancement in the industry and progress that I think the
20 thoroughbred industry needs to recognize. We have to
21 recognize that tradition is magnificent, but at the same
22 time we need to move forward. And I think the
23 thoroughbred industry is in such desperate need of doing
24 just that thing.

25 And I think a move of this type venuewise
26 would be advantageous because I think the purse structure
27 and the growth and the handle that would come forth at
28 Santa Anita would certainly outstretch Fairplex Park. I

0072 can attest to these many years of watching the attendance
01 and can well remember the middle weekend of Saturday and
02 Sunday when you could not move on the tarmac in front of
03 the grandstand at Fairplex Park.

04 Those were the days of when the admission --
05 there was an admission charge to get into the racing
06 facility, but all of the racing facilities in those days
07 were enjoying large attendance. And Fairplex Park has
08 suffered from reduced attendance in these more recent
09 years as has been the case with virtually every race
10 track, certainly in California, throughout the country.
11 And something has to be done to correct that.

12 Whether this is one of those possible
13 solutions or not, I certainly would not stand before you
14 and suggest that it is. But in my opinion, we do need to
15 move forward within the industry and hopefully not to
16 destroy the 17 days that Fairplex Park has. Those 17
17 days at Fairplex Park has -- I think it's inappropriate
18 for anyone to be suggesting at this time that they be
19 divided. You have not in your judgment made a decision
20 as to what's going to be happening with this period of
21 time for -- that is devoted to Fairplex Park. And I
22 think that's the first decision that need be made before
23

24 any discussion of any kind of division. I resent that,
25 and I think it's inappropriate.

26 In all the years that I have been associated
27 with thoroughbred racing, going back to having worked
28 years ago at Santa Anita, winding up out of a job one
0073

01 year and became a teller out at Santa Anita simply to
02 feed my wife and new son at that time. And as a result,
03 I can attest to the kind of circumstances that existed
04 within the industry in those days and what we're faced
05 with today.

06 And, yes, my horse ownership has only --
07 going on during the last 8 to 10 years; but during that --
08 12 years -- but during that -- prior to that, I was an
09 ardent thoroughbred racing fan. And Beverly and I
10 attended frequently Santa Anita, Hollywood Park, Del Mar.
11 And prior to our marriage right after World War II, I was
12 attending those same race tracks with my mother and
13 father in hand as a child.

14 And it was marvelous to be at Hollywood Park
15 last Friday night winning with Mel Stute, one of my
16 trainers, a \$25,000 claiming race, and enjoying that
17 facility and seeing the young people out attending that
18 Friday night racing at Hollywood Park. And I only say
19 that to you to just exemplify the fact that if we market
20 the product correctly, if we do the job in that sense and
21 continue to be aware of new approaches that we need to
22 take -- that we need to be innovative in this industry
23 and accept change, because change is taking place whether
24 we care to acknowledge it or not. I think we can
25 benefit.

26 So I apologize to you for taking this amount
27 of time, but thank you very much for hearing me out.

28 MR. LANDSBURG: Thank you, Bob.

0074

01 Further comments?

02 MR. FLEMMING: My name is Ward Flemming and I'm
03 just a horse racing fan.

04 And I think one thing you guys all have to
05 realize in this room -- I've heard lawyers, I've heard
06 owners, I've heard trainers. If it wasn't for the fan
07 who comes to the track, this meeting wouldn't even be
08 taking place. Okay. If we don't come out and we don't
09 put our \$2 down, this doesn't happen. We don't have
10 purses. We don't need -- have to have horse races
11 because they won't be there.

12 The fair is -- as it was mentioned by one of
13 the trainers -- gives the little guy a chance to just walk
14 in and watch and see what's going on. I felt that this
15 was important enough to take time off work today to come
16 down here just to say my piece. And I didn't realize that
17 there would only be one or two of us here that were
18 actually fans. Okay. I think that Pomona should stay at
19 Pomona.

20 I've been going to the races since I was
21 three years old with my uncle. I used to look through the
22 rails because I sure as heck couldn't see over them. And

23 for the last 40 years, I've been betting on horse races.
24 I have been going to Pomona. Pomona is a very short
25 meet. I would say I attend anywhere from 8 or 10 days of
26 that short meet. One of the reasons why is because I
27 love that track. And it's part of our history here in
28 Southern California, and I think it should stay there.

0075

01 That's all I have to say. Thank you.

02 MR. LANDSBURG: Thank you.

03 MS. DUTTON: Barbara Dutton again. I'll just take
04 one more minute of your time.

05 The thing that frightens me most about moving
06 Fairplex is like Bob was talking about he can remember
07 when the tarmac was absolutely filled. Well, I could
08 remember when -- Bob will agree with me -- when at Santa
09 Anita there was some 72,000 people on opening day.

10 And simulcasting has done marvelous for our
11 purse. Well, we should be getting more for what they're
12 betting; but at the same time when you cut out another
13 facility, we do not get new owners from simulcasting. We
14 get new owners from the excitement of the moment.
15 They're standing with somebody and somebody wins a race
16 and they get excited about it. People watching
17 television sets do not buy horses. And so my concern is,
18 we just don't need to close any more facilities. We need
19 to keep these facilities open.

20 MR. LANDSBURG: Thank you.

21 MR. AMATO: Elio Amato. I'd like to make one more
22 point.

23 One thing that came up at a meeting together
24 with Mr. Henwood last week, we discussed the prices of
25 the trainers at Pomona. Many of them charge maybe
26 sometimes even a third of what the big league trainers
27 charge at Santa Anita or Del Mar or Hollywood Park. I
28 feel that this is very important for the introduction of

0076

01 people into the business.

02 If one was to say it cost you a hundred
03 dollars a day to have a race horse, people would shy away.
04 I myself got caught up into it in similar ways, and once
05 you're hooked, you're hooked. So at that point it
06 doesn't matter. But it's a great segue into the
07 business. So let's keep that in mind. There's a lot of
08 guys there that are capable and able to train at a lower
09 price. And if we market the public a little bit more
10 aggressively and focus a little bit towards Fairplex, we
11 might just have a diamond in the rough.

12 One last little comment in regards to
13 Berretts. If there is -- it were to continue as an
14 auction sales facility, one suggestion that I made is to
15 -- let's use that as a platform --

16 MR. LANDSBURG: Elio, I'm sorry. You're taking us
17 off into other directions. We have a clear charter here.
18 Is the venue movement of this particular race meet --

19 MR. AMATO: That's correct. And in summary, if we
20 keep the race meet there and do everything we can to
21 market that race meet and the tools that come with it,

22 whether it be Berretts because it's on the grounds or
23 not, and its existence, we might be able to bring in more
24 fans because of the economics.

25 Thank you.

26 MR. LANDSBURG: Thank you.

27 Fellow commissioners, are there further
28 notes, comments, or questions?

0077

01 Audience in general, are there further notes,
02 comments, or questions?

03 MR. CHILLINGWORTH: Sherwood Chillingworth,
04 Oak Tree Racing.

05 I think during the testimony today and the
06 fact that the new fan, the casual fan, is more apt to
07 become interested in racing at a county fair than at a big
08 track, I think is true. The other point that's brought
09 up is that if you moved all of the Pomona horses over to
10 Santa Anita or have half of them train over there, it's
11 going to cause a big burden on the stabling facility and
12 on the track.

13 And I think more importantly, if we are
14 talking about the good of the industry, if you listen to
15 every single organization I can think of that's been in
16 the horse racing business here in California, and they've
17 either been -- taken no position or been against moving
18 Pomona race track, Pomona race dates to another local and
19 if that's not a convincing argument before this Board, I
20 want to see somebody come up here who is an instrumental
21 entity in this business and suggest why it's appropriate
22 when the only two people who want to do it are LATC and
23 Pomona.

24 Thank you.

25 MR. LANDSBURG: Thank you.

26 MR. LIEBAU: Jack Liebau, LATC. I accept

27 Mr. Chillingworth's challenge.

28 (Laughter)

0078

01 MR. LIEBAU: I'd like to refer the commission to
02 the letter from Mr. Van de Camp dated June 19, 2002, in
03 which he states, after he suggested maybe these dates
04 should be divided up, "This would mean that there would
05 be major league racing in Southern California throughout
06 the year with the possibility of greater handle and
07 higher purse allocations than is presently the case."
08 Somehow I think that that rings of an endorsement.

09 I think the approval of the move will result
10 in more people attending the races than would be the case
11 at Fairplex. Those in attendance will be accommodated in
12 a superior facility and horses will perform on a more
13 suitable main track, to say nothing of the limited
14 availability of turf racing.

15 Thank you very much.

16 MR. LANDSBURG: We have heard many sides of this
17 argument and we will go on for the next 5 to 10 minutes.
18 And I think that we will be repetitive if we go beyond
19 that.

20 Mr. Siegal, you are welcomed to the

21 microphone.

22 MR. SIEGAL: Thank you. Mace Siegal.

23 Jack read from the TOC letter, and it's a
24 little bit out of context. Yes, we are in favor of moving
25 the dates from Fairplex to somewhere else; but we are not
26 in favor of a five-year plan that would move those dates
27 from Fairplex to Santa Anita. We are in favor of
28 allocating those dates on a basis where it would do the
0079 most good for California racing.

01 I think we are all in agreement that the best
02 racing we have in California is in Del Mar at their
03 summer meet. If there were a way -- and I heard from
04 people at the fair that they want to work together with
05 us -- if there were a way that the fair could give
06 Del Mar the track so that they could open their meet a
07 week earlier, that to me would be ideal for California
08 racing.

09 I think that rather than say yes or no at
10 this point, that we owe it to ourselves to explore all of
11 the opportunities and to find a plan. And we already know
12 that Fairplex has run an auction. They've talked to
13 everybody in the industry. They made a deal with Santa
14 Anita. So it is not a question of an alliance between
15 Fairplex and Santa Anita. Fairplex is saying I want to
16 run my races where I can get the most money for them.

17 So I think that if we work together and we
18 plan this out, we can do it so that everybody in
19 California will benefit; and that not just one with others
20 being hurt. And believe me, Del Mar and Oak Tree will be
21 hurt. Thank you.

22 MR. LANDSBURG: With all due respect to Mace
23 Siegal -- and there's very few people in racing whose
24 word I respect more than Mace Siegal's --

25 We've been together on boards before, Mace.
26 And I just would like to make clear that at this moment,
27 in this meeting, we are not talking about allocation, but
0080 venue.

01 MR. SIEGAL: I know. And I only made the point,
02 Alan, because Mr. Liebau quoted from John's letter.

03 MR. LANDSBURG: Thank you.

04 MR. HARRIS: These points are well-taken, although
05 this -- we may be -- not look at it this year; but I
06 think going forward, definitely we will look to at some
07 of those issues.

08 MR. LICHT: It's TOCs position -- I'm not putting
09 words in your mouth, I just want to clarify --
10 TOCs position for this year they are not in favor of a
11 move?

12 MR. SIEGAL: No. They say it needs more study.
13 But we are unequivocally in favor of moving the dates.

14 MR. LICHT: But --

15 MR. SIEGAL: But not this year.

16 MR. LANDSBURG: Yes, Mr. Henwood.

17 MR. HENWOOD: Mr. Chairman, Commissioners, in all
18 due respect to Mace Siegal -- and I respect him greatly,
19

20 not only in the field of horse racing but also in the
21 field of shopping center development, a former profession
22 of mine. But his comments and the underlying current is
23 exactly why we're here today. It is having the threat of
24 losing our dates and the probability of that if we don't
25 act.

26 And that threat looms out there. It has been
27 there for seven years. I have not felt a day since my
28 employment occurred in November of 1995 where that issue
0081

01 hasn't been present. And I know where the TOC is at, and
02 I understand that very much. We are trying -- we are not
03 interested in dividing up our dates. We are interested
04 in finding a place where we can run the Los Angeles
05 County Fair race meet in a manner that will be supported
06 by what the industry would like us to do and in a manner
07 where we won't be attacked in the future.

08 MR. LANDSBURG: To some extent, we have heard a
09 repeat and some clarification of points that have been
10 given. There's an awful lot of what I believe in German
11 is "Fingerspiegel." You put your fingers up in the air
12 and you wave them in a wayward wind and find a basis for
13 important decisions. The basis for important decisions
14 here is the approval or denial based on the fact that the
15 request either upgrades or downgrades the quality of
16 racing and its potential profit for the industry. That
17 is the one and overriding concern of this Board.

18 Once again, we have been through a lot of
19 opinions, all of which this Board respects. The small
20 trainers, as they call themselves, and the small owners,
21 as they call themselves, which many of us qualify for and
22 have raced at Pomona, are looking for venues and
23 materials and ways in which to increase the profitability
24 of racing in California, of keeping racing in California
25 as a forefront to the rest of the nation.

26 We have as a Board in front of us at this
27 moment a number of possible decisions. And I'd like to
28 make them clear to the audience and to the Board. We can
0082

01 approve the move. We can deny the move. We can approve
02 the move as a short-term experiment or approve it as a
03 long-term possibility. We can also produce, I believe, a
04 consensus of the seated members of this Board without
05 approving or denying; but give all of you a sense of
06 where this Board will probably go or possibly go, or may
07 go or may not go in -- in the future consideration of
08 this, which can and will take place if its so decided
09 among the Board.

10 At the July 24th meeting when a license
11 application for this meet and it's venue will be
12 presented to the Board officially -- this is in many ways
13 the possibility of a suggestion to the Board; and I have
14 not discussed it with any more than one member, which is
15 the rule, so I am now opening it to discussion for the
16 Board.

17 Should we -- which of the possible roads,
18 approval, denial approval, for a short-term experiment or

19 a consensus -- a study of the consensus of the Board at
20 this moment as to what we may or may not want to do when
21 the license application is presented. Just so that there
22 can be a feeling among -- where the audience is going.
23 That is my personal preference, but I leave this open to
24 discussion with my fellow Board members.

25 MR. HARRIS: I just think we need to get some
26 closure on it unless there is some other evidence that we
27 were missing that would be evident between now and the
28 July meeting. It seems to be me that there would be

0083

01 needs if we don't approve or disapprove July 24th. It's
02 like six weeks away from the meeting, I think that would
03 be a problem for a lot of different people involved in
04 the meeting.

05 MR. LANDSBURG: I don't disagree. I just think
06 that's one of the avenues and it seems to be an avenue
07 that we can or cannot take depending on the mood and
08 feeling of all the Board members. We are missing one of
09 commissioners in this round. It's unfortunate, but that
10 will happen. But in any case, I am still open to
11 whatever suggestion this Board and my fellow
12 commissioners would like to make as to the course of
13 action. And I have outlined, I think, all of the
14 potential courses of action.

15 Is there further comment?

16 MR. LICHT: I'd like to see us just poll the
17 commissioners for what our position is with respect to
18 the 2002 move at this time, with obviously we are going
19 to be reserving the right to a formal vote in July to
20 change their position.

21 THE REPORTER: Do you want that -- I can't hear.

22 MS. MORETTI: I'm sorry. I have a question.

23 I don't understand. Are we saying now -- are
24 you saying, Roger, that what you're suggesting is we vote
25 on this in July and not today?

26 MR. LICHT: That we just poll the Board today.
27 I'm subject to discussion, but I think that might be the
28 better course of action. Poll the Board today and see

0084

01 what we're all inclined to do, and reserve our right to a
02 formal vote in July based upon further evidence.

03 MR. HARRIS: Basically, we could do that anyway.
04 I mean -- I guess any Board meeting we can reverse
05 anything that we're doing. We might as well just vote on
06 it today, and reverse or approve --

07 MR. LANDSBURG: I think we don't have a full Board
08 as one possible reason for not doing that, John. And
09 polling the Board will give all of us a sense of where we
10 stand. And reserving the right, as we get more and more
11 information, should there be any, to the application of
12 the fair license.

13 MS. MORETTI: Mr. Chairman, you won't have full
14 Board in July either. I'm scheduled to be out.

15 MR. LANDSBURG: The vagaries of the Board. We can
16 move forward from this, but I would like to poll the
17 Board as to your feelings on yes or no toward this --

18 toward the move. In other words, yes, the move is okay;
19 no, the move is not okay in your minds.

20 MR. LICHT: For '02 only? For 2002?

21 MR. LANDSBURG: For 2002.

22 MR. HARRIS: It is going to be debated ad nauseam
23 on the racing dates, I presume.

24 MR. LANDSBURG: Yes. It will come up there as
25 well. I think in all fairness to all parties, we don't
26 have a formal application in front of us. We don't
27 know -- we should know -- I don't mind if we just poll
28 around the table now. Let's at least get that out of the
0085

01 way and present what our feelings are without a strict
02 vote, simply a poll of opinion of the Board at this
03 moment based on all of that that we've heard.

04 Shall we start with you?

05 MS. MORETTI: Absolutely. I'll just -- this is
06 sharing feeling time, right? Okay. I like to do that,
07 so I would say that I've listened very intently to what
08 everyone has to say. And I certainly agree with
09 Mr. Lewis that for a long time, all members of the horse
10 racing industry have been talking about how the industry
11 needs to reinvent itself because it's a dying breed, if
12 you will. And I think that here in this particular
13 instance, there is a member of the racing industry trying
14 to reinvent itself and -- but the move is being knocked
15 down by all of the others in the industry.

16 Pomona has been blasted in a lot of ways over
17 the years because of the five-eighths mile track. So for
18 the very reason that some of the horsemen are talking
19 today that you want to stay there, it's the same reasons
20 that the others have told Pomona that they should
21 reinvent themselves and move somewhere -- have turf
22 racing, have more that five-eighths mile track. But I do
23 agree that I personally, I like the experience of going
24 to racing at the fairs. I think that that's a great
25 thing. And I have some fond memories of it too.

26 I am encouraged by what Liz said in terms of
27 wanting to work -- having F and E folks work with the
28 racing folks. Because I think what Pomona is going
0086

01 through right now is something that we're going to see
02 happening at a number of other fairs throughout the state
03 over the next few years. I think it's a necessity to
04 start to take a look at what's going if I were -- I do
05 have some concerns about some of the legal issues that
06 were raised. Not being an attorney myself, I'm not quite
07 sure of the interpretation. And I might have some
08 further questions about those points.

09 But I've heard again from all of the other
10 aspects -- all of the many aspects of the Racing
11 Association, and this is a tough one. I have never
12 gotten so many calls on any issue in the three years that
13 I've been on this Board ever. And we've had some hot
14 issues.

15 But I guess if we were voting today -- and in
16 some ways I think that we should vote today because I

17 think this is something for this year -- I would vote
18 without prejudice for this year to reject the move of
19 Pomona to Santa Anita; with again, as I said, without
20 prejudice for future discussion of what might be done for
21 Pomona or the other fairs in the future.

22 MR. LICHT: I've also listened intently and had
23 many private discussions with various members of the
24 public and members of the industry. I think the idea
25 that what's in the best interest of racing has not come
26 out from any of the institutional presenters here today.
27 Not that I blame them, but they're all talking about
28 what's in the best interest of their particular

0087

01 institution. And I think that we have to keep our eye on
02 the ball when it comes to that. Everybody is posturing
03 what's best for them. To me, nothing is more evident
04 than that than about the Pomona simulcast facility. If
05 we were talking about what's in the best interest of
06 racing, not one person here would say, in my mind, we
07 should shut that facility down.

08 So I think that it's -- it's what's in the
09 best interest of each particular entity, and that's what
10 convinced me the most that my position at this point is
11 to not be for the move for '02; But I would seriously
12 consider it in the future with more evidence about what's
13 in the best interest of the industry. And I'm not
14 convinced that the industry is any particular segment,
15 whether it be the little guy or the big; but more so
16 who's the fan and what's going to help this business of
17 horse racing -- the sport of horse racing grow.

18 MR. LANDSBURG: With the number of crises that we
19 now face -- a medication crisis, workman's compensation
20 crisis, ADW problems, marketing allotments, backstretch
21 labor, front stretch labor, maintaining jobs in the face
22 of diminishing track attendance, these are all current
23 crises that we are facing. And it seems to me that I
24 agree with Mr. Lewis that the way we've always done it
25 isn't the way we can keep on doing it and be sure that
26 we're going to survive.

27 My feeling about this is I have not heard a
28 reason why it will degrade or downgrade racing. I've

0088

01 heard reasons why in my mind it will upgrade the quality
02 of racing on a national level. My inclination at this
03 moment would be to approve it for a one-year trial.

04 MS. GRANZELLA: Well, I absolutely agree with you
05 that we should let him try it for one year. I have to
06 applaud them for trying to get people trying to do
07 something new. As much as I admire what -- I admire
08 tradition, we got to try something new and I think we
09 should give it a one-year trial basis.

10 MR. HARRIS: I look at it as all of us do as far as
11 what's in the best interest of racing. I just think the
12 way it is better serves the total racing. It does more
13 to create new fans and there's a diversity and vitality
14 and a variety of racing that's going on here. It's
15 different, and I wouldn't want to see that year-round. I

16 think those 17 days do work.

17 And I agree that we do need to be constantly
18 reinventing ourselves. But I don't think you really
19 reinvent yourself by just going to Santa Anita for 17
20 consecutive days. I just don't see where that's
21 necessarily a reinvention of something that's really
22 going to bring any vitality back to racing.

23 And I think if we did an experiment, it would
24 be a failure. When we did the racing dates -- just for
25 the consistency of racing dates in general, nowhere do we
26 have consecutive days that warrant that. So that there
27 are five days a week, some race dates six days; why do we
28 have suddenly want to have consecutive days if we go to

0089

01 Santa Anita anyway? Even if we did -- the wisdom of the
02 Board think that we were going to transfer these days to
03 Santa Anita, clearly they shouldn't be consecutive days.
04 And if, I think, if they aren't consecutive days, that
05 Pomona may not really want to race at Los Angeles County
06 Fair, may not want to race in Santa Anita.

07 I think we've heard from all these different
08 segments of owners and trainers and some legislators and
09 fans, and there are -- I admit there are people on
10 different sides of this. It's probably the most
11 passionate issue that we have had before the Board in a
12 long time. But I think maybe that Pomona felt -- that
13 Los Angeles County Fair felt that they weren't that well
14 liked and they were kind of the underdog, and now the
15 good news is everyone likes them.

16 (Laughter)

17 MR. HENWOOD: Who would have thought?

18 MR. HARRIS: You're trying to leave here and
19 they're loving you again.

20 I would be against moving. I think it's got
21 to be looked at going forward; but when we look at it, I
22 think we need to look at it in the total context of all
23 the racing dates, not just superimpose these at one
24 track.

25 MR. SPERRY: As the newest commissioner, I have
26 listened to everybody with a great -- and kind of trying
27 to find out where you are coming from and how you feel
28 that you represent the industry.

0090

01 I am still confused over how one believes
02 that simply by moving to a bigger race track you are going
03 to get more people involved in racing. I believe that
04 trying to get more people in the gate is the answer to
05 getting a bigger handle. To be very honest, I don't have
06 the answer to it. I have tried to grope with it for
07 several years, and have not come up with anything bright
08 or new. But I do believe that in the best interest of
09 horse racing in California, it's best to keep, at least
10 at this time, the racing at Pomona.

11 MR. LANDSBURG: You now have heard the sense of
12 the Board which was the consensus. I think we can
13 legitimately at this moment give you a feeling of where
14 the Board is going, with all of us maintaining a right to

15 change our positions given a formal license application
16 from LAFC. We would be pleased at that time to render
17 the final decision.

18 I would like to move that the -- consider
19 this consensus of the Board and close this meeting with
20 that consensus and hold our final decision until July
21 24th.

22 Is there any second to that motion?

23 MS. MORETTI: What about --

24 MR. SPERRY: Mr. Chairman, Marie indicated that
25 she will not be available at that time so you are not
26 going to have any more commissioners than you are today.
27 I would think that we should go ahead and make a decision
28 one way or the other.

0091

01 MR. WOOD: Which we can do with someone making a
02 motion one way or the other only.

03 MR. SPERRY: If it takes a motion, I would move
04 that, Mr. Chairman, that we indicate that we are making a
05 motion we are going to keep the racing for this year at
06 Fairplex.

07 MR. HARRIS: I second.

08 MR. LANDSBURG: Motion has been made and seconded.
09 Is there any discussion of the motion?

10 (No audible response)

11 MR. LANDSBURG: All in favor?

12 MS. MORETTI: Aye.

13 MR. LICHT: Aye.

14 MR. HARRIS: Aye.

15 MR. SPERRY: Aye.

16 MR. LANDSBURG: Count it, please. One, two,
17 three, four. Four in favor.

18 UNIDENTIFIED SPEAKER: Mr. Commissioner, can I
19 please have them raise their hand on this?

20 MR. WOOD: Commissioner Moretti, Commissioner
21 Licht, Commissioner Sperry, and Commissioner Harris have
22 voted for that motion.

23 MR. LANDSBURG: Nays?

24 MR. WOOD: We have one abstention from
25 Ms. Granzella, and one no from Mr. Chairman Landsburg.

26 MR. LANDSBURG: Correct. The motion is carried by
27 the Board. There will be no change of venue for Fairplex
28 at this time.

0092

01 (Hearing concluded at 12:46 p.m.)

02
03
04
05
06
07
08
09
10
11
12
13

14
15
16
17
18
19
20
21
22
23
24
25
26
27
28