

MEETING

STATE OF  
CALIFORNIA  
HORSE  
RACING  
BOARD

ALAMEDA COUNTY FAIR

SATELLITE  
WAGERING  
FACILITY 4501  
PLEASANTON  
AVENUE  
PLEASANTON,

CALIFORNIA

THURSDAY, JUNE

26, 2003

9:40

A.M.

JAMES F. PETERS, CSR, RPR  
CERTIFIED SHORTHAND REPORTER  
LICENSE NUMBER 10063

PETERS SHORTHAND REPORTING CORPORATION (916) 362-  
2345

APPEARANCES

COMMISSION MEMBERS

Mr. Roger H. Licht, Chairperson  
Mr. John C. Harris, Vice Chairperson  
Ms. Sheryl L. Granzella, Member  
Mr. Alan W.  
Landsburg, Member Ms.  
Marie G. Moretti,  
Member Mr. John C.  
Sperry, Member

STAFF

Mr. Roy C. Wood, Jr., Executive Director  
Mr. Paige Noble, Chief of Administration  
Mr. Roy Minami, Assistant Executive  
Director  
Mr. John Reagan, CPA, Senior Parimutuel  
Examiner Ms. Jackie Wagner, Manager,  
Policy and Regulation

ALSO PRESENT

Mr. Rick Baedeker  
Mr. Frank DeMarco Mr. David Elliott Mr. Marv Fortman  
Mr. Craig Fravel Mr. Bill Hogue  
Mr. Derry L. Knight, Deputy Attorney General  
PETERS SHORTHAND REPORTING CORPORATION (916) 362-  
2345

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Chris Korby

Ms. Nora

Lee

Mr. David

Pascale Mr.

David

Payton Mr.

John Van

DeCamp Mr.

Mike

Zeigler

PETERS SHORTHAND REPORTING CORPORATION (916) 362-  
2345

## INDEX

	PAGE
1. Approval of the minutes of the regular Board Meetings of March 27, 2003 and April 24, 2003.	2
2. Discussion and action by the Board on the Application for License to Conduct a Horse Racing meeting of the Del Mar Thoroughbred Club at Del Mar, commencing July 23 through September 10, 2003, inclusive.	4
3. Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Solano County Fair at Vallejo, commencing July 9 through July 20, 2003, inclusive.	7
4. Discussion and action by the Board on the Application for License to Conduct a Horse Racing meeting of the Sonoma County Fair, at Santa Rosa, commencing July 23 through August 4, 2003, inclusive.	10
5. Discussion and action by the board on the Application for License to Conduct a Horse Racing Meeting of the San Mateo County Fair at Bay Meadows, commencing August 6 through August 18, 2003, inclusive.	12
6. Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Humboldt County Fair at Ferndale, commencing August 7 through August 17, 2003, inclusive.	14
7. Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the California Exposition and State Fair at Cal Expo, commencing August 20 through September 1, 2003, inclusive.	16
8. Public hearing by the Board on the adoption of the proposed regulatory amendment to CHRB Rule 1867 - Prohibited Veterinary Practices.	20
PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345	

## INDEX CONTINUED

	PAGE
9. Public hearing by the Board on the adoption of the proposed regulatory addition to CHRB Rule 1979.5 - Beat The Odds.	22
10. Discussion and action by the Board on the approval of service, official veterinarian and steward's contracts.	47
11. Discussion and action by the Board on the request of Golden Gate Fields to distribute charity racing day proceeds in the amount of \$62,500 to 9 beneficiaries.	50
12. Discussion and action by the Board on the request of the Oak Tree Charitable Foundation to distribute charity racing day proceeds in the amount of \$94,500 to 22 beneficiaries.	51
13. Discussion and action by the Board on the request of the Los Angeles Turb Club to distribute charity racing day proceeds in the amount of \$259,212 to 24 beneficiaries.	52
14. Discussion and action by the Board on Autotote's efforts on the development and implementation of software that will allow the "alternate runner" option for multiple leg wagers in California.	52
15. Discussion by the Board on the ways to improve the license application and to review the current requirements necessary for conducting a race meet.	57
16. Presentation by Winners Foundation staff	59
OTHER BUSINESS	
17. General Business: Communications, reports, requests for future action of the Board.	64
18. Old Business: Issues that may be raised for discussion purposes only, which have already been brought before the Board.	73
PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345	

INDEX CONTINUED

PAGE

19. Executive Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by Section 126 of the Government Code.	73
journalment	73
porter's Certificate	74

TERS SHORTHAND REPORTING CORPORATION (916) 362-2345

## PROCEEDINGS

EXECUTIVE DIRECTOR WOOD: Would everyone please find their seat. Everyone please take a seat if you would please.

Good morning everyone. Would the meeting please come to order.

Thank you very much. This is the regular meeting of the California Horse Racing Board. It's being conducted on Thursday, June the 26th, 2003. And we're in the Alameda County Fair satellite facility located in Pleasanton, California.

(Applause.)

EXECUTIVE DIRECTOR WOOD: Thank you, Mr. Castro.

MR. CASTRO: You're welcome.

EXECUTIVE DIRECTOR WOOD: And present at today's meeting are Chairman, Roger Licht; Vice Chairman, John Harris; Commissioner Sheryl Granzella; Commissioner Alan 18 ndsburg; Commissioner Marie Moretti, and Commissioner 19 in Sperry.

Before we go forward with the business session of our meeting, I'd like to respectfully request that if you give testimony in front of the Board today, that you please state your name and your organization for our court reporter. Also, if you have a business card to provide to him, it would be appreciated.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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

CHAIRPERSON LICHT: Welcome everybody. And on behalf of the whole Board, the Commissioners and the staff, I want to thank the fair for being such great hosts to us. Rick Pickering and particularly Jeannie Wasseman also went beyond the call of duty and really made us feel warm and accepted up here. It's been a great event.

And, of course, Mr. Korby made it all possible too. Thank the fairs.

Okay. The first item of business is the approval of the minutes from March 27th and April 24th. We'll start with March 27th. Any comments with respect to those minutes?

VICE CHAIRPERSON HARRIS: I'll move they be approved.

COMMISSIONER LANDSBURG: Second.

CHAIRPERSON LICHT: Moved by Commissioner Harris, seconded by Commissioner Landsburg.

All in favor?

(Ayes.)

CHAIRPERSON LICHT: Opposed?

It's unanimously accepted.

April 24th minutes.  
Any comments?

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

VICE CHAIRPERSON HARRIS: Actually, I don't  
2 really have any changes but I think it is important that  
3 all the participants in racing read these minutes. I  
don't know if all of you have access to them, you can get  
them, I think they're on the Internet, and they're mailed.  
Because the meeting that we had in April, there was a lot  
of discussion about the Daily Racing Forum and it probably  
had remarks from, you know, a half dozen people in racing.

So we want to make sure that these minutes serve  
as a, kind of, chronicle of what we've done. And so make  
sure if you read the minutes and you disagree with what  
you were quoted as saying, that you bring it to our  
attention, because otherwise it will go down in history.

With that I'll move we approve it.

COMMISSIONER GRANZELLA: Second.

CHAIRPERSON LICHT: Moved by Commissioner  
Harris, seconded by Commissioner Granzella.

All in favor?

(Ayes.)

CHAIRPERSON LICHT: Opposed?

Unanimously adopted.

It's hard to believe the horse racing industry  
functioned for 2 months without us having a meeting. It's  
been over 2 months.

Item number 2 is the application by Del Mar.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

POLICY AND REGULATIONS MANAGER WAGNER: Good morning, Commissioners. Jackie Wagner CHRB staff.

The application before you is from the Del Mar Thoroughbred Club. They have filed their application to race from July 23rd through September 10th for 43 days, 6 which is the same number of days they raced in 2002.

They are proposing to race a total of 372 races for 8.6 races per day. They will be racing 6 days per 9 week, Wednesday through Monday, with 8 races per day on the weekdays, 9 races opening day and certain weekend days and 10 races on certain weekend days, Labor Day and closing.

Their first post time will be 2:00 p.m. daily. They will have a 12:30 p.m. post on Sunday, August the 24th, a 3:30 p.m. post on Friday, August 22nd, 29th and September 5th; and a 4:00 p.m. post on Friday July the 25th and August 1, 8 and 15.

They will be utilizing CHRB rules for their wagering program. We have received their horseman's agreement. The only item outstanding on this application is the fire clearance.

And staff would recommend that the Board adopt the application contingent upon us receiving the missing 24

am.

CHAIRPERSON LICHT: Any comments?

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

VICE CHAIRPERSON HARRIS: One issue that came up  
2 last year which tied into the fairs were that Del Mar  
3 refused to accept the race -- a mule race at Black Ruby,  
4 because they were concerned about minus pooling. But  
there are ways around that.

Did we get some assurance that Del Mar will be a  
kinder, gentler nation and look at the mule races?

EXECUTIVE DIRECTOR WOOD: Check and see if that  
mic is on.

MR. FRAVEL: Craig Fravel, Del Mar Thoroughbred  
Club.

I think after that one occasion we developed a  
good working relationship with the stewards to modify the  
wagering formats efficiently to handle those issues, and  
hopefully that won't be a problem as we move forward.

I think the staff is very helpful in making sure  
that we had the flexibility to alter our own wagering  
formats so that we didn't hit with big minus pools.

I think that after that one occasion when I was  
out of town, things got sorted out.

VICE CHAIRPERSON HARRIS: So you'll promise not  
to leave town.

(Laughter.)

MR. FRAVEL: I don't promise that, but I'll  
promise to leave Joe's phone number for you.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

(Laughter.)

VICE CHAIRPERSON HARRIS: One thing on these  
3 applications. Basically, but most people I think know of  
4 it, does it show in there somewhere which ADW providers  
5 are licensed or, you know, contractually agreed with that  
track somewhere?

MR. FRAVEL: I believe that it does list all the  
ADW providers that we intend to do business with.

CHAIRPERSON LIGHT: No, I think he means whether  
it's YOUBET, just the 3 California ones.

VICE CHAIRPERSON HARRIS: That's really a  
different issue than the off-track wagering where you're  
selling your signal here and there, but that ADW -- I  
don't know if we've really -- it's not really a Del Mar  
problem. But we need to take a look at that being part of  
the application that we know who they're using. All  
though, we usually know anyway, but it would be something  
to have.

CHAIRPERSON LICHT: I think it's clear you guys  
are going to be with TVG and with YOUBET.

MR. FRAVEL: That's correct.

EXECUTIVE DIRECTOR WOOD: TVG is listed on the  
application as a provider.

CHAIRPERSON LICHT: And so is YOUBET.

VICE CHAIRPERSON HARRIS: So it's all on the same

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

list as everybody else.

CHAIRPERSON LICHT: Well, how about a motion to approve Del Mar's license.

COMMISSIONER SPERRY: So moved.

COMMISSIONER MORETTI: Second.

CHAIRPERSON LICHT: I think it was moved by Commissioner Landsburg, seconded by Commissioner Moretti.

COMMISSIONER LANDSBURG: It was Commissioner Sperry.

CHAIRPERSON LICHT: Sperry.

All in favor?

(Ayes.)

CHAIRPERSON LICHT: Opposed?

It's adopted.

We're racing at Del Mar this year.

(Laughter.)

CHAIRPERSON LICHT: Relieved?

Solano Fair's application for license.

POLICY AND REGULATIONS MANAGER WAGNER: Jackie Wagner CHRB staff.

The Solano County Fair has filed their application. They have a proposal to race from July the 23 through July the 20th. They will be racing 10 days, 24 which is one day less than they raced last year.

They're proposing to race a total of 114 races

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

which is 4 races less than they raced last year.

They will be racing 5 days per week, Wednesday through Sunday, with 11 races per day on Wednesdays, Thursdays and Fridays and 12 races on Saturdays and Sundays.

Their post time daily will be 12:15 p.m. They will be utilizing the CHRB rules for their wagering program. The analysis notes several missing items as outstanding. We have received those items.

The staff would recommend that the Board approve the application as presented.

CHAIRPERSON LICHT: Any comments?

VICE CHAIRPERSON HARRIS: On that, we note that they don't offer early wagering, which I can see might not be feasible. But does that include -- with ADW how does that work now at a fair that doesn't offer early wagering. At what point does an ADW person start betting?

CHAIRPERSON LICHT: An ADW person on the fair on that fair's races?

VICE CHAIRPERSON HARRIS: No. Well, let's say if I have a YOBET account, and it's, you know, 8:30 in the morning, will I be able to bet on Vallejo or is there a certain time? How does that work?

MR. KORBY: Chris Korby California Authority of Racing Fairs, speaking on behalf of the Solano County

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 Fair. I'll check with the tote representatives who are  
2 here, but the hubs open up for east coast racing from New  
3 York and whichever other eastern time zone tracks we're  
4 take. So when those hubs open up, the ADW operations are  
5 fully operational, and the person could wager on those  
races at that time.

VICE CHAIRPERSON HARRIS: Okay, then the hub does  
open for -- I wasn't sure what time the hub opens, I guess  
is the issue.

MR. KORBY: We'll get it straight from the  
horse's mouth.

MR. FORTMAN: I'm Marv Fortman with Autotote.  
I'm the Operations Manager for California.

The Bay Meadows hub servicing ADW opens at 8:45.  
All programs at 8:45. So the Solano County Fair would  
open at 8:45 for ADW wagering.

CHAIRPERSON LICHT: And because like in down  
south, if you're a Hollywood Park early bird, you'll be  
able to wager on Vallejo's, even though there's no early 20  
rd at that.

MR. FORTMAN: That's correct, yes.

VICE CHAIRPERSON HARRIS: The license talks about  
early wager not offered. It just won't be offered at  
Vallejo, but it's conceivably at ADW or some  
subdivision -- or some satellite site someplace that

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

wanted to open they could I guess.

MR. FORTMAN: That is correct, yes.

VICE CHAIRPERSON HARRIS: Who is open? I mean,  
4 are there some satellites that are opening at 9:00 or  
10:00 o'clock.

MR. FORTMAN: In southern California there are.  
7 I believe Del Mar opens at 8:00 or 8:30; Hollywood Park  
opens at 8:30. Los Alamitos opens for early bird at 8:30.

Northern California, it will be up to the fair to  
authorize any kind of early bird anywhere in the satellite  
network.

CHAIRPERSON LICHT: Okay. Do we have a motion to  
accept this application, approve this application.

COMMISSIONER GRANZELLA: I Move.

COMMISSIONER MORETTI: Second.

CHAIRPERSON LICHT: Moved by Commissioner  
Granzella, seconded by Commissioner Moretti.

All in favor?

(Ayes.)

CHAIRPERSON LICHT: Opposed?

We're racing at Solano.

Sonoma County Fair.

POLICY AND REGULATIONS MANAGER WAGNER: Jackie  
Wagner, CHRB staff. Sonoma County Fair has filed their 25  
application to race from July the 23rd through August the

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

4th, which is 12 days, the same number that they raced in 2002.

They are proposing to race a total of 134 races, which is the same number of races that they ran in 2002. They will be racing Wednesday through Monday with 10 races per day on Mondays, Wednesdays and Thursdays; 12 races on Saturdays and Sundays and 13 races on Fridays. The first 8 post time is 12:45 p.m. daily. Again, their wagering program will use CHRB rules.

Our analysis indicates missing items from this application. We have received all of those missing items. So staff would recommend that the Board adopt the application as presented.

CHAIRPERSON LICHT: Any comments with respect to Sonoma?

VICE CHAIRPERSON HARRIS: This wouldn't just be on Sonoma, but on all of these that we consider are raising their admissions by, you know, 10 to 20 percent, which seems kind of illogical to me, when racing is in the decline and losing people. So if something is selling very well so let's raise the price.

But I guess -- and I think the tracks have the latitude to do that. I just hope that when they do that, that they've given it due consideration and thought through, you know, any ramifications that has on their

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 wagering and concession sales and all that. This wasn't  
2 just a thing that it's fashionable to raise your rates  
every year.

CHAIRPERSON LICHT: Motion to approve Sonoma.

COMMISSIONER MORETTI: So moved.

COMMISSIONER LANDSBURG: Second.

CHAIRPERSON LICHT: Moved by Commissioner  
Moretti, seconded by Commissioner Landsburg.

All in favor?

(Ayes.)

CHAIRPERSON LICHT: Opposed?

None.

Unanimously passed.

San Mateo County Fair.

POLICY AND REGULATIONS MANAGER WAGNER: Jackie  
Wagner, CHRB staff. San Mateo County Fair, they filed 17  
their application to race from August the 6th through 18  
August 18th, 12 days, which is the same number of days  
that they ran in 2002. They're proposing to race a total  
of 124 races, which is 11 races more than they ran last  
year.

They will be racing Wednesday through Monday with  
10 races per day on Mondays, Wednesdays, Thursdays and  
Fridays, and 11 races on Saturdays and Sundays.

Their first post time is 1:15 daily. They will

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

be utilizing CHRB rules on their wagering program. Their application also indicates several missing items. Staff has received the name of the association veterinarian. We have received the horseman's agreement from the Arabians and the thoroughbreds. The only thing missing from this item is the fire clearance and the name of the general manager.

Staff would recommend that the Board approve the application contingent upon us receiving this information.

CHAIRPERSON LICHT: Any comments on the San Mateo Fair?

Motion?

VICE CHAIRPERSON HARRIS: Just as information, was there some reason that the San Mateo County Fair felt that the later post to coincide with Del Mar was not particularly a good way to go?

POLICY AND REGULATIONS MANAGER WAGNER: Is there a representative from San Mateo?

MR. ZEIGLER: Mike Zeigler, representing San Mateo County Fair. The later post time coinciding on Fridays, we determined that we'd have a better shot with 22 out-of-state signal on Fridays when Del Mar is running 23 air 4:00 o'clock Fridays.

VICE CHAIRPERSON HARRIS: So would Bay Meadows follow the same policy when you overlap Sacramento?

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

MR. ZEIGLER: Bay Meadows will run a daytime signal during the fall meet.

VICE CHAIRPERSON HARRIS: That was a controversial thing -- it shouldn't have been -- last year as far as their starting time when they were overlapping Sacramento. So you plan to start at 1:00 on Fridays during the first part of Bay Meadows?

MR. ZEIGLER: I don't know the exact time, but it's some time around 1:00, 12:45 or 1:15.

CHAIRPERSON LICHT: Motion to approve San Mateo?

COMMISSIONER SPERRY: So moved.

COMMISSIONER MORETTI: Second.

CHAIRPERSON LICHT: Moved by Commissioner Sperry, seconded by Commissioner Moretti.

All in favor?

(Ayes.)

CHAIRPERSON LICHT: Opposed?

Unanimously adopted.

Humboldt County.

POLICY AND REGULATIONS MANAGER WAGNER: Jackie Wagner, CHRB staff. The Humboldt County Fair has filed 22 fair application to race from August the 7th through August the 17th, 10 days, which is the same number of days they raced in 2002.

They are proposing to race a total of 76 races,

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 which is two more than they ran last year. They will be  
racing Thursday through Monday the first week, and  
Wednesday through Sunday the second week, 6 races on  
4 Mondays and Wednesdays, 7 races on Thursdays, 8 races on  
Fridays and 8 or 9 races Saturdays and Sundays.

The first post time on Saturdays and Sundays is  
1:55 p.m.; Mondays, Wednesdays, Thursdays, 2:25 p.m.; and  
on Friday a 2:55 p.m. post.

Their wagering program will use CHRB rules.

Again, this item lists several items as missing on this 11  
application. We have since received the name of the  
racing secretary, the entity who will prepare the  
transcripts of the stewards' hearings, the horseman's 14  
agreements for both the Arabians and the thoroughbreds.

The only outstanding item on this application is the fire  
clearance.

Staff would recommend that the Board approve the  
application contingent upon us receiving that information.

CHAIRPERSON LICHT: Comments?

A motion to approve Humboldt.

COMMISSIONER GRANZELLA: So moved.

COMMISSIONER LANDSBURG: Second.

CHAIRPERSON LICHT: Moved by Commissioner

Granzella, seconded by Commissioner Landsburg.  
All in favor?

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

(Ayes.)

CHAIRPERSON LICHT: All opposed?

Unanimously passed.

California Expo Fair racing.

POLICY AND REGULATIONS MANAGER WAGNER: Jackie Wagner, CHRB staff. Cal Expo has filed their application to race from August the 20th through September the 1st, 12 days, the same number that they ran in 2002.

They are proposing to race a total of 132 races, which is the same number that they ran last year. They will be racing Wednesday through Monday with 10 races per day, on Sunday, August the 31st, Monday, September the 1st, Friday, August the 29th.

They will be racing 11 races on Wednesdays, Thursdays and Fridays, and on August the 25th and on Saturday, August the 30th. They will be running 12 races on Sunday, August the 24th, Friday the 22nd, and Saturday, August the 23rd. Their first post time is 1:00 o'clock daily. And they will have a 2:30 p.m. post on Fridays. 20

Their wagering program will use the CHRB rules. Again, we have several items on this application that are noted as outstanding. We have since received the horseman's agreements from the Arabians and the thoroughbreds. The two items missing on this application are the fire clearance and the name of the placing judge.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

Staff would recommend that the Board approve the application contingent upon us receiving this information.

CHAIRPERSON LICHT: Comments on Cal Expo's application, the State Fair?

COMMISSIONER LANDSBURG: This is just a general comment, if you will, Mr. Chairman. The fairs and all of racing have a unique opportunity this summer to capitalize  
8 on the release of Seabiscuit the movie. And I want to compliment the fairs, in particular, Chris Corby's organization for making sure that they are going to be able to capitalize on that in many ways, and just keep in mind for all of racing that we'll have an emotional uplift from somewhere between 10 and 20 million people who will ultimately see that picture in the United States. And capitalizing on it is something we should be doing for the rest of the year. I compliment the fairs on what they are doing and Del Mar for what it plans to do.

CHAIRPERSON LICHT: I think that's obviously going to be hopefully a big impetus for the sport and stimulus to get the dormant fans back at least, if not new fans.

VICE CHAIRPERSON HARRIS: I think there's a very -- a bunch of different premiers on that, too. I don't know if some of the racing fairs could take a look  
25 how they can premier that, at least in their community

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

and do something on that.

MR. KORBY: Chris Korby, California Authority of Racing Fairs. Thank you, Commissioner Landsburg for your kind words.

Actually, we have a co-promotion agreement with Universal, which includes, they've assured us, our tickets  
7 to some of those advanced screenings, which we will be using as part of a promotional give away. There will be 5 locations we're being told throughout the state, and we'll be receiving tickets to 4 screenings at each of those locations.

So I think that will be a good opportunity for us to promote the film and build up some enthusiasm amongst the patrons by getting a chance to see these advanced screenings.

VICE CHAIRPERSON HARRIS: I think, too, if you could figure a way that people who would see the movie  
18 could get some way to get a ticket to the fair or the races or somehow some bounce-back type of a thing, that if the people after seeing the movie feel they've got -- they know where they can go see a race.

MR. KORBY: A couple of fairs are working on that locally with theatres in their area.

EXECUTIVE DIRECTOR WOOD: Mr. Chairman, could I ask the representative from Cal Expo if they have an

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

agreement with TVG to simulcast the ADW. I see that YOUTBET is listed on their agreement, but TVG is not.

MR. ELLIOTT: Dave Elliott, Cal Expo. I defer to Mr. Korby.

MR. KORBY: Chris Korby, California Authority of Racing Fairs. All of the California Authority of Racing Fairs have agreements with all 3 of the licensed entities, TVG YOUTBET, and Xpressbet. That includes Cal Expo. If  
9 it's not listed, it's an oversight and we'll correct it.

CHAIRPERSON LICHT: Thank you.

MR. FRAVEL: Mr. Chairman, Craig Fravel, Del Mar. This is just following up on the Seabiscuit issue. There is -- and the NTRA is proposing, I think, a three minute 14  
review kind of film for showing in the theaters nationally in conjunction with the debut of Seabiscuit, which will include some form of bounce-back ticket whether it's two for one or admission free.

And that opportunity is being offered to race tracks around the country to tie in with Seabiscuit. And it also includes, I think, a 30 second piece at the end of the trailer that will also promote the local race tracks.

So virtually every market around the country has the availability of that. And I know virtually every track, that I'm aware of, is participating in it as well. And August 2nd I think actually spear-headed in part by

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

Del Mar, there's a big Seabiscuit mug give away, that many  
2 tracks around the country have agreed to participate in,  
3 as well as a Mystery Mutual ticket that is a national  
4 Mystery Mutual that is themed around the Seabiscuit movie  
as well.

So that's just one of many, many things that are  
going on related to this. And I think you'll see a,  
hopefully -- we just hope the movie is good.

CHAIRPERSON LICHT: Okay. Let's have a motion to  
approve the Cal Expo.

VICE CHAIRPERSON HARRIS: So moved.

COMMISSIONER LANDSBURG: Second.

CHAIRPERSON LICHT: All in favor?

(Ayes.)

CHAIRPERSON LICHT: That was moved by  
Commissioner Harris, seconded by Commissioner Landsburg. 17

Okay number 8, proposal to adopt this regulatory  
amendment, which deals with Erythropoietin,  
Darbepoietin --

VICE CHAIRPERSON HARRIS: Those were already  
approved.

CHAIRPERSON LICHT: Those are approved and then  
adding snake venom and snail venom.

POLICY AND REGULATIONS MANAGER WAGNER: Jackie  
Wagner, CHRB staff.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

The proposal before you right now is to add to the Rule 1867, Prohibited Veterinary Practices, the use of snake and snail venom to the list of prohibited practices.

This rule was heard at the Committee level and it was presented and approved for notice at the April 1st, 2003 Medication Committee meeting.

The proposal was subsequently noticed to the public for 45 days. No comments were received during the 45-day public comment period. And staff would recommend the Board adopt the amendment to Rule 1867 as presented.

CHAIRPERSON LICHT: We have no public comments to this, right?

EXECUTIVE DIRECTOR WOOD: We're just adding 3 and 4 to the item to approve that rule.

CHAIRPERSON LICHT: Any comments?

Motion to approve?

VICE CHAIRPERSON HARRIS: I move that we approve the additional 2 items.

CHAIRPERSON LICHT: Moved by Commissioner Harris.

Second?

COMMISSIONER MORETTI: Second.

CHAIRPERSON LICHT: Commissioner Moretti.

All in favor?

(Ayes.)

CHAIRPERSON LICHT: Opposed?

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

Unanimously passed.

Number 9, Beat The Odds.

This is a proposal to add a new type of wager to our betting menu.

POLICY AND REGULATIONS MANAGER WAGNER: Jackie Wagner, CHRB staff. This proceeds addition will add to the Boards rules, Rule 1979.5, Beat The Odds. The Beat  
8 The Odds wager would require the selection of a first place finisher that are non-favorites in 3 or more races on the card for a single performance.

The proposal was presented at the January 2003 PMO meeting with the endorsement of the LA Turf Club. During the 45-day comment period staff did receive 14  
omments from the Southern California Horse Racing Industry Fans Committee, who endorsed the proposal, for the addition of rule 1979.5.

The staff would recommend that the Board adopt the proposal as presented.

CHAIRPERSON LICHT: Comments.

Mr. Quinn.

MR. QUINN: Yes. James Quinn. I'm a racing customer and a writer on handicapping, and I'm the architect of Beat The Favorite. And it just would be an exciting day for me and I think an exciting day for California racing to add this wager to the agenda.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

I'd like to just reiterate the enormous fan  
2 support this has had or customer support it's had since  
it's been proposed several years ago.

I've done surveys myself. I know Autotote did a  
survey. And I was amazed to hear David Payton in a  
6 presentation in front of several California race tracks  
7 say that it was the only bet they ever had where they  
surveyed all their clients around the country, and it came  
back unanimously positive.

And I've had the same experience. I've never  
found a customer that's been opposed to the wager or  
didn't like the wager. Basically, it does two things. It  
plugs into the psyche of most people who go to the races 14  
15 tend to like to play against the favorite. As Mary  
Forny said, she's an executory at Santa Anita, it's beat 16  
17 favorite. That's what everybody likes to do. So  
that's one aspect of it.

The other aspect of it, it has the potential to  
be one of the biggest paying bets ever at the race track,  
if the pool is \$100,000. George Haines at Santa Anita in  
the same meeting where Autotote made the presentation,  
estimated the size of the pool at Santa Anita to be  
\$100,000 to \$125,000.

If that were the case, and there was a 20 percent  
take, we believe there's going to be one or two or a few

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 winners on most days with Beat The Favorites. In a case  
where there would be one winner, the payoff would be  
\$100,000 in a \$125,000 pool.

5 The next day that would become one of the most  
popular bets in the country, and it would be a California  
bet. It should involve incremental handle at all the  
California tracks. I think it will be an enormously  
popular bet. It's an innovative wager. It's not similar  
to any of the wagers that are on the menu, so there's no  
dilution of pools.

And the way I presented the bet when I've talked  
about it to race tracks, is that it has the potential to  
be a marketing strategy or a marketing tool to just create  
more fan interest for thoroughbred racing, particularly in  
California. So I just urge the Board to adopt the bet and  
give the market a chance. Let the betters respond, and  
see whether they like the bet or not.

Jack Nichol is not here, but he told me to  
reiterate that he wants to launch the bet next winter at  
Santa Anita.

COMMISSIONER LANDSBURG: As I recall, is there a  
proprietary element within this that shares in anyway in  
the results of the betting?

MR. QUINN: Yes, there would be a proprietary  
interest with the race track share of the handle. It

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 would not be -- it would not impinge at all on the state  
or on the horsemen.

COMMISSIONER LANDSBURG: So a track would have to  
4 reduce its take in order to give you the proprietary fee  
or whatever is negotiated with them? Is that fee  
negotiated or set or does it depend upon individual  
negotiations with the track?

MR. QUINN: It's the latter, individual  
negotiations with the track.

VICE CHAIRPERSON HARRIS: I don't quite  
understand, this is like a patented type of a thing you  
have or what?

MR. QUINN: I have the intellectual property  
rights. I have the TradeMark for it, for the name Beat  
The Favorite. It appears Beat The Odds on your agenda.  
Any track can pick it up and play it under Beat The  
15. 17 My TradeMark is limited to the name Beat The  
Favorite.

VICE CHAIRPERSON HARRIS: So if they wanted to  
use Beat The Favorite they'd have to work out something  
with you, but they could still do it some other way?

MR. QUINN: Under any other name.

VICE CHAIRPERSON HARRIS: The take out on this is  
going to be an exotic take out or?

MR. QUINN: Yes, this would be a combination bet,

so the current take out is 20 point some percent on exotic

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

wager, and that would be the take out on Beat The  
2 Favorite. And what I'm hoping is, and what I expect --  
I've tested it a couple times with relatively small  
numbers of people, 60 to 100 people. In each case,  
there's been 1 or 2 winners, and the payoff would be  
extremely large.

On average, I think it would pay more than the  
average Pick 6 picks. The average Pick 6 actually pays  
9 very low, but of course when it pays high, it pays  
unusually high.

In Beat The Favorite's case, I think the average  
payoff, depending on the size of the pool, could be  
\$20,000 or higher. And if that's the case, obviously it  
will become -- I think it's going to become the most  
popular bet ever in parimutuel wagering.

The other thing that I think will happen if that  
is true, and it might not. I could be wrong. Maybe the  
betters won't support the bet, and I'll just be wrong.  
But the other thing that might happen, I've read at least  
a half dozen articles over the last two years encouraging  
the thoroughbred industry to come up with more innovative  
wagers.

And I think that would happen. I think other  
individuals and either other companies would come forward  
with innovative wagers that may or may not help create fan

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 interest in thoroughbred racing. But I think that's the  
ultimate aim here is to create and generate more fan  
interest in thoroughbred racing, particularly in  
California.

VICE CHAIRPERSON HARRIS: I think it's a great  
6 idea. You know, the proof will be in how it goes over.  
But I think we need innovative ideas like this that have a  
8 chance to make a lot, and still you don't have to make a  
big investment to do it.

MR. QUINN: And I agree, you know, the syndicates  
and the high rollers have a big edge in Pick 6 wagering  
against the small customer.

Initially, the syndicates will not be attracted  
to Beat The Favorite. Now, if it pays as well as I think  
it's going to pay, they'll be attracted very, very  
quickly, and they start to play. But the dynamics of the  
game are such that the more races you play -- you must  
play 3 races, but you can play as many as you want.

So syndicates that want to, for example, try to  
buy the pool or buy the wager, they play 4 races or 5 or 21  
the risk that anyone of those races will be won by the 22  
favorite goes up enormously. And if they buy 6 races, for 23  
ample, non-favorites in 6 races, they've got a good  
chance that one of those 6 races the favorite will win and  
those tickets will be dead.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

So as you increase the number of races that you play, the risk of losing the bet goes up. And at the same time, you get a score. Your score is equal to the win mutuel on the non-favorite that wins. So if the non-favorite pays \$38.60, that's your score.

If you happen to have a second non-favorite win on the same ticket and that pays \$8, your score would be \$44.60.

And so it's dollars and cents are included in the score, which minimize the chances that there will be ties that will have to split the pool.

VICE CHAIRPERSON HARRIS: If you bet a horse that you think is not going to be the favorite, but then he ends up being the favorite, so then that one you didn't win. Even if he's a favorite, so --

MR. QUINN: Your ticket is dead. If that horse wins -- if you've got a 5 to 2 shot because you think he's going to be the second or third choice in a small field, 19 turns out being an 8 to 5 favorite and he wins, your ticket is dead. So you have to be careful in how you structure these tickets.

So it's a challenging bet for the regular market. Gibson Carruthers who is a friend of mine and on the Board of Canterbury Park, he kind of makes the presentation even better than I do. And one of the arguments he's made is

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

that most wagers that come along the regular market or the mature market probably will not support the wager because it probably won't pay to well, like head to head betting or the Easy Cue. Wagers like that, that tend to under pay, the regular market or the mature market won't support the wager so the pools are small.

In this particular case, we believe the regular market, the mature market as I call it, will support this bet very strongly because that's what they like to do and it's challenging to them, and the pool should be unusually large.

VICE CHAIRPERSON HARRIS: Well, the concept is it has to be the last three races, but it could be conceivably --

MR. QUINN: No. The pool is open all day long. The pool is open beginning in race 1. You can play consecutive or non-consecutive races. For example, John, on your ticket you could play the first race, the third the 6th and the 7th.

VICE CHAIRPERSON HARRIS: Okay. So it's any. It doesn't have to be consecutive.

MR. QUINN: It doesn't have to be consecutive. It's consecutive or non-consecutive. The pool is open until the third race from the end of the card. That's one pool.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

And in the meetings I've had -- people have had an interesting time kind of strategizing the bet, how to play the bet. You know, I think it's a difficult bet to play. I think it's challenging. I would have a hard time playing it. I know there's going to be a learning curve for almost all the players.

VICE CHAIRPERSON HARRIS: Is it going on any place now or would this be the first?

MR. QUINN: No. This would be the first time ever. I've asked some other people to talk on behalf of it. Bill Hoge is here and he's going to talk on it. I really do want to thank David Pascale and the Fans Committee, who have supported this bet unanimously and pretty strongly and I think David wants to make some comments also.

MR. HOGE: Mr. Chairman, members, the last time I was before this committee -- Bill Hoge -- I was a member of the State Legislature and Chairman of the Governmental Organization Committee.

Today I come before you as a handicapper and horses player. When I found out about Beat The Favorite, I wanted to become involved in this proposition immediately, because all of my life I've been trying to beat the favorite. And this sounded like something that would be right up my alley.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

I'm a member of a study group or a working group  
15 to 20 horse players and we meet once a month. I have  
asked all of them what they think and we've discussed this  
bet. They unanimously support it and are quite excited  
about it.

I know that my former colleague in the  
legislature Ken Maddy, spent a lifetime talking about and  
trying to beat the favorite. And I would bet those of you  
that ever had the opportunity to go to the races with Ken,  
would probably agree that this would be something that he  
would probably be well in support of.

I'm asking you for your aye vote on this  
proposition as I believe it's something that is really  
good for the horse players and racing in general.

Thank you.

COMMISSIONER LANDSBURG: If we bring new people  
to racing and offer them this bet, what do you suppose  
their reaction might be when they hear the rules? Is it  
too complicated for anybody but the expert handicapper?

MR. HOGE: I'm not sure the expert handicapper --  
I believe that expert handicappers immediately will take a  
liking to this proposition and they will be active  
participants. It will take new players as they come into  
the game a period of time to learn how to play, how to  
play this proposition, but I believe once they begin to

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

see the significant pay-offs that are going to -- there's no question in my mind this is one of those deals where you can bet a little to win a lot. It will be something that new fans will look at. I believe it's going to bring new people to the track.

COMMISSIONER LANDSBURG: But if you bring a new person to the track, how long do you think it will take you to explain this bet to them?

MR. HOGE: Well, anybody that I have brought to the track for the first time has a difficult time figuring out what a place or show bet is.

COMMISSIONER LANDSBURG: Exactly.

MR. HOGE: So then you go to exactas and whatever else it is. But I believe, again, when you begin to see the pay-offs are from this proposition, those that are really interested in the game are going to learn how to play it real quick and want to play it.

COMMISSIONER LANDSBURG: Thank you, Bill. I just wanted to say to the race tracks are they anxious to have a new bet on their calendars, one that will, in fact, drain a little bit of their money out of the churn and a little bit of the money out of what they take, as far as the proposition that's been put before us?

MR. BAEDEKER: Rick Baedeker, Hollywood Park. I agree that this will not appeal to a new fan. I think it

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

will be too difficult to understand. I also agree that  
that probably applies to most of the wagers we currently  
offer. The game is very complicated.

But I think we shouldn't just focus on new fans.  
5 We should focus on keeping the existing folks. And if  
this works, and it is as popular as the architects believe  
it will be, then it's worth a shot.

I think it could be fun. And if it's fun,  
9 lightens up the day a little bit, adds some interest,  
probably the first significant change in the betting  
structure in quite a while then.

COMMISSIONER LANDSBURG: Since the parlay.

MR. BAEDEKER: Probably. Then I think it's worth  
trying.

VICE CHAIRPERSON HARRIS: Well, it seems like it  
might be something a fan that knew would like some, you  
know, under-rated jockey or colors or something that may 18  
: a couple -- 2 or three horses in 2 or 3 races.

Is the denomination of a bet if it's like going  
to be a \$2 bet, so if you put two horses in a race,  
that's -- is it one bet for all the races or every horse 22  
1 put in is \$2?

MR. QUINN: It's \$1 per combination. So, for  
example, if you played 3 races, 2 horses in one, one in 25  
other and three in another, which would be a typical

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 small customer bet, that would be 6 combinations. It  
would cost \$6.

If you used one horse in each of three races, it  
would cost \$1.

VICE CHAIRPERSON HARRIS: So a single one is only  
a dollar.

MR. QUINN: It would only be a dollar wager. And  
8 I think Alan's question is very, very important. And I  
want to say that I've already told Jackie from Santa Anita  
that I want to be involved in the marketing and the  
promotion of this. And any kind of customer education  
that's needed to facilitate the wager.

The learning curve for a new wager for the new  
customer or the small better, is basically 2 or 3  
mistakes. You have to remember that people are betting  
their money on the outcomes of these races. And when they  
make a mistake it might hurt them financial. They  
probably are for a small amount of money, but they quickly  
correct the mistake because they don't want to make the  
same mistake again.

And I do think when they begin to play Beat The  
Favorite, it's really, really -- it's very similar in a  
sense to the other serial bets that we already have on the  
agenda, except that the races need not be non-consecutive.  
So it can be played very easily. It can be paid

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

at the teller machines very easily. And the learning curve, as I said on most of these combination kinds of bets is 2 or 3 mistakes, even for new-comers who have never been to the race track.

That's the way I talk about the learning curve. It's usually the number of mistakes it takes a person to correct, and that is the way to learn at the track when you try to bet a trifecta or a superfecta, and you're not exactly sure what the bet means, you quickly learn, if you make a mistake the first time you do it.

You know, I think the learning curve on all these bets is really kind of short. The important thing for the new-comers -- the new-comers -- if the bet pays \$450 or \$789, the new-comer will not distinguish it from the trifecta or the superfecta or the serial wager. But if it pays \$20,000, they're going to pay attention immediately, and they're going to be interested in playing the bet in learning how to play the bet, and the learning curve will be very short in that particular -- I can almost guarantee 20 at.

CHAIRPERSON LICHT: Frank --

COMMISSIONER LANDSBURG: But the outcome obviously isn't known until the end of the 9th race or last race of the day whatever it is.

MR. QUINN: Correct. And I think that's a

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

positive, Alan, because that will keep people at the  
2 track. I mean look at the scenario where the first few  
3 races are one by the favorite. The day that I introduced  
4 this bet to Autotote was at Hollywood Park in 1996 or  
5 something like that. The first 5 races that day were won  
6 by the favorite, the first 5 races were won by the  
7 favorite and race 9 was one by the favorite, every ticket  
8 that day that had 1 through 5 or race 9 on the ticket  
would have been dead.

The only way to win that day would be to have a  
ticket that had 6, 7 and 8 races and a non-favorite a  
winner in at least one of those races. So what will 13  
open with players was they'll pay attention to the  
results of the early races. And when favorites win the  
early races, the pool is still open, people I think will  
play as the day moves on, and they'll feel they have a  
bigger edge as the day moves on.

Now the opposite will happen, too. If long shots  
win races 1, 2 and 3 there's a disincentive to play Beat 20  
Favorite beginning at race 4. But it's much more  
likely that favorites or lower priced horses which win  
most of the races will predominate in the lower parts of 23  
card. So I think that's a strength of the wager, that 24  
pool stays open all day long. And I'd be curious to 25  
the size of these pools, particularly if the early

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

payoffs are really good. The best thing that could happen would be that on the first day of the bet, one winner wins 3 50 grand. That would be terrific. You'd have the most popular bet in the United States the next day.

CHAIRPERSON LICHT: Okay, Frank.

MR. DeMARCO: Frank DeMarco speaking for the 7 Santa Anita tracks. Jack Liebau was going to be here today. He enthusiastically endorses the adoption of this rule. He asked me to express that to you all.

We think that this is the kind of thing that has to be tried from time to time to stimulate new interest. Our feeling is that in the final analysis the betting public will tell us whether it works or doesn't work, but we think it should be tried, and we endorse it.

CHAIRPERSON LICHT: I have some problems. I think that the game is already too confusing. I think this is something that TVG has been working on to try to 18 prove. And I've been speaking to Tony quite a bit about 19 is.

I think that there are too many exotics already. And I think too much money goes to too few. I don't see 22 as a good thing when there's a \$50,000 payoff, because 23 it means there's 49,999 losers out there and only one person winning. And I think too many people leave the track broke today. And that's one of the biggest problems

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

with the game as opposed to when there was just win, place and show and an occasional exotic wager.

I think that there's a -- the way I understand  
4 this bet, there's a huge advantage to the big tickets  
5 under the scenario where the favorite wins the first few  
races. Large tickets can bombard the pool on the last few  
7 races, and have a huge advantage. I don't think we need  
anymore exotics personally.

MR. DeMARCO: I'll let the author address those  
issues.

MR. QUINN: Well, in the latter scenario you just  
used, that will happen.

COMMISSIONER LANDSBURG: Can you back off the mic  
just a little.

MR. QUINN: When the favorites win the early  
races, obviously bigger betters and syndicates, if the  
payoff is assumed to be large are going to come in and  
they're going to play. But if the favorite wins any of  
those races, those tickets are dead. So there's a risk  
involved in that.

And Roger, I just think your thinking is flawed  
on the idea that major scores take money out of  
circulation. I should have responded a little more  
intelligently to you in the Operations Committee.

What happens is when there's one large wager that

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

pays, let's say, \$100,000, that \$100,000 is constituted by  
2 literally thousands of relatively small wagers, which  
3 knocks absolutely none of the betters out of the box. In  
fact, the betters are more encouraged to come back the  
5 next day and to play some more. It's analogous to the  
lottery.

When one person wins \$55 million in the lottery,  
that \$55 million is constituted by thousands and literally  
millions of very, very small wagers. And it will be the  
same thing with Beat The Favorite. The truth is that the  
public likes exotic wagers, which have significant  
payoffs. They much prefer those kind of wagers. And I  
think that's been demonstrated empirically for years and  
years. The most popular bet in California is the Pick 6.

CHAIRPERSON LICHT: And yet we're losing betters  
every day. I mean we're not gaining betters, we're losing  
them. And in my mind, it's because to many of them leave  
broke. I don't think it's analogous to the lottery at  
all, where the average player is playing maybe \$5 or \$7, I  
think it is. And at the race track they're betting over  
\$200 a day. And when they leave without any of that \$200,  
it's a big problem as opposed to if they left with a few  
of those dollars left, they'd be able to come back the  
next day.

I'd also like to hear from the union, Ron, or

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

Richard, if you guys have an opinion on what this might do for your clerks and so forth.

MR. QUINN: And I'd like to respond to that.

Years ago a printout was shown to me by one of the major tracks that will go unnamed, which showed that 55 percent of all show wagers returned to the betters, and only .3 percent of all trifecta wagers are returned to the betters.

And based on those data, the tracks were concluding that show betting was in the interest of most of their customers and trifecta wagering was not. It's absolutely the opposite.

The truth is that 90 percent of all show wagers underpay. The most important thing in considering any bet is whether it's going to underpay or overpay most of the 16 million to the betters. Ninety percent of all show wagers under pay. It's an unfair payoff.

If you only win 3 of every 1,000 combinations, you bet in the trifecta, it's a \$1 bet, you've invested \$1,000. You're only going to win three times. But if the payoff is \$200, \$400 and \$600, you got back \$1,200 and you have a 20 percent profit.

And that's basically the reason why the public race track's customers prefer exotic wagers. They intuitively know, that only though it's low probability

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

bets, they're going to lose most of the time, they do know that the possibility is there that with 1, 2 or 3 winning bets, they're actually going to make money.

Most of your regular customers prefer playing those kind of bets and so do most of the small customers, because they have a chance to bet small.

The basic principle of exotic wagering is bet small, win large. And the ones that overpay are the bets that really you should get behind. This bet should overpay almost every day. So it satisfies the number one criterion that most players look at, will it underpay or 12 11 it overpay.

CHAIRPERSON LICHT: Ron.

MR. LICCARDO: Ron Liccardo, Pari-Mutuel Employees Guild. You put me in a position that I didn't 16 15 ect today. But all I hear from the clerks is the customer telling me is the new people. To say we're not 18 17 concerned about the new people, only worried about the old 19 20 ple. Pretty soon the old people are going to be dead, 20 19 d there will be no new people.

CHAIRPERSON LICHT: Either financially or physically.

MR. LICCARDO: Physically not financially. But the clerks all say, that I hear from them, that the new customers tell them that everything is too confusing here.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

And let's face it, we all think we have the most honest industry in the world. But the small better all 3 thinks it's crooked. They think the industry is shady. And when you bring a new bet in, I believe, and especially a bet like this -- I've got nothing against the people who 6 are running the bet. It's just that, I just look at it can somebody manipulate the bet and it can be.

Because every time there's an 8 to 5 or 9 to 5 9 shot in the race, and the guys -- the big better has got the other horse, he can load up on this horse and make him the favorite, and make his horse now the second choice. And if he wins, he's just eliminated a lot of people who 13 re betting on the favorite before.

These horses that get down from -- horses that get bet down from -- that were bet down from 30 to 1 -- no 11 to 1 or whatever else -- yeah 30 to 1 down to 2 to 5, 17 manipulates the pools.

I think the people's money would be wrapped up for a little time, but not all day long. But the majority of the people's money would be wrapped up, just like they're wrapped up in the Pick 6. There is no churn on that stuff.

Thank you.

CHAIRPERSON LICHT: Thanks.

MR. HOGE: Mr. Chairman, I certainly understand

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

and agree with your concern about new horse players. As a horse player, that's a huge concern of mine. And in looking to what has been something that will bring new players into the game, the industry has been trying to do that for a long time, as long as I know. And the success ratio of doing that hasn't been too good.

Here we have an opportunity if we use the lottery as an example, which to this day I have yet to buy a lottery ticket, and that's a pretty simple game, because the return is so absolutely horrendous on the thing, but the public enjoys playing the lottery for a dollar a ticket or a few more, so that they can get a huge payoff.

Here is the potential for this industry to have for little money investment a major pay out that will attract the attention of new players. And whether or not it takes a little while or a little time for those players to learn how to play the game, my judgment is it will definitely bring new people into this game that we so desperately need.

Thank you.

VICE CHAIRPERSON HARRIS: I think it's important to recognize too that if we authorize this, the track would still have the option to use it or not use it. They're not -- no one is saying they've got to do it. I think, you know, we should allow tracks the opportunity to

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

try new things.

MR. PASCALE: David Pascale, I Chair the Fans Committee that wrote the letter that's in the agenda materials.

When I first heard of this, I also thought a lot about the learning curve and the confusion. And since  
7 studying it and talking it over with Mr. Quinn, on more than one occasion I have had some learning curve experiences with people to test how qualified they were to understand what was going on.

These kind of folks that had zero knowledge of racing to those who have been in it for many years, from a wagering standpoint, and I found that the learning curve  
14 s very short, surprisingly short to me. And after 2 or 15 3 estions for those that didn't know a hell of a lot, it 16 s very refreshing.

It is experimental. It offers California a chance to introduce a new multi-race pool. As you know, 19 e Pick 6 is the Pick 6 ticket throughout the country. And I think that it has a chance to maybe bring in some new players.

Experimentation is an important thing in life. There was an experiment at Hollywood that didn't work, but that's not the easy cue. But the important thing is they tried it. So I suggest it be tried.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

CHAIRPERSON LICHT: Any further comments from Commissioners or the public?

A motion?

COMMISSIONER LANDSBURG: I'm sorry. Mr. Payton might want to answer how long it would take to assemble this kind of a bet, and what expense we would be looking at to do it?

MR. PAYTON: I would love to be able to tell you that, but I'm not prepared to. It's been a long time since we've looked at the Beat The Favorite program, and things have changed in the tote that would need us to go back and look at it again.

Our contract with California has a clause in it for contracted programming hours anyway, so the programming hours itself would be covered under that basis, so there wouldn't be a huge expense for that. But it could be a, you know, a few month project, maybe a little bit longer, but I'd be guessing at this point.

COMMISSIONER LANDSBURG: And guessing at the cost as well?

MR. PAYTON: Yeah, because cost-wise it would really just be the implementation of putting it into the 23 stem. And like I said, the programming there wouldn't -- probably there wouldn't be a fee for the programming.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

VICE CHAIRPERSON HARRIS: But that cost would be borne by the tracks and it really would be their decision.

MR. PAYTON: Yes.

COMMISSIONER LANDSBURG: I just have one last comment. I just find that trying to convince me that new players will be acquired by a new bet which is so complicated that new players can't make it, just doesn't make any sense to me.

CHAIRPERSON LICHT: Any motion on this?

VICE CHAIRPERSON HARRIS: I'll move we approve the bet.

CHAIRPERSON LICHT: Moved by Commissioner Harris. Second?

COMMISSIONER MORETTI: Second.

CHAIRPERSON LICHT: Second by Commission Moretti. We'll take a roll call vote on this.

Commissioner Moretti?

COMMISSIONER MORETTI: Aye.

CHAIRPERSON LIGHT: Commissioner Harris?

VICE CHAIRPERSON HARRIS: Aye.

CHAIRPERSON LICHT: Opposed.

Commissioner Granzella?

COMMISSIONER GRANZELLA: Aye.

COMMISSIONER LANDSBURG: Opposed.

COMMISSIONER SPERRY: Opposed.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

CHAIRPERSON LICHT: It's 3 to 3.

Mr. Knight, what happens here?

DEPUTY ATTORNEY GENERAL KNIGHT: It doesn't pass.

CHAIRPERSON LICHT: Motion does not pass.

VICE CHAIRPERSON HARRIS: Could we bring this up  
6 again at the July meeting. I guess something like this  
can always be brought up for reconsideration.

EXECUTIVE DIRECTOR WOOD: We could bring it back  
in front of the Parimutuel Operations Committee for  
further discussion at the next meeting, if you'd like. If  
the Chairman of that Committee would like to ask that to  
be, he could do that, yes, sir.

COMMISSIONER LANDSBURG: I would like to have it  
come back, and we can discuss it again in the Parimutuel  
Committee.

CHAIRPERSON LICHT: I believe we're going to have  
a Parimutuel meeting the first week at Del Mar, right?

COMMISSIONER LANDSBURG: That's correct.

COMMISSIONER MORETTI: Mr. Chairman, I won't be  
here that first meeting in Del Mar just so you know.

CHAIRPERSON LICHT: Okay, but that would be just  
at the Parimutuel anyway. It wouldn't come back before  
the whole Board till the following meeting.

Okay. Item number 10.

ASSISTANT EXECUTIVE DIRECTOR MINAMI: Roy Minami

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 Horse Racing Board staff. What you have in front of you  
are our annual ongoing contracts. There are service  
3 contracts, steward's contracts and official veterinarian  
contracts.

I'd like to point out two things for you. On the  
service contracts, the Teale Data Center, the Health and  
7 Human Services Data Center and the three contracts with  
the University of California Davis, are all 3-year  
contracts.

So the dollar sums that you have in front of you  
are 3-year costs. So divide that by 3 and you have the 12  
annual costs for each of those contracts. The Teale Data  
Center for this year or this coming year starting July 1st  
will be \$200,000. Health and Human Services Data Center  
will be \$8,400 and change. And the complementary drug  
testing will be \$585,800. The Equine Medical Director 17  
11 be \$147,000. And the Postmortem Services will be 18  
3,000. So those are the annual costs.

The second thing I'd like to point out is on the  
Steward Services Contract, Mr. Tom Lowe will not be part  
of the contract. He is the executive director of the  
CTHF. And so he will no longer work as a steward for us,  
unless there's an emergency situation. But for now he  
will no longer be part of our Steward's Contract.

The Steward's Contract and the official

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

veterinarian's contract are one-year costs.

VICE CHAIRPERSON HARRIS: Is it clear that I  
3 thought all these people were contracted, that this list  
4 doesn't really necessarily reflect the fact that they  
individually have a contract for the year. This is just a  
dollar amount that would be available for contracts.

ASSISTANT EXECUTIVE DIRECTOR MINAMI: What each  
of the individuals have with us is an actual contract, but  
what we do as far as the dollar amount is we encumber a  
certain amount for our budget purposes. Now each of the  
individuals that have a contract with us are not  
guaranteed X number of days. The contract amount is based  
upon the annual schedule for that particular year.

Since this is a fiscal year basis from July to  
June 30, we have projected the second year based upon the  
current year assignments. But those can change at the  
direction of the Executive Director or the Board at any  
time.

CHAIRPERSON LICHT: I think, as a point of  
information at this point, that the Steward's Committee  
Chaired by Bill Bianco and with Sheryl Granzella is going  
to meet early in the Del Mar meet, so that what we're  
doing here is just approving the contracts in general.  
And any of the substantive issues that have been raised by  
TOC and by some of the members of the Racing Committee are

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 going to be addressed by the Steward's Committee at that  
time and don't really need to be addressed here.

Any other comments?

Mr. Van deCamp.

MR. VAN DECAMP: Just a question. I noticed that  
Truesdail is not included on here. Is this list intended  
' to be a complete list or is it just the contracts going  
forward?

ASSISTANT EXECUTIVE DIRECTOR MINAMI: These are  
lists of contracts that are going forward for this coming  
fiscal year. Truesdail is not on the list because they  
were approved as a 3-year contract. And because of that,  
we've extended their contract another year. And so they  
do not need to come back to the Board until after the  
third year.

CHAIRPERSON LICHT: Motion to approve?

COMMISSIONER SPERRY: So moved.

COMMISSIONER GRANZELLA: Second.

CHAIRPERSON LICHT: Moved by Commissioner Sperry.  
Seconded by Commissioner Granzella.

All in favor?

(Ayes.)

CHAIRPERSON LICHT: Opposed?

Unanimous.

Okay, Golden Gate Fields' proposal.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

SENIOR PARIMUTUEL EXAMINER REAGAN: John Reagan, CHRB staff. Commissioners, this is a request for approval of a charity distribution for the Pacific Racing Association doing business as Golden Gate Fields. We find this request to be in order and recommend approval.

CHAIRPERSON LICHT: Any comments on this list from Golden Gate?

Alan.

COMMISSIONER LANDSBURG: I think it speaks well toward charity going to home. A lot of it goes to racing charities. And I certainly approve of that.

CHAIRPERSON LICHT: Motion to approve?

COMMISSIONER GRANZELLA: So moved.

COMMISSIONER LANDSBURG: Second.

CHAIRPERSON LICHT: Moved by Commissioner Granzella, second by Commissioner Landsburg.

All in favor?

(Ayes.)

CHAIRPERSON LICHT: Unanimously passed.

Oak Tree's proposal.

SENIOR PARIMUTUEL EXAMINER REAGAN: Once again, Commissioners, we find this to be in order with over 80 percent of the distribution going to racing related charities. We recommend approval.

CHAIRPERSON LICHT: Comments?

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONER LANDSBURG: Same comment as before,  
we're glad to see it going to home.

I would move that we approve.

COMMISSIONER SPERRY: Second.

CHAIRPERSON LICHT: All in favor?

(Ayes.)

CHAIRPERSON LICHT: Unanimously passed.

The Los Angeles Turf Club's proposal.

SENIOR PARIMUTUEL EXAMINER REAGAN:

Commissioners, once again with over 90 percent of the  
money going to the industry, we find this to be in order 12  
I recommend approval.

COMMISSIONER LANDSBURG: I would like to move  
that we approve.

CHAIRPERSON LICHT: Moved by Commissioner  
Landsburg.

Second?

COMMISSIONER GRANZELLA: Second.

CHAIRPERSON LICHT: Second by Commissioner  
Granzella.

All in favor?

(Ayes.)

CHAIRPERSON LICHT: Unanimously approved?

Number 14. Discussion regarding the status of  
this alternate runner situation by Autotote.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

SENIOR PARIMUTUEL EXAMINER REAGAN:

2 Commissioners, as you know, Mr. Payton, with Autotote is  
here today. And I'm sure he has a few things to enlighten  
us on, and I will welcome him here.

MR. PAYTON: Dave Payton with Autotote.

I appreciate the opportunity to come back and  
7 tell you a little bit more about what we've done, the  
Alternate Runner. Obviously, a software that had to be  
9 turned off after the events of last year that caused  
questioning in how scans work on the system.

And what had to happen with this was Autotote  
needed to work on the industry level to be able to make  
sure that we dealt with the pools in a way that would be  
agreeable to everybody, in that the Alternate Runner  
effectively is software that changes runners on the  
tickets. And that obviously is a key thing.

So it forced us to go back and look at it very  
closely. Autotote actually was the only tote company that  
had implemented it per our request in California. The  
other tote companies hadn't done that and hadn't had a  
vested interest in working with us to actually do  
something about it.

What we've been doing is working with the Tote  
Standards Committee, which operates under the auspices of  
the ARCI. And they get together with -- it's a team of

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 regulators with tote companies that get together and go over services like this. And we've gone ahead and prepared an alternate -- or spec that we've made available to that committee for their review, so that we'll be able to get the approval from the regulators on that committee as well as the other tote companies.

With that, what's had to be done the working of the scans in total was what had to be addressed so that the leg-by-leg scan was something that was done. And with the Alternate Runner, there's something called the Coalition Matrix which has been -- or will be developed as part of our proposal. I'm not exactly sure how that works yet, but I'll find out more over the summer.

So where we are right now, we've submitted the spec to the ARCI. That typically has taken anywhere from 3 to 4 weeks to get the approval from the other tote companies. You know, a lot of back and forth as to how things will work and that sort of thing.

Following that, we'd expect -- with that approval, we'd expect about 4 to 6 weeks worth of programming and testing and quality assurance approval on our end to make sure that it's put into the system effectively. After that, a week to two to be able to deploy and test.

Here in California we have the requirement to

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

update three systems at once, so that could take a little bit longer than we think. But the bottom line right now, 3 is that it looks like we'd be able to get all of the updates into the system and the approval of the CHRB and the tracks, so that we would target an Oak Tree opening 6 timeframe. Maybe even a little bit sooner so that we could get some runtime before we get to the Breeder's Cup.

Our goal is to obviously get this back into the system as soon as possible, but we're again dependent a little bit upon the industry approval, that being really the tote companies giving us their okay on the way that we've planned on implementing it.

It's not so much all the work to develop Alternate -- or our software, because that's already been done. This is really just dealing with the scans and the security issues of the scans.

CHAIRPERSON LICHT: Some time ago you told us, I think it was in January, we would be up by February latest March on this. Obviously a 6, 7 month delay is pretty discouraging to me at least.

What's happened?

MR. PAYTON: Well, it's been -- because we've had to do the other scan work that I mentioned the leg scan. 24 've been working on a scan with the other tote companies 25 be able to do an evaluation of the pool on the first

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 leg as opposed to waiting on a leg-by-leg basis. And  
2 that's the work that's been going on over these first six  
months of the year.

CHAIRPERSON LICHT: I guess there is no way to  
really tell directly, but maybe Rick or someone from one  
of the tracks could say if you think there's any fall off  
in the Pick 6 betting as a result of no alternates or is  
it not really missed.

MR. BAEDEKER: Rick Baedeker, Hollywood Park. We  
haven't had significant complaints on this. They've been  
sporadic, and really just a few.

Pick 6 is tough to evaluate. This year versus  
last we've had fewer carryovers to this point. We can 14  
certainly try to analyze it. But in terms of hearing  
complaints from the public, we really haven't heard many.

CHAIRPERSON LICHT: Okay. Any other comments?

VICE CHAIRPERSON HARRIS: Actually, I have heard  
several complaints that people were upset that this isn't  
available. I think it sounds like it's coming along, but  
I think it's something that's important we get it done at  
some point.

CHAIRPERSON LICHT: Especially, by Breeder's Cup.  
I mean clearly it's going to be real important for us to 24  
have all our ducks in order and make the right  
presentation, the right PR presentation to the public

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

about the Pick 6, especially if we're doing a couple  
2 million dollar guarantee or whatever we're going to do.

Any other comments?

Thank you.

Number 15. This is a committee that I asked John  
Harris and Alan Landsburg to work on to see what we can do  
7 to try to improve the licensing requirements. Do one of  
you guys or both of you want to comment on this.

Alan.

COMMISSIONER LANDSBURG: I think the broad areas  
of our concern was how much could be put into the license  
or should be put into the license to better protect,  
ensure and hopefully make survive racing.

A license application has been quite traditional  
over the years. We had some concerns as we began this  
process of do we have too much that isn't necessary and 17  
: enough of what might be necessary for this Board to 18  
effectively carry out its procedures.

We asked at a meeting whether or not at the  
last -- let's see is it the March meeting or April, sorry  
they sometimes fuse. But was there any comments from the  
race tracks and the racing associations as to what they 23  
uld like to see eliminated or enhanced from their point 24  
view.

Basically, I would guess it would have been to

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 eliminate. None of that has -- not one single response  
has occurred.

We ourselves were concerned about increasing, for  
example, regulations that would demand that racing  
5 associations align themselves with any licensed ADW  
organization in order to increase handle. That might go  
into the license. It's one of the points we discussed.

John, you had a point also about the manner in  
which the TV presentation is made at the track and made  
available to the CHRB in terms of its stewards.

CHAIRPERSON LICHT: What about things such as  
tote board?

COMMISSIONER LANDSBURG: That's what we are  
talking about.

VICE CHAIRPERSON HARRIS: Yeah. There's a lot of  
things on the adequacy of the tote board as far as if you  
have 14 horse fields. Another thing was the availability  
or more if we should mandate some level of backside video  
security cameras that better protect the integrity.

It's been bothersome that basically the tracks  
have pretty well -- I mean, this process we were hoping 22  
s going to be interactive where we would get some ideas 23  
owing back and forth. I don't know if the tracks are 24  
ain dead or just don't want to get involved, but it  
hasn't been to encouraging so far.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

But I think we go forward. I think the danger is that we can or at least if I were a track I would be concerned that we were, you know, just arbitrarily come up with some standards of something or another and say okay you've got to do it this way where we'd rather have, you know, a mutual thing that everyone buys into. But it doesn't seem like it's going down that path.

CHAIRPERSON LICHT: All right, I think we should definitely bring this back at least at the next meeting and maybe regularly on the next few meetings and continue this discussion.

COMMISSIONER LANDSBURG: And encourage the racing associations to review that license procedure, which they have to go through once to twice a year and bring back to us what they think might be simplified, removed and improved. And we will be bringing to that license effort some new potential requirements for licensing, racing participation in California.

CHAIRPERSON LICHT: Okay. Thanks for your work on this.

Number 16, the Winners Foundation. We've been fortunate to have presentations for many years by Don Murray and lately by Bob Fletcher from the southern California arm of this organization. And today we're going to hear about the northern California side of

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

things.

MS. LEE: Good morning, Mr. Chairman and  
3 Commissioners of the Board. I'm a little nervous. My  
name is Nora. And I'm with the Winners Foundation here in  
Northern California. And it's an honor and a privilege to  
be asked to come here and do a little pitch about what we  
do. So thank you for asking us to come.

The Winners Foundation is a nonprofit  
organization established to provide information, support  
and referral services for employees and family members of  
the California horse racing community.

Our primary purpose is to assist men and woman  
whose personal and professional lives and those of their  
loved ones are being affected adversely as a result of  
alcohol and/or substance abuse. We're supported by each 16  
the major racing thoroughbred tracks and the California 17  
society of Racing Fairs. In addition, donations are 18  
received from the Thoroughbred Owners of California,

California Thoroughbred Horseman's Foundation, California  
Thoroughbred Trainers, Oak Tree Racing, California  
Thoroughbred Breeders Association and private donations. 22

We have offices in southern California at Santa  
Anita and Hollywood Park, Del Mar and Fairplex. Our  
offices in northern California are at Bay Meadows, Golden  
Gate Fields and Pleasanton. In addition, we are available

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

at all of the summer fairs.

Winners Foundation provides confidential assistance on a one-on-one basis to employees and family members seeking help. We supply information, direction and referrals for recovery. This includes directories in support for the 12-step program, sober living, detox facilities and residential treatment programs.

Here in northern California, we work very closely with other agencies and entities of racing, including the California Horse Racing Board, a chaplain, California thoroughbred Trainers, California Horseman's Foundation. I know, we have -- we work very closely as a community up with each other, and we appreciate all the support we get from each other.

We also work with a lot of the individual stable superintendents at Golden Gate Fields, Pleasanton and Bay Meadows. We get a lot of our referrals actually through -- for interventions and things like that from stable security and stable superintendents and things like that.

We also have a benefit coming up for the Seabiscuit movie. And my mind just went blank. Mr. Mike Zeigler was going to speak a little bit maybe to that as well. If we can do a little plug for that.  
Thank you.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

MR. ZEIGLER: Mike Zeigler from Bay Meadows and  
2 Golden Gate Fields. On July 22nd, which is three days  
3 prior to the national release of Seabiscuit, Bay Meadows  
4 and Golden Gate Field are going to host a pre-release  
screening in Alameda with ticket sales solely benefiting  
5 the Winners Foundation and a little bit going to Race For  
Education.

The tickets are going to be for sale for \$250  
9 each. And if anybody wants any information, contact the  
switch board at Golden Gate Fields. There's a gala  
reception prior to the screening. It's in Alameda at a 12  
ace called Auctions By The Bay Theater, which is on the 13  
1 naval air station.

And anybody else has any questions, they can  
shoot them to me or to Nora.

Thank you.

CHAIRPERSON LICHT: Anything else, Nora?

MS. LEE: No. I'd just like to thank, you know,  
all the support that we do get from all the various  
organizations, and again from the California Horse Racing  
Board.

Thank you.

VICE CHAIRPERSON HARRIS: Just a question.  
Actually, I'm very supportive of your organization. But 25  
1 you give us a feel of how many -- how big of a staff

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

do you have up here? How many people are really involved as employees in Winners Foundation?

MS. LEE: There's myself here in northern California and there's another gentlemen, Armando Colero, who's bilingual. And we cover the northern California area, and eight of the summer racing fairs. The only fair they would go to, that I don't go to from northern California, is the Pomona Fair.

VICE CHAIRPERSON HARRIS: So you have offices in different places, but you're kind of moving around between, like in northern California, between Bay Meadows and Golden Gate during the season. You're sort of available in any place, but you're not necessarily at one place?

MS. LEE: That's correct. We travel quite a bit. We do have permanent offices at Golden Gate Fields, Bay Meadows and also out here at Pleasanton. And then on the fairs, we are kind of afoot and we make do wherever we can, with offices and things like that. But we are available at all -- we do go to all of the fairs and we are at all of the major tracks all year long.

COMMISSIONER LANDSBURG: In an industry plagued with many kinds of problems, you're a shining light for 24

Thank you.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

MS. LEE: Thank you so much, sir.

(Applause.)

CHAIRPERSON LICHT: Thank you for coming.

Okay, we get to general business.

A couple quick comments from me. First of all, I  
6 think most of you probably notice the Daily Racing Forum  
much in line with what we requested has virtually  
8 eliminated all of the off-shore gaming adds. I think  
9 that's a major, major plus for the industry, particularly  
California. And Daily Racing Forum deserves tremendous  
applause for that.

I mean they're really showing that their heart is  
in the place, that it's not just a business to them, even  
though they have to answer to shareholders and private  
enterprise requirements. Their ethics are outstanding and  
I think that we all owe them a debt of gratitude.

The second thing is many of you have read about  
this ongoing investigation that we're conducting on the 19  
backside. I think our investigators have also done an 20  
outstanding job. Our horse racing board investigators 21 have  
worked extra hours and done a tremendous job. And 22 this  
investigation is ongoing.

Hollywood Park has been extremely cooperative.

Don Barney their head of security has assisted us to a  
tremendous degree and we're grateful for that. And I have

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 Craig Fravel he is not here, but he gave me his go ahead  
that they're going to be just as supportive in Del Mar and  
3 help us out to make sure that there's a level playing  
field out there.

Alan, I think you had a comment.

COMMISSIONER LANDSBURG: Just a couple of  
7 comments. One in discussions with -- in my discussions  
8 with UC Davis, and Scott Stanley in particular, about the  
fact that all rumors, at least in my old business of  
movies and television, all rumors were true.

The rumors that sort of pervade the world of milk  
shaking. And I'd ask you to put on the agenda for our Del  
Mar meeting a presentation of what information -- to be  
made by Dr. Stanley on what information truly exists, and  
summarize from the point of view of an expert on the  
business of milk shaking.

And I hope you will approve that as an agenda  
item.

CHAIRPERSON LICHT: Definitely.

COMMISSIONER LANDSBURG: Second, I have a  
continuing concern with the manner in which racing markets  
itself and markets to the public. We have a CMC under  
legislative rulings that exists. And the Board has input,  
but not any kind of authority nor does it want it. But I  
believe the Board needs a broader view of the way in which

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

racing here in California markets itself.

And I would ask that we put together an ad hoc  
3 committee to review all of the marketing that's done in  
every form in every phase, because our one concern that is  
5 always brought up at these meetings, is we have too much  
gray hair and not enough body pierced people, if you will.

(Laughter.)

VICE CHAIRPERSON HARRIS: Particularly that.

(Laughter.)

COMMISSIONER LANDSBURG: In our audiences.

But I do think it's time that a sectarian, not  
necessarily all racing interest group get together and try  
and make kind of reasonable recommendations to this Board,  
and to the industry in general about an overview of  
marketing.

And so I would ask permission to start that ad  
hoc committee. And I'm not going to ask at the moment for  
racing implementation, but anyone who wants to join it  
would be welcome. This is an open call to people who have  
specific ideas, specific concepts and specific directions  
that might be helpful to the Board and to racing.

CHAIRPERSON LICHT: So if you would like to chair  
that committee, that would be great.

COMMISSIONER LANDSBURG: I would be happy to  
chair that committee and handle all of the processes that

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

are needed to put it together.

CHAIRPERSON LICHT: Would someone like to work with Alan as one of the Commissioners who --

VICE CHAIRPERSON HARRIS: I'd like to work on that, because I'm concerned with this marketing plan where we're spending \$6 million a year, which I don't know if people really realize that we are. I mean the industry in total, through monies coming from the tracks and the horse purses. And I think it's very important to promote things, but we need to make sure we're doing the best job of doing it.

CHAIRPERSON LICHT: Okay. Then we'll have an ad hoc committee Chaired by Commissioner Landsburg and with Commissioner Harris. And hopefully you'll be able to report back, if maybe not at the next meeting, maybe the August meeting sometime.

COMMISSIONER LANDSBURG: I would hope to be able to report by the next meeting, because there are a number of non-industry people that I would like to contact and bring together.

CHAIRPERSON LICHT: Ed.

MR. HALPERN: Ed Halpern, California Thoroughbred Trainers. Just so we know what group, I, Mr. Landsburg, 24  
nted to reveal me array of body piercings here.  
I'm not going to do that.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

(Laughter.)

COMMISSIONER LANDSBURG: I don't see your earring.

MR. HALPERN: I did want to point out that we will be doing a Seabiscuit premier also in southern California with proceeds going to the McBeth Fund and the Gregson Fund.

It would be on the 20th of July, with a pre-movie party at the Derby, and then a showing of the movie following that. And it's \$150 a ticket. And if anybody -- with all the proceeds going to the charities.

If anybody --

COMMISSIONER LANDSBURG: Going where, I'm sorry.

MR. HALPERN: To the McBeth Fund and the Gregson Fund.

CHAIRPERSON LICHT: When you say we, it's CTT?

MR. HALPERN: CTT, yes. And you can contact the CTT office regarding that. And most of you will be receiving invitations anyway.

COMMISSIONER LANDSBURG: I'll take five.

MR. HALPERN. Thank you. Anybody else?

COMMISSIONER SPERRY: What date was that?

MR. HALPERN: The 20th.

CHAIRPERSON LICHT: Any other general business?  
John.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

MR. VAN DECAMP: Mr. Chairman, three issues.

John Van DeCamp, TOC. Workers' Comp has not been mentioned once today, but I would just like to commend Mr. Halpern and all the groups that have gotten together to put in place a workers' comp program for this coming year.

The brokers are out this week with individual assessments for the amounts coming from each trainer. AIG is involved again. The tracks are putting up letters of credit that will be backed out by contributions, 60 percent really coming from the horsemen, ultimately 40 percent from the tracks.

We think the program that went into place last December worked relatively well. But of course that's not closed out and will not be closed out for a couple of years until all the claims are resolved.

But it's been a long struggle to determine whether or not we're going to get a second year. We are. And the State Fund has recently come out with its rates, 19 which are extraordinarily high. There's some detail we do not know. But at least we're off and running there.

Number 2, I called the Chairman the other day with respect to the racing dates situation. We got a memo from the Racing Dates Committee asking all of us to respond with our recommendations for this next year for 2004 by I think it was July 7th.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

I've asked ask the Commissioner to give us a break so our board could meet and thrash it around at our next board meeting which will be on the 11th. He was nice enough and good enough to agree to that. And I would just ask the Chairman and Commissioner Granzella if they would extend that perhaps to others as well. I don't think we  
7 should get any kind of special treatment. If you could give us a date, let's say July 15th to everyone, I think that would be appreciated.

I'd also, you know, ask my colleagues to do what we will do and that is to share the comments that each of us are making about racing dates, so when we come together we all have access to that information.

CHAIRPERSON LICHT: That's fine.

EXECUTIVE DIRECTOR WOOD: I just want to comment that the race dates scheduling would be that there will be a race dates meeting in July, the day after the Board meeting at Del Mar. Another one in August at the Del Mar meeting. And hopefully in either August or September we can get the final agreement and present to the Board for approval to meet the deadline that we all try to reach before the September marketing times. So that's kind of  
23  
a schedule that we're looking at.

MR. VAN DECAMP: Mr. Wood, could you tell us roughly what time you think that the Racing Dates

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

Committee would be scheduled. The reason for that request is that we are now trying to schedule our annual sort of Del Mar TOC Medication Committee meeting. And we wanted to do it as close to that Board meeting as possible, so that people like Scott Stanley and others from UC Davis could be in attendance, and we were thinking about doing it the day after.

EXECUTIVE DIRECTOR WOOD: We're scheduling a race 9 dates meeting the day after the Board meeting at 9:00 o'clock and a Parimutuel Committee Meeting at 11:00 o'clock that Friday after the Thursday meeting.

MR. VAN DECAMP: That helps. Thank you very much.

The last thing is that those of us -- and I think we had a board member or two who may have been there, back in May Oak Tree organized a sort of a all-hands meeting over at the Ritz-Carlton in Pasadena to discuss, in a day-long meeting, a series of issues relating to the industry. And a whole series of committees were established as a result of that.

And I was designated to chair a committee called the California Thoroughbred Racing Association Organizational Committee. The notion being that perhaps, underline perhaps, we need to put together an industry-wide coalition federation. We'll call it that.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

We're going to have a meeting following this meeting today with members from the tracks, TOC, CTT, CTBA, and -- who else? I think that about covers it -- the major elements in the industry to sit down and thrash this out.

I just wanted to notify the people involved that we will be meeting after this meeting today. And Jim Godella has been able to find a room for us in this facility. So those who are involved, if we can meet in the back of the room, Jim will escort us to where we're going and we can get started.

Thank you very much.

VICE CHAIRPERSON HARRIS: On that, I was part of the group in that original meeting. But I think it would be good that you make your meeting as broad as possible, to include some of the union representatives also on some of these issues.

CHAIRPERSON LICHT: Any other general business?

Rick.

MR. BAEDEKER: On the subject of calendars -- Rick Baedeker, Hollywood Park -- I just would like to remind the Commissioners and everybody in the room that on July 13th, we will celebrate not only the Hollywood Gold Cup, but we will celebrate the career of Lafit Pincay and bid him the proper send off to retirement. So that's July 13th.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

Thank you.

CHAIRPERSON LICHT: Old business?

Okay, this meeting is adjourned pending the executive session.

(Thereupon the California Horse Racing Board meeting adjourned at 11:05 a.m.)

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

## CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing California Horse Racing Board meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of July, 2003.

JAMES F. PETERS, CSR, RPR

Certified Shorthand Reporter  
License No. 10063

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345